

# STATE <sup>OF THE</sup> NATION ADDRESS

BY PRESIDENT CYRIL RAMAPHOSA

## HIGHLIGHTS



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REPUBLIC OF SOUTH AFRICA



**STAY  
SAFE**

VACCINATE TO SAVE SOUTH AFRICA

TOGETHER WE CAN BEAT CORONAVIRUS



## Highlights of the State of the Nation Address (SoNA) 2022

**His Excellency President Cyril Ramaphosa delivered the SoNA to a hybrid Joint Sitting of the two houses of Parliament – the National Assembly and National Council of Provinces – in Cape Town on Thursday, 10 February 2022.**

In his opening remarks, the President said “this year, for the first time since the dawn of our democracy, the SoNA is not being delivered in the Chamber of the National Assembly.” On 2 January 2022, a raging fire damaged the Old Assembly Chamber and building, the National Assembly Chamber and critical offices of Parliament. As a result of the extensive damage, the SoNA in 2022 was held at the Cape Town City Hall.

“As we entered this new year, a huge fire engulfed the seat of our democracy. We all watched in outrage and sadness as the flames devoured the buildings in which our democratic Constitution was born, in which laws of transformation and progress have been passed, in which the freely-chosen representatives of the people have shaped our young nation.

“For many, what happened in Parliament speaks to a broader devastation in our land. For many, the fire was symbolic of the devastation caused by the Coronavirus Disease (COVID-19) pandemic, by rising unemployment and deepening poverty.

“It spoke to the devastation of a pandemic that over the past two years has taken the lives of tens of thousands of South Africans, put two million people out of work and brought misery to families.

“The fire in Parliament reminded us of the destruction, violence and looting that we witnessed in parts of the country in July last year, of the more than 300 lives lost and many more livelihoods ruined. As we reflect on the past year, we recall the words of President Thabo Mbeki who reminded us that: “Trying times need courage and resilience. Our strength as a people is not tested during the best of times”.

“That we are gathered together in the Cape Town City Hall instead of the National Assembly Chamber reflects the extraordinary

circumstances of this time. It reflects the determination of the Presiding Officers of Parliament and indeed all the members of our two houses that the work of this democratic institution should continue without interruption.

“There are moments in the life of a nation when old certainties are unsettled and new possibilities emerge. In these moments, there is both the prospect of great progress and the risk of reversal. Today, we are faced with such a moment.

“The path we choose now will determine the course for future generations. That is why we are taking steps to strengthen our democracy and reaffirm our commitment to a Constitution that protects us all. We are working together to revitalise our economy and end the inequality and injustice that impedes our progress.

“We are standing together against corruption and to ensure that those who are responsible for state capture are punished for their crimes. We are rebuilding the State and restoring trust and pride in public institutions. If there is one thing we all agree on, it is that the present situation – of deep poverty, unemployment and inequality – is unacceptable and unsustainable.

“There is agreement among a broad and diverse range of South Africans that fundamental reforms are needed to revive economic growth. There is a need both to address the immediate crisis and to create conditions for long-lasting stability and development. To achieve this, South Africa needs a new consensus.

“A consensus that is born out of a common understanding of our current challenging situation and a recognition of the need to address the challenges of unemployment, poverty and inequality.

“This should be a new consensus which recognises that the State must create an environment in which the private sector can invest and unleash the dynamism of the economy. But equally, an environment in which South Africans can live a better life and unleash the energy of their capabilities.

“This should also be a new consensus which embraces our shared responsibility to one another, and acknowledges that we are all in this together. As the social partners – government, labour, business and communities – we are working to determine the actions we will take together to build such a consensus.

“We have begun discussions on what trade-offs are needed and what contribution we will each need to make.” – **President Cyril Ramaphosa, SoNA, 10 February 2022, Cape Town City Hall.**

### COMPREHENSIVE SOCIAL COMPACT

Government has given itself 100 days to finalise a comprehensive social compact to grow the economy, create jobs and combat hunger.

This work will build on the foundation of the Economic Reconstruction and Recovery Plan (ERRP), which remains the common programme to rebuild the economy.

**Government remains focused on the priorities it identified in the SoNA last year:**

- overcoming the COVID-19 pandemic;
- a massive rollout of infrastructure;
- a substantial increase in local production;
- an employment stimulus to create jobs and support livelihoods; and
- the rapid expansion of the energy generation capacity.

“To be effective, this social compact needs to include every South African and every part of our society. No one must be left behind.

“When I last addressed the state of our nation, we were deep in the throes of the worst pandemic in more than a century. Since COVID-19 reached our shores, we have endured successive waves of infection, the emergence of new variants and the devastating cost of nearly 100 000 recorded COVID-19 deaths. South Africans have responded to this grave threat with courage and resilience, with compassion and restraint.” – **President Cyril Ramaphosa, SoNA, 10 February 2022, Cape Town City Hall.**

### STRENGTHENING THE HEALTH SYSTEM

Over the past two years, government has taken unprecedented actions to strengthen the health system, build laboratory capacity and prevent infections. The nation owes a great debt of gratitude to the dedicated healthcare workers and other frontline staff who put their health and their lives at risk to care for the ill and vulnerable during this pandemic.



### SOLIDARITY FUND

Within weeks of the first reported infection in the country, government announced the establishment of the Solidarity Fund, with the goal of uniting the country in the fight against the pandemic. In a wave of generosity that swept the country, the fund raised R3.4 billion from more than 300 000 individuals and 3 000 companies and foundations. More than 400 individuals and 100 companies volunteered their time and services.

The fund has played a pivotal role in supporting the national health response and alleviating the humanitarian crisis. Government thanks everyone who contributed to the Solidarity Fund and the great many who came together in countless other initiatives to support those affected by the pandemic.

“As the trajectory of the pandemic has continued to change, we have had to adapt and evolve. Our approach has been informed throughout by the best available scientific evidence, and we have stood out both for the quality of our scientists and for their involvement in every step of our response.” – **President Cyril Ramaphosa, SoNA, 10 February 2022, Cape Town City Hall.**

### VACCINE ROLL-OUT

During the past year, government focused on accelerating vaccine roll-out. By mid-February 2022, government had administered 30 million doses of COVID-19 vaccines. Consequently, nearly 42% of all adults and 60% of everyone over 50 is fully vaccinated. Government is now ready to enter a new phase in the management of the pandemic.

It is government’s intention to end the National State of Disaster as soon as it has finalised other measures under the National Health Act, 2003 (Act 61 of 2003) and other legislation to contain the pandemic. Nearly all restrictions on economic and social activity have already been lifted. Vaccines have proven to be the best defence against illness and death from COVID-19.

“If we all get vaccinated, continue to observe basic health measures and remain ever vigilant, we will be able to get on with our lives even with the virus in our midst. The state of the nation is linked inextricably to the state of our economy. In addition to the divides of race, geography and education, COVID-19 has exacerbated the divide between those who are employed and unemployed.” – **President Cyril Ramaphosa, SoNA, 10 February 2022, Cape Town City Hall.**

### JOB CREATION



Last year, the unemployment rate reached its highest recorded level. Unemployment had been caused by low growth, which in turn resulted from a long-term decline in investment. In the last year, government benefited from a clear and stable macroeconomic framework, strong commodity prices and a better-than-expected recovery.

However, government has been held back by an unreliable electricity supply, inefficient network industries and the high cost of doing business. Government has been taking extraordinary measures to enable businesses to grow and create jobs alongside expanded public employment and social protection.

“We all know that government does not create jobs. Business creates jobs. Around 80% of all the people employed in South Africa are employed in the private sector.” – **President Cyril Ramaphosa, SoNA, 10 February 2022, Cape Town City Hall.**

The key task of government is to create the conditions that will enable the private sector – both big and small – to emerge, to grow, to access new markets, to create new products, and to hire more

employees. The problems in the South African economy are deep and they are structural.

## STRUCTURAL REFORMS

When electricity supply cannot be guaranteed, when railways and ports are inefficient, when innovation is held back by a scarcity of broadband spectrum, when water quality deteriorates, companies are reluctant to invest and the economy cannot function properly.

With a view to addressing these challenges, government is accelerating the implementation of far-reaching structural reforms to modernise and transform these industries, unlock investment, reduce costs and increase competitiveness and growth.

## ELECTRICITY



The electricity crisis is one of the greatest threats to economic and social progress. In the last few days, government has once again been reminded of the fragility of the electricity system. Loadshedding continues to have a huge impact on the lives of all South Africans, disrupting business activities, and placing additional strains on families and communities.

Due to the aging power stations, poor maintenance, policy missteps and the ruinous effects of state capture, the country has a shortfall of around 4 000 megawatts (MW) of electricity. During the past year, government has taken firm steps to bring additional generation capacity online as quickly as possible to close the shortfall.

**As a result, several new energy generation projects will be coming online over the next few years. This includes:**

- Over 500 MW from the remaining projects in Bid Window 4 of the renewable energy programme, which are at advanced stages of construction.
- 2 600 MW from Bid Window 5 of the renewable energy programme, for which the preferred bidders were announced last year.
- up to 800 MW from those risk mitigation power projects that are ready to proceed.
- 2 600 MW from Bid Window 6 of the renewal energy programme, which will soon be opened.
- 3 000 MW of gas power and 500 MW of battery storage, for which requests for proposals will be released later this year.
- an estimated 4 000 MW from embedded generation projects in the mining sector.
- approximately 1 400 MW currently in the process of being secured by various municipalities.

In addition to closing the energy supply shortfall, government is implementing fundamental changes to the structure of the electricity sector. Eskom has established a separate transmission subsidiary and is on track to complete its unbundling by December 2022.

The utility has continued with its intensive maintenance programme to reverse many years of neglected maintenance and underperformance of existing plants. To regulate all of these reforms,

on 9 May 2022 Cabinet approved amendments to the Electricity Regulation Act, 2006 (Act 4 of 2006) for public comment.

These far-reaching amendments will enable a competitive market for electricity generation and the establishment of an independent state-owned transmission company.

## PORTS AND RAILWAYS

The economy cannot grow without efficient ports and railways. Over several years, the functioning of the ports has declined relative to ports in other parts of the world and on the African continent. This constrains economic activity.

The agricultural sector, for example, relies heavily on efficient, well-run ports to export their produce to overseas markets. Fresh produce cannot wait for days and even weeks stuck in a terminal.

This hurts businesses and compromises the country's reputation as an exporter of quality fresh produce. Transnet is addressing these challenges and is currently focused on improving operational efficiencies at the ports through procuring additional equipment and implementing new systems to reduce congestion.

Transnet will ask for proposals from private partners for the Durban and Ngqura Container Terminals within the next few months, which will enable partnerships to be in place at both terminals by October 2022. Transnet will start the process of providing third-party access to its freight rail network from April 2022 by making slots available on the container corridor between Durban and City Deep in Gauteng.

Transnet has developed partnerships with the private sector to address cable theft and vandalism on the freight rail network through advanced technologies and additional security personnel. This collaborative effort is already showing results in reduced disruptions to rail operations. The poor state of passenger rail in South Africa has a direct and detrimental impact on the lives of the people.

Government is working hard to rehabilitate the passenger rail network in 10 priority corridors. The Southern Line in Cape Town and the Mabopane Line in Pretoria have been reopened to be followed by the remaining lines in the next year.



## DIGITAL MIGRATION

One of the greatest constraints on the technological development of the economy has been the unacceptable delay in the migration of broadcasting from analogue to digital. The switch-off of analogue transmission has been completed in a number of provinces.

As announced in the SoNA last year, the other provinces will move to digital signal by the end of March 2022. As part of this process, government will continue to subsidise low-income households so that they can access a set-top box and make the switch to digital TV.

The communications regulator, Independent Communications Authority of South Africa, will commence with the auctioning of the high frequency communications spectrum in about three weeks from now.

This will unlock new spectrum for mobile telecommunications for the first time in over a decade.

In addition, government will facilitate the rapid deployment of broadband infrastructure across all municipalities by establishing a standard model for the granting of municipal permissions.

These reforms will revolutionise the country's technological development, making faster broadband accessible to more people and reducing the costs of digital communications.

### SKILLED IMMIGRANTS

The world over, the ability to attract skilled immigrants is the hallmark of a modern, thriving economy. Government is therefore streamlining and modernising the visa application process to make it easier to travel to South Africa for tourism, business and work. As committed last year, the eVisa system has now been launched in 14 countries, including China, India, Kenya and Nigeria.

The revised Critical Skills List has been published for the first time since 2014, following detailed technical work and extensive consultations with business and labour. The updated list reflects the skills that are in shortage today, to ensure that the immigration policy matches the demands of the economy.

A comprehensive review of the work visa system is currently underway, led by a former Director-General of Home Affairs, Mr Mavuso Msimang. This review is exploring the possibility of new visa categories that could enable economic growth, such as a start-up visa and a remote working visa.

### WATER

Water is the country's most precious natural resource. It is vital to life, to development and to economic growth. That is why government has prioritised institutional reforms in this area to ensure future water security, investment in water resources and maintenance of existing assets.

Government has embarked on the process of institutional reform in capacitating the Department of Water and Sanitation (DWS) and reviewing water boards in as far as their mandates are concerned and ensuring that they serve municipalities in terms of the District Development Model (DDM).

These reforms are being championed by the Minister of Water and Sanitation, who has visited every water source in the country. A comprehensive turnaround plan is being implemented to streamline the process for water-use licence applications. The target is to clear the backlog of applications by June 2022 and to process 80% of all applications within 90 days during the next financial year.



Legislation has been prepared for the establishment of the National Water Resources Infrastructure Agency, and will be published for public comment within the next month. The Water Quality Monitoring System has been reinstated to improve enforcement of water standards at municipal level, and enable the DWS to intervene where water and sanitation services are failing.

### INDUSTRIAL HEMP AND CANNABIS

Government will review the policy and regulatory framework for industrial hemp and cannabis to realise the huge potential for investment and job creation.

## SMALL BUSINESS DEVELOPMENT

*'While structural reforms are necessary for us to revive economic growth, they are not enough on their own.'* – **President Cyril Ramaphosa, SoNA, 10 February 2022, Cape Town City Hall.**

This year, government is undertaking far-reaching measures to unleash the potential of small businesses, micro businesses and informal businesses.

These are the businesses that create the most jobs and provide the most opportunities for poor people to earn a living.

Government has started discussions with social partners as part of the social compact process to review labour market regulations for smaller businesses to enable them to hire more people while continuing to protect workers' rights. A new, redesigned Loan Guarantee Scheme is being introduced to enable small businesses to bounce back from the pandemic and civic unrest.



This new bounce-back scheme incorporates the lessons from the previous Loan Guarantee Scheme. It will involve development finance institutions and non-bank small and medium-sized enterprises providers in offering finance, expand the types of financing available and adjust eligibility criteria to encourage greater uptake. National Treasury is working with industry stakeholders to finalise the scheme and will provide details soon.

Government is reviewing the Business Act, 1991 (Act 71 of 1991) – alongside a broader review of legislation that affects small, medium and micro enterprises (SMMEs) – to reduce the regulatory burden on informal businesses.

There are too many regulations in this country that are unduly complicated, costly and difficult to comply with. This prevents companies from growing and creating jobs. Government is, therefore, working to improve the business environment for companies of all sizes through a dedicated capacity in The Presidency to reduce red tape.

If government is to make progress in cutting unnecessary bureaucratic delays for businesses, it needs dedicated capacity with the means to make changes. President Ramaphosa has therefore appointed Mr Siphon Nkosi to head up a team in his office to cut red tape across government.

Mr Nkosi has extensive experience in business, including as the Chief Executive Officer of Exxaro Resources, and is currently the Chairperson of the Small Business Institute. The red tape team will identify priority reforms for the year ahead, including mechanisms to ensure government departments pay suppliers within the required 30 days.

The team will also work with other departments and agencies to unblock specific obstacles to investment and business growth. It will support current initiatives to simplify processes relating to property registration, cross-border trade and construction permits.

## INFRASTRUCTURE DEVELOPMENT

Infrastructure is central to economic reconstruction and recovery. Through innovative funding and improved technical capabilities, government has prioritised infrastructure projects to support

economic growth and better livelihoods, especially in energy, roads and water management.

The Infrastructure Fund is at the centre of this effort, with a R100 billion allocation from the fiscus over 10 years.

The fund is now working with state entities to prepare a pipeline of projects with an investment value of approximately R96 billion in student accommodation, social housing, telecommunications, water and sanitation and transport.

Several catalytic projects to the value of R21 billion are expected to start construction this year. Of this, R2.6 billion is contributed by government, and the balance from the private sector and developmental finance institutions.

Government will make an initial investment of R1.8 billion in bulk infrastructure, which will unlock seven private sector projects to the value of R133 billion. For millions of South Africans in rural areas, roads and bridges provide access to markets, employment opportunities and social services.

Yet, many children still have to brave overflowing rivers to reach schools and motorists have to battle impassable roads to reach the next town.

Government is therefore upscaling the Welisizwe Rural Bridges Programme to deliver 95 bridges a year from the current 14. The South African National Defence Force (SANDF) is the implementing agent of the Welisizwe programme and has demonstrated the expertise of SANDF engineers in bridge construction.



## RURAL ROADS PROGRAMME

Earlier this week, President Ramaphosa visited Thakgalane village Limpopo to launch a new road that is going to make a huge difference in the lives of neighbouring communities. This road was constructed using block paving and other materials, which is a method that enables us to build durable roads faster and more cost-effectively.

The rural roads programme will use labour-intensive methods to construct or upgrade 685 kilometres of rural road over the next three years. This social enterprise programme includes access roads in Limpopo and Eastern Cape, gravel-to-surface upgrades in the Free State and North West, and capacity and connectivity improvements in the Western Cape.

## UMZIMVUBU WATER PROJECT

Government has initiated the process of delivering the uMzimvubu Water Project. The project is made of the Ntabelanga Dam and Lalini Dam, irrigation infrastructure and hydro-electric plant, Ntabelanga water treatment works and bulk distribution infrastructure to reticulate to the neighbouring communities.

The closing date for the first of the two-stage procurement process is scheduled to close later this month, with the preferred bidder likely to be announced in September 2022.

## SCHOOL EDUCATION INFRASTRUCTURE

Government is introducing an innovative social infrastructure delivery mechanism to address issues that afflict the delivery of school infrastructure. The mechanism will address the speed, financing and funding, quality of delivery, mass employment and maintenance.

The new delivery mechanism will introduce a Special Purpose Vehicle, working with prominent Development Finance Institutions and the private sector, to deliver school education infrastructure. This approach is being piloted in schools in the Northern Cape and Eastern Cape.

## HYDROGEN SA STRATEGY

Over the past year, government has built on its successful Hydrogen SA strategy to make major strides in positioning South Africa as a global leader in this new market. This includes the development of a Hydrogen Society Roadmap for the next 10 years as well as a Green Hydrogen Strategy for the Northern Cape, supporting the development of a green hydrogen pipeline worth around R270 billion.

## THEFT OF SCRAP METAL AND CABLE

The damage caused by the theft of scrap metal and cable on the infrastructure like electricity, trains and other vital services is enormous. Government will take decisive steps this year both through improved law enforcement and by considering further measures to address the sale or export of such scrap metal.

## MANUFACTURING BASE

An important pillar of the ERRP is to revitalise the manufacturing base and create globally competitive export industries. In the past year, government launched new master plans in the steel industry, furniture and global business services."

Through these plans, business, government and labour are working together to increase production and create more jobs in the sector. In the clothing industry, a number of retailers have announced ambitious localisation sourcing plans.

"One of these retailers, Foschini, kindly made the suit that I am wearing today at its new formal wear factory, Prestige Epping. Five years ago, more than 80% of all Foschini Group merchandise came from the East. Today, nearly half of the merchandise is locally made. "The genuine leather shoes I am wearing were made by members of the National Union of Leather and Allied Workers from Bolton Footwear in Cape Town and Dick Whittington Shoes in Pietermaritzburg." – **President Cyril Ramaphosa, SoNA, 10 February 2022, Cape Town City Hall.**

## SOUTH AFRICA INVESTMENT CONFERENCE (SAIC)

Nearly four years ago, government set itself a target of mobilising R1.2 trillion in new investment over five years. By the time of the third SAIC in November 2020, government had reached R776 billion in investment commitments. Next month, on 24 March, government will be holding the fourth SAIC in Johannesburg.

Government will showcase the many investment opportunities available as South Africa continues its recovery from the COVID-19 pandemic and report back on the progress of previous commitments.

## INTRA-AFRICA TRADE

Following the resolutions of the African Union Summit over the past weekend, trading can now begin under the African Continental Free Trade Area (AfCFTA) agreement. South African companies



are poised to play a key role in taking up the opportunities that this presents for preferential access to other African markets.

The AfCFTA agreement is about Africa taking charge of its destiny and growing its economies faster. Government will continue to pursue Africa's health sovereignty, working with other African countries and international partners to support the strengthening of the continent's capacity to respond to pandemics.

### VACCINE PRODUCTION

Government will increase its efforts to develop Africa's ability to manufacture vaccines. It has made significant progress here in South Africa. Government now has two South African companies – Aspen and Biovac – with contracts to produce COVID-19 vaccines. Two additional vaccine projects have also been announced.



In addition, government has full local production capability for ventilators, hand sanitisers, medical-grade face masks and gloves and therapeutic drugs and anaesthetics.

This production capability worth many billions of rand of production annually, has been put in place in less than two years. South African products have been exported to other African countries, securing them vital supplies and expanding jobs for young South Africans.

### ECONOMIC GROWTH AND JOBS

While government helps existing industries to grow, it is also nurturing new opportunities for growth and jobs. Government and the private sector have worked closely together to grow the global business services sector from a small group of companies to one of the world's leading players.

The global business services sector is on track to create 500 000 new jobs over the next few years. The hemp and cannabis sector has the potential to create more than 130 000 new jobs. Government is therefore streamlining the regulatory processes so that the hemp and cannabis sector can thrive like it is in other countries such as Lesotho.

People in the Eastern Cape, KwaZulu-Natal and elsewhere are ready to farm with this age-old commodity and bring it to market in new and innovative forms.

The social economy, including early childhood development, nursing, social work and community services, has significant potential not only to create jobs, but to provide vital services that communities need.

Some of the country's mature industries also have a lot to offer in revamping the industrial and manufacturing potential of the country.

### AGRICULTURE

The agriculture sector has significant potential for job creation in crops such as citrus, table and dried grapes, subtropical fruit, avocados, berries and nuts. Masterplans in the sugar and poultry industries are contributing significantly to increased investment, improved production and transformation.

To attract investors into the mining minerals needed in the new global economy, government will soon be finalising the Mining Exploration Strategy.

Government will continue to support the development of the upstream gas industry, as it holds huge potential for job creation and

broader economic development. It will ensure that this is done in strict accordance with the environmental and other laws of the country, and that where there are differences, it worked together to resolve them in the interest of the country and its people.

*"We live in one of the regions of the world that is most affected by climate change. We frequently experience droughts, floods and other extreme weather events associated with global warming."  
– President Cyril Ramaphosa, SoNA, 10 February 2022, Cape Town City Hall.*



### CLIMATE CHANGE

Recently floods affected a number of provinces, including KwaZulu-Natal, Gauteng and the Eastern Cape. These have already caused enormous damage to infrastructure and livelihoods. In the last year, government made important strides in the fight against climate change, and, at the same time, securing economic competitiveness.

For the first time, South Africa's climate targets are compatible with limiting warming to 1.5°C. This is the goal that all countries agreed to as part of the Paris Climate Agreement, and is essential to prevent the worst effects of climate change.

Since the establishment of the Presidential Climate Commission a little more than a year ago, it has done much work to support a just transition to a sustainable, inclusive, resilient and low-carbon economy.

At the international climate conference in Glasgow last November, South Africa struck a historic R131 billion deal with the European Union, France, Germany, United Kingdom and the United States.

This first-of-its-kind partnership will involve repurposing and repowering some of the coal plants that are reaching the end of their lives, and creating new livelihoods for workers and communities most impacted by this change.

To ensure that South Africa is able to derive the full benefit of this and other partnerships, Mr Daniel Mminele, a former Deputy Governor of the Reserve Bank, was appointed as Head of the Presidential Climate Finance Task Team to lead the mobilisation of funds for a just transition. Properly managed, the energy transition will benefit all.

### GREEN ECONOMY

Renewable energy production will make electricity cheaper and more dependable, and will allow South Africa's industries to remain globally competitive. Investments in electric vehicles and hydrogen will equip South Africa to meet the global clean energy future.

Government will be able to expand the mining industry in strategic minerals that are crucial for clean energy like platinum, vanadium, cobalt, copper, manganese and lithium. Government also has a unique opportunity in green hydrogen, given the country's world-class solar and wind resources and local technology and expertise.

All of these measures – from structural reforms to support for SMMEs, investments in infrastructure and the emergence of new sectors – will drive a turnaround in economic growth driven by the private sector growth over the coming years.



“We know, however, that even with the best business environment and much faster rates of economic growth, it will take time for the private sector to create enough jobs for the millions of South Africans who need them. Our intent is to leave no one behind. That is why we are expanding public and social employment.” – **President Cyril Ramaphosa, SoNA, 10 February 2022, Cape Town City Hall.**

## PRESIDENTIAL EMPLOYMENT STIMULUS

The first two phases of the Presidential Employment Stimulus programmes, which government launched in October 2020, have supported over 850 000 opportunities. More than 80% of participants were young people and over 60% were women.

It has supported young women like Tracy Nkosi from Springs, who was employed as an education assistant at Welgedag Primary School, and who says this opportunity has motivated her to further her studies in the educational sphere.

It has also supported Mama Nosipho Cekwana from Impendle in KwaZulu-Natal who used her farming input voucher to buy maize, manure and supplements for her livestock.

The total number of direct beneficiaries will soon rise to over one million South Africans. This includes over half a million young people appointed as education assistants, making it the largest youth employment programme ever undertaken in the country’s history.

The employment stimulus will also enable the Department of Home Affairs to recruit 10 000 unemployed young people for the digitisation of paper records, enhancing their skills and contributing to the modernisation of citizen services.

## EMPLOYMENT

The Social Employment Fund will create a further 50 000 work opportunities using the capability of organisations beyond government, in areas such as urban agriculture, early childhood development, public art and tackling gender-based violence (GBV).

In addition to expanding public employment, government is providing support to young people to prepare them for work and link them to opportunities.

To encourage hiring by smaller businesses, it will be increasing the value and expanding the criteria for participation in the Employment Tax Incentive.

For several years, this has been an effective way to encourage companies to hire new work seekers. The changes to the incentive will make it easier for small businesses in particular to hire young people. The Minister of Finance will announce the details of these changes in the budget. Government calls on companies to support this effort, take up the incentive and give young people a place in the world of work.

## Youth employment

The SAYouth.mobi platform for young work seekers to access opportunities and support now has more than 2.3 million young South Africans registered. Of these over 600 000 have been placed into employment opportunities.

A revitalised National Youth Service will recruit its first cohort of 50 000 young people during the next year, creating opportunities for young people to contribute to their communities, develop their skills and grow their employability.

The Department of Higher Education and Training will place 10 000 unemployed Technical and Vocational Education and Training graduates in workplaces from April 2022.

“In preparing this SoNA, I was assisted by two young South Africans who are working as interns in The Presidency, Ms Naledi Malatji and Ms Kearabetswe Mabatle. They told me about the pain felt by young people who find themselves with a qualification, but are unemployed because of lack of experience. This forces many into jobs that have little or nothing to do with what they studied. All of the measures I have outlined are essential to provide young people with the work experience that they need to take their first step into the labour market.” – **President Cyril Ramaphosa, SoNA, 10 February 2022, Cape Town City Hall.**

Government calls on the private sector to support these measures – and wherever possible, to drop experience as a hiring requirement – to give as many young people as possible their first job.

As government works to grow the economy and create jobs, it will expand support to poor families to ensure that no person in this country has to endure the pain and indignity of hunger.

## SOCIAL PROTECTION SYSTEM

The social protection system is among the greatest achievements of the democratic government, reaching more than 18 million people every month. Without this support, millions more people would live in dire poverty.

Since the onset of COVID-19, the Social Relief of Distress Grant has provided support to more than 10 million unemployed people who were most vulnerable to the impact of the pandemic. Some people used that money to start businesses:

- **Mr Thando Makhubu** from Soweto received the R350 grant for seven months last year and saved it to open an ice-cream store that now employs four people.
- **Mr Lindokuhle Msomi**, an unemployed TV producer from KwaMashu Hostel, saved the R350 grant he received for nine months to start a fast food stall and to support his family.



“As much as it has had a substantial impact, we must recognise that we face extreme fiscal constraints. A fiscal crisis would hurt the poor worst of all through the deterioration of the basic services on which they rely.” – **President Cyril Ramaphosa, SoNA, 10 February 2022, Cape Town City Hall.**

Mindful of the proven benefits of the grant, government will extend the R350 grant for one further year, to the end of March 2023. During this time, government will engage in broad consultations and detailed technical work to identify the best options to replace this grant.

Any future support must pass the test of affordability and must not come at the expense of basic services or at the risk of unsustainable spending. It remains government’s ambition to establish a minimum level of support for those in greatest need.

### LAND REFORM

Expanding access to land is vital for government’s efforts to reduce hunger and provide people with meaningful livelihoods. Government is moving ahead with land reform in terms of the Constitution, and anticipate the approval of the Expropriation Bill during this year.

The establishment of the Agriculture and Land Reform Development Agency will be finalised this year. The Department of Public Works and Infrastructure will finalise the transfer of 14 000 hectares of state land to the Housing Development Agency.

South Africa has enough arable land to support millions of thriving small-scale farmers in poultry, livestock, fruit and vegetables.

Through the Presidential Employment Stimulus and the Solidarity Fund, over 100 000 farmers have already received input vouchers to expand their production. This scheme has proven to be effective and impactful.

### SUPPORT TO SMALL-SCALE FARMERS



The agriculture sector has also recognised the importance of supporting small-scale farmers and integrating them into value chains. Through the Sugar Master Plan, the industry has provided R225 million to over 12 000 small-scale sugar cane growers as part of a R1 billion commitment to support black farmers.

Government will be expanding the provision of input vouchers and calling on other sectors to join this effort, so that they can collectively reach up to 250 000 small-scale farmers this year.

### FIGHT AGAINST CORRUPTION

“None of our efforts to revive our economy will succeed if we do not tackle the scourge of corruption once and for all. Since the beginning of the year, I have been provided with the first two parts of the report of the Commission of Inquiry into State Capture headed by Acting Chief Justice Raymond Zondo.” – **President Cyril Ramaphosa, SoNA, 10 February 2022, Cape Town City Hall.**

While the definitive conclusion has yet to be delivered at the end of this month, the first two parts of the report make it plain that there was indeed ‘state capture’. This means that public institutions and state-

owned enterprises (SOEs) were infiltrated by a criminal network intent on looting public money for private gain.

The reports have detailed the devastating effects of this criminal activity on South African Airways, Transnet, Denel, South African Revenue Service (SARS) and Government Communications. State capture had a direct and very concrete negative impact on the lives of all South Africans, but especially the poorest and most vulnerable members of society.

It has weakened the ability of the State to deliver services and to meet the expectations and constitutional rights of people.

“We must now do everything in our power to ensure that it never happens again. My responsibility is to ensure that the commission report is properly and carefully considered and then acted upon. By no later than 30 June, I will present a plan of action in response to the commission’s recommendations.” – **President Cyril Ramaphosa, SoNA, 10 February 2022, Cape Town City Hall.**

Government will, as the commission’s first report recommends, strengthen the system to protect whistle-blowers, who are a vital safeguard in the fight against corruption and who take huge personal risk in reporting wrongdoing. It is doing a detailed review of all applicable legislation and a comparative study of other jurisdictions to strengthen whistle-blower protection.

The relevant law-enforcement agencies are taking the necessary steps to address the immediate concern about the safety of whistle-blowers. Many individuals and companies that the commission has found were responsible for state capture must now be held to account.

“I have every confidence that the National Prosecuting Authority (NPA) will carry out the further investigations that the commission has recommended, and that it will bring the members of the criminal network that infiltrated government and captured the State swiftly to justice.” – **President Cyril Ramaphosa, SoNA, 10 February 2022, Cape Town City Hall.**

The Investigating Directorate in the NPA is now poised to deliver on its crucial mandate, and a dedicated team has been established to pursue these cases. Government will be appointing a new head of the Investigating Directorate following the departure of Adv Hermione Cronje from that position.

An amendment to the State Capture Commission regulations in June 2020, empowered the sharing of information between the commission and law-enforcement agencies. This amendment also permitted the employment of the State Capture Commission personnel by law-enforcement agencies.

These empowering provisions have geared the Investigating Directorate to more effectively pursue the investigations emanating from the commission.



Government has gratefully acknowledged the offer of support from the private sector to assist in providing those skills which are lacking in government to enable investigation and prosecution of crime.

To ensure that the prosecuting authority remains true to its constitutional obligation and to ensure transparency, government is developing a framework for private sector cooperation that will be managed through National Treasury.

There are also discussions underway with the Judiciary for the creation of special court rolls for state capture and corruption cases.

While government has taken decisive steps to end the era of state capture, it knows that the fight against corruption is far from over. Even as the country was suffering the devastation of the COVID-19 pandemic, companies and individuals were conspiring with public officials to defraud government of billions of rand in COVID-related contracts. As soon as evidence emerged of this corruption, government acted.

Government withdrew certain emergency procurement regulations, set up a fusion centre that brought together various law-enforcement agencies, published the details of all COVID-related contracts online and instituted the most extensive investigation that the Special Investigating Unit (SIU) has undertaken since its formation.

In December, the SIU submitted its final report on its investigation into COVID-related contracts. As a result, 45 matters, with a combined value of R2.1 billion, have been enrolled with the Special Tribunal. The SIU has referred 224 government officials for disciplinary action and referred 386 cases for possible prosecution to the NPA.

The Presidency has set up mechanisms to monitor implementation of the recommendations of the SIU and ensure that government departments and entities act against those who have violated regulations and broken the law.

The fight against corruption will take on a new intensity thanks to the outcomes of the State Capture Commission, the strengthening of law-enforcement agencies and the implementation of new anti-corruption practices in the public service.

### ROLE OF SOEs



SOEs play a vital role in South Africa’s economy. From water and roads, to energy and ports, to defence and aviation, these strategic assets are necessary to keep the country running. It is essential that government reverses their decline and position them to contribute positively.

Government has embarked on several immediate measures to restore these companies to health, at the same time as it undertakes far-reaching reforms that will make SOEs more efficient, competitive, accountable and sustainable.

The Presidential SOE Council, appointed in 2020, has recommended that government adopt a centralised shareholder model for its key commercial state-owned companies. This would separate the State’s ownership functions from its policy-making and regulatory functions, minimise the scope for political interference, introduce greater professionalism and manage state assets in a way that protects shareholder value.

As part of this, preparatory work has begun for the establishment of a state-owned holding company to house strategic SOEs and to exercise coordinated shareholder oversight.

To ensure that SOEs are effectively fulfilling their responsibilities, the Presidential SOE Council is preparing recommendations on SOEs

to be retained, consolidated or disposed of. Any recommendations would be subject to extensive consultation with all stakeholders.

### SAFETY AND SECURITY

Government is taking steps to safeguard democracy, protect the economic infrastructure and build safer communities for all. Earlier this week, government released the report of the expert panel into the civil unrest in July last year. The report paints a deeply disturbing picture of the capabilities of security services and the structures that exist to coordinate their work.

The report concludes that government’s initial handling of the July 2021 events was inept, police operational planning was poor, there was poor coordination between the state security and intelligence services, and police are not always embedded in the communities they serve.

The expert panel said that if the violence has exposed anything it was the poverty and inequality that is the root cause of the desperation of the people of South Africa. The expert panel found that Cabinet must take overall responsibility for the events of July 2021. This is a responsibility that government acknowledge and accept.

Government will, as recommended by the panel, develop and drive a national response plan to address the weaknesses that the panel has identified. It will begin immediately by filling critical vacancies and addressing positions affected by suspensions in the State Security Agency and Crime Intelligence.



Government will soon be announcing leadership changes in a number of security agencies to strengthen the security structures.

The staffing of the public order policing unit of the South African Police Service (SAPS) will be brought to an appropriate level, with appropriate training courses in place. The ongoing damage to and theft of economic infrastructure has damaged confidence and severely constrained economic growth, investment and job creation.

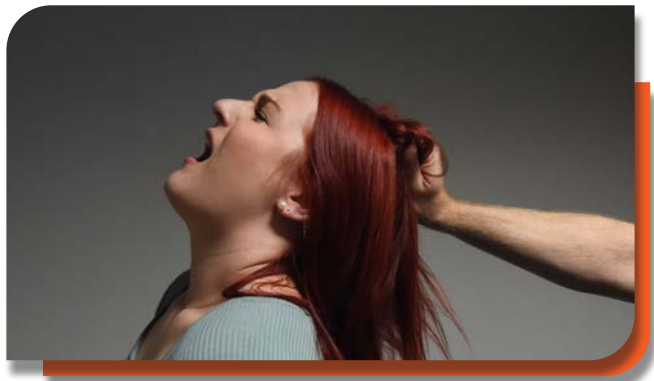
At the same time, government needs to confront the criminal gangs that invade construction sites and other business places to extort money from companies. This requires a focused and coordinated response.

Government has therefore established specialised multidisciplinary units to address economic sabotage, extortion at construction sites and vandalism of infrastructure. Government will make resources available to recruit and train an additional 12 000 new police personnel to ensure that the SAPS urgently gets the capacity it needs.

Another area of immediate attention will be the re-establishment of community policing forums to improve relations and coordination between local police and residents of the areas they serve.

“It is clear from the observations of the expert panel that we need to take a more inclusive approach to assessing the threats to our country’s security and determining the necessary responses. I am calling on all South Africans through their various formations to participate in developing our National Security Strategy. I will be approaching Parliament’s presiding officers to request that Parliament plays a key role in facilitating inclusive processes of consultation.”  
– **President Cyril Ramaphosa, SoNA, 10 February 2022, Cape Town City Hall.**

The security services have been tasked by the National Security Council to urgently develop implementation plans that address the range of recommendations made by the expert panel. These measures will go a long way to address the serious concerns about the breakdown of law and order in society.



### FIGHT AGAINST GBVF

This year, government is intensifying the fight against GBVF through implementation of the National Strategic Plan on GBVF and other measures to promote the empowerment of women.

Earlier this month, President Ramaphosa signed into law three new pieces of legislation, which has strengthened the criminal justice system, promoting accountability across the State and supporting survivors.

The implementation of this legislation will go a long way to ensuring that cases are successfully prosecuted, that survivors are protected and that there are more effective deterrents in place.

Government has made significant progress in reducing the backlog in DNA processing, reducing it from 210 000 exhibits in April 2021 to around 58 000 at present.

“However, the fight against GBV will never be won unless, as society, we mobilise all formations and all citizens behind a sustained programme of social action.” – **President Cyril Ramaphosa, SoNA, 10 February 2022, Cape Town City Hall.**

### HEALTH

As the COVID-19 pandemic has starkly demonstrated, a nation’s health is inextricably linked with its economic progress and social development. Government will therefore continue with the work underway to ensure universal health coverage for everyone in South Africa, regardless of their ability to pay.

While public hearings on the National Health Insurance (NHI) Bill are continuing in Parliament, much progress is being made in preparing for the introduction of NHI. More than 59 million people are registered in the Health Patient Registration System.

By September 2021, more than 56 000 additional health workers had been recruited and more than 46 000 community health workers integrated into the public health system. For the last two years, the education of children and young people has been severely disrupted.

“As we return to normal educational activity, we will work harder to ensure that all learners and students get the quality education they need and deserve.” – **President Cyril Ramaphosa, SoNA, 10 February 2022, Cape Town City Hall.**

### CAPABLE, ETHICAL AND DEVELOPMENTAL STATE

Government must work for the people. That is why its foremost priority is to build a capable, ethical and developmental state. Government will soon be finalising a framework for the professionalisation of the Public Service.

This will include tighter measures for recruitment of public servants, continuous professional development through the National School of Government and partnerships between state bodies, professional

associations and universities. Lifestyle audits are already being implemented across the Public Service.

This year, government will continue with the implementation of the DDM. This model brings all three spheres of government together with other social partners in every district to grow inclusive local economies and improve the lives of citizens.



In particular, the DDM facilitates integrated planning and budgeting across spheres of government and improves integration of national projects at a district level. While there are many parts of the State that require much work, there are institutions that continue to serve the people of this country effectively and efficiently.

One such institution is the SARS, which will be 25 years old this year. While SARS was badly damaged by state capture, it has made remarkable progress in restoring its integrity, credibility and performance.

Since its formation, SARS has collected some R16 trillion for the country’s social and economic development. This revenue has enabled government to improve the lives of millions through the provision of healthcare, education, social grants and other basic services.

A capable state is not only about the quality of public servants and the efficiency of institutions. It is also, fundamentally, about how citizens are empowered to participate.

“We must work together to ensure that platforms like schools governing bodies and community policing forums are more active and inclusive. A vibrant civil society is crucial for a capable state and for development.” – **President Cyril Ramaphosa, SoNA, 10 February 2022, Cape Town City Hall.**

Government will be working with social partners to convene the long-awaited Social Sector Summit. This summit will seek to improve the interface between the State and civil society and address the challenges that non-governmental organisations and community-based organisations face.

“Our country has suffered several damaging blows in recent times. A confluence of forces, many of them outside of our control, has brought us to where we are now. We face steep and daunting challenges. Indeed, we are engaged in a battle for the soul of this country.

“But there can be no doubt that we will win. I ask every South African to rally together in our fight against corruption, in our fight to create jobs, in our fight to achieve a more just and equal society.

“We have faced many crises in our past, and we have overcome them. We have been confronted with difficult choices, and we have made them. In trying times, we have shown courage and resilience. Time and time again, we have pulled ourselves back from the brink of despair and inspired hope, renewal and progress. Now, we must do so again.

“Let us forge a new consensus to confront a new reality, a consensus that unites us behind our shared determination to reform our economy and rebuild our institutions. Let us get to work. Let us rebuild our country. And let us leave no one behind.” – **President Cyril Ramaphosa, SoNA, 10 February 2022, Cape Town City Hall.**

