



REPUBLIC OF SOUTH AFRICA

**REPLY BY PRESIDENT CYRIL RAMAPHOSA
TO THE DEBATE ON THE STATE OF THE NATION ADDRESS**

PARLIAMENT, CAPE TOWN

26 JUNE 2019

Speaker of the National Assembly, Ms Thandi Modise,
Chairperson of the National Council of Provinces, Mr Amos Masondo,
Deputy President David Mabuza,
Honourable Members,

Allow me to extend my thanks to all the Honourable Members who participated in this debate, and to the many South Africans who have shared their views on the State of the Nation Address.

I found the comments to be sharp, pointed, rich and most useful.

I was heartened by the comments that were made because they reinforced our conviction that we need a clear and common vision of the future.

Members wanted to know how, when, where, by whom, at what cost and why (or why not).

Through social media, in newspaper columns, in radio show call ins and in messages sent to the Presidency, South Africans became part of the SONA debate.

I received a moving note from one of the officials in Parliament who said:

*“dear Mr Pres, those of us who want to see our country prosper, share in your dreams!
When we stop dreaming our soul dies; when our soul dies we die. We should never give*

up on our dreams, least of all allow our detractors to get in the way of our dreams. So let's keep our dreams alive for the sake of our people and our country! God bless you."

The vibrancy and vitality of such engagements – even where we strongly disagree – is an essential part of our national character.

It is our experience, over a long and difficult history, that it is only through dialogue, through the frank exchange of views, that we can arrive at inclusive solutions.

We share common challenges, we share a common future, and we need to forge a common path towards its realisation.

It is fitting therefore that we should gather here on the anniversary of the adoption of the Freedom Charter at the Congress of the People, the most representative gathering of South Africans in our history.

It is exactly 64 years since the 26th of June 1955 – on a cold winter's day on a dusty piece of veld – when the people of South Africa gathered in Kliptown to declare for the country and the world to know:

"That South Africa belongs to all who live in it, black and white, and that no government can justly claim authority unless it is based on the will of all the people."

From across the country, delegates came with thousands of submissions, written down on flyers, envelopes and scraps of paper.

More than half a century after it was adopted, the Freedom Charter remains the foundation of our shared vision of a just and equitable South Africa.

The Freedom Charter was a statement of extraordinary ambition, made a time when the majority of South Africans lived in conditions of repression, where their rights were denied and their opportunities for economic advancement deliberately curtailed.

They looked beyond the dire circumstances in which they lived towards a country that was fundamentally different.

They were articulating a dream that many people thought would never be realised.

As Honourable Nzuzo reminds us, the truth is often first ridiculed, then opposed and finally accepted as self-evident.

That is precisely what happened with the Freedom Charter.

There were those who initially ridiculed and dismissed and opposed it.

Now it is the vision of the Freedom Charter that underpins our Constitution.

It is the vision that informs the National Development Plan and our vision towards 2030, and it is the vision that must inform everything we do now.

The State of the Nation Address was not merely about dreams.

It was about the lived reality of our people and setting out what we need to do to achieve the South Africa we want.

It was about articulating a vision and a direction for government's programme.

Ministers will provide details on the programme in the budget votes of the various departments.

We agree with the Honourable De Lille, who observed that a State of the Nation Address shows us a picture and sketches a framework.

But it is up to us, she says, – in our public, private and civil society sectors – to make it work.

Guided by the election manifesto of the governing party, this SONA was about setting out the seven priorities of the administration, namely:

- Economic transformation and job creation
- Education, skills and health
- Consolidating the social wage through reliable and quality basic services
- Spatial integration, human settlements and local government
- Social cohesion and safe communities
- A capable, ethical and developmental state

- A better Africa and World

As we said then, and as we'll repeat today, building the South Africa we want starts now – and it involves all of us.

It starts with concrete actions that address both the challenges of the present and lay the foundation for the next 5 years, the next decade and beyond.

We are not starting anew.

Over the last 18 months, we have been on a path of recovery, working to address our shortcomings and put in place what is needed for inclusive growth and job creation.

We must continue on that path, but our actions require greater urgency and greater focus.

Right now, as several Honourable Members have observed, our most pressing task is to restart the economy and create jobs.

We are addressing this through our focus on 'economic transformation and job creation'.

There are no short cuts and there are no quick fixes.

We need to do the right things, we need to do them well and we need to do them without delay.

The simple reality is that we need to stimulate growth in our economy to create jobs, to create opportunities for new businesses to emerge and to improve the state of our public finances.

We need growth to ensure that we can reduce our national debt, improve the reach and quality of social services provided to our people, and direct greater resources to infrastructure development.

This year, we are intensifying our investment drive because we have seen that it is producing results.

We are going to hold our second South Africa Investment Conference in November because we have seen commitments made at last year's conference being implemented.

These are the investments that will, in the months and years to come, be creating new jobs, developing new supply chains and reviving local economies.

This is not a dream. This is reality.

We are seeking through our investment drive not only to generate foreign direct investment, but also to encourage local businesses to invest.

We also intend to crowd in local investors into various subsectors of economy.

We are working to become an entrepreneurial state that is able to crowd-in local private sector investment in certain sectors of our economy, collaborating on the development of master plans for each one.

We are committed to restore investor confidence through greater policy certainty and consistency.

We recognise that there are several areas where we need to move with greater urgency, unleashing the potential of sectors like telecommunications, tourism, agriculture and mining.

Alongside our investment drive, much detailed work is being directed towards reducing the cost and improving the ease of doing business.

This is a difficult task because it requires significant coordination and integration among a wide range of government departments, spheres and entities.

But we are making steady progress and businesses are starting to feel the impact.

A few days ago, my attention was drawn to a tweet that said:

“Registered a new company yesterday at 1:30pm. They sent me the forms & I sent them back around 5:32pm. This morning at 7:04am I got confirmation that the company has been registered & also registered for income tax.”

“So quick and painless. Only cost R175 on the CIPC website.”

Several other Twitter users spoke of similar experiences.

We are determined to achieve our goal of being among the top 50 global performers in the World Bank’s annual Doing Business Report within the next 3 years.

A critical part of the work we must do to restart the economy and create jobs is a reinvigorated industrial strategy that effectively harnesses the capabilities of government, state owned companies, business and labour.

As Minister Patel indicated, this industrial strategy concentrates on economic sectors that have the greatest potential for growth.

It builds on the successes achieved in areas like automotive manufacturing, while seeking far closer partnership between government, industry and labour in developing and implementing master plans in each sector.

Our revitalised industrial strategy has a focus on expanding our trade and investment links with the rest of the SADC region and the continent at large.

In two weeks from now I will travel to Niger for an AU Summit on the African Continental Free Trade Area.

Here the nations of Africa will discuss the implementation of the boldest plan ever to promote the economic integration of Africa.

As the incoming chair of the African Union in 2020 we will champion the aspirations of the AU’s Agenda 2063.

Key to this is the movement of goods, services, capital and means of production across the Continent.

Expanding trade and investment ties with the rest of Africa underpins our industrial strategy and it is being pursued with vigour.

As the most industrialised country on the continent, South Africa is uniquely placed to benefit from a massive increase in trade across the continent.

We must work towards a time when South African-made goods can be found on the shelves of every store on our Continent.

We must look forward to a time when the goods that we import do not come across the ocean, but from across the Limpopo.

We see the greatest growth in jobs coming from small- and medium-sized businesses, which must be incorporated more deliberately into manufacturing value chains and benefit more from public procurement.

As Minister Ntshavheni noted, we have begun a programme to open up incubation centres in all 44 districts and 8 metros of our country so that we can support village and township enterprises in achieving sustainability and growth.

By using recent changes to our competition law, we will open up more opportunities for small businesses to enter new markets, contributing to a more vibrant and competitive economy.

Among the support provided to small business, government will soon be introducing blended finance for SMMEs, consisting of a combination of loans and grants.

This complements efforts by the private sector to explore innovative ways to finance both start-ups and small companies that want to go to scale.

Since the Jobs Summit was convened in October 2018, social partners have worked hard to establish systems and processes to implement the 77 measures contained in the Framework Agreement.

Over 70% of all projects are on track, with a number having already yielded outcomes.

The business process programme, for example, through a strong partnership between business and government, has created 6,000 new jobs in line with the timeframes and expectations of the plan.

Young people are being trained through the Installation, Repair and Maintenance Initiative in sectors like plumbing, electrical, automotive and infrastructure maintenance.

As we indicated in the State of the Nation Address, as several Honourable Members correctly observed and as millions of South Africans can attest, the secure supply of electricity is fundamental to our economic recovery.

The measures that we announced in February to end load shedding and place Eskom on a sustainable financial and operational path have, as Minister Gordhan outlined, seen improvements.

We are closely engaged with the situation at Eskom, assisting the entity with the implementation of its 9-point-plan, putting in place a world-class executive team, strengthening the board and setting out in detail a comprehensive roadmap for Eskom into the future.

We have done much to address governance challenges at several other state owned enterprises and have been decisive in tackling corruption and state capture.

We are supporting companies like SAA and Denel as they seek to manage their dire financial positions and work to implement sustainable turnaround strategies.

As we address challenges at specific SOEs, we are also working towards a new SOE landscape in which state owned companies have the expertise, leadership and appropriate financial models to fulfil their respective mandates.

State owned companies have a critical role to play – in tandem with the private sector – in driving economic growth and transformation.

In our recent engagement with the chief executives of some of the countries largest state owned companies, we identified the key challenges they faced and the impediments towards the effective implementation of their respective mandates.

We have agreed that we will work together through the Presidential SOE Council to address all the issues they raised.

We disagree with the view that the most effective and efficient way to provide services to our people is through the private sector.

Every single day, public entities are providing water, electricity, waste removal services, road maintenance and a myriad other essentials to South Africans.

To cite just one example: last year, the Post Office took over the payment of social grants.

Before taking on this responsibility, in April 2018, only 31,000 social grant beneficiaries were paid through the Post Office.

Last month, 7.8 million beneficiaries were paid through the Post Office, representing just over 70% of all beneficiaries.

The successful takeover of the distribution of SASSA grants by the Post Office is a clear demonstration that government institutions do have the capacity and capability to effectively implement projects of this magnitude.

It is perhaps worth mentioning that two of the finalists for 'CEO of the Year' in the 2019 HR Awards are from public entities – Cameron Sello Morajane from the CCMA and Keitumetse Lebaka from the Culture, Art, Tourism, Hospitality, and Sport SETA.

Together with many other CEOs in the public sector, they are doing excellent work and setting high standards.

A significant part of our efforts to unleash growth while advancing transformation is our accelerated programme of land reform.

By bringing together the portfolios of agriculture, rural development and land reform, we are establishing the institutional basis for a comprehensive approach to the economic development of our rural areas.

Through this, we will unlock the potential of the sector by removing constraints in accessing land, finance, markets and water and improving safety in our rural areas.

We are determined that land should be distributed to those who work and those who need it.

We will soon release the report of the Presidential Advisory Panel on Land Reform and Agriculture.

This report will inform the finalisation of a comprehensive, far-reaching and transformative land reform programme.

Among the important tasks of this new Parliament is to finalise constitutional amendments to clearly indicate how expropriate land without compensation will be put into effect.

Parliament will also need to debate and finalise the Expropriation Bill, which deals with the modalities and the circumstances in which expropriation will take place.

Expropriation is as an important land acquisition strategy.

It is important because it enables us to conduct land reform in a pro-active and planned manner.

This frees us from a wait-and-see approach dependent on market sales.

Expropriation without compensation, in defined circumstances, allows us to do so at a cost that is reasonable for the South Africa people.

But we must not lose sight that it is but one instrument in a much broader toolbox to achieve agrarian reform and spatial justice.

Our land reform agenda also includes recognising individual, family and community rights to land in accordance with lived experience.

We want to make all rights visible and enforceable, and to strengthen institutions of collective ownership.

New technologies enable us to organise the rich diversity of institutional frameworks that exist in our country.

At the same time, we continue with the process of identifying suitable public land for human settlements and farming.

I am pleased that the Honourable Malema agrees with me that we will never resolve the social ills of our country without addressing the land question.

In the State of the Nation Address, we spoke about the establishment of the Infrastructure Fund and a new approach to building infrastructure.

This is where the partnership between the public and the private sector will find practical meaning as we work together through joint funding arrangements as well as in the deployment of skills, management capability and experience.

In line with our new approach, unions and communities will be at the centre of our infrastructure build.

We are working to increase the proportion of public spending that goes to infrastructure development – relative to consumption expenditure – so that our economy can enjoy lasting benefits.

In the transport sector, for example, the Gibela factory in Nigel, which is producing new commuter trains, is creating technical and engineering jobs among young people – a significant portion of which are women.

We will soon be selling trains to many other countries on the continent.

The upgrade and maintenance of the national road network is an important element of the economic stimulus package, contributing to job creation, access to local services and stimulating local economies.

The 26 road building projects that form part of the Economic Stimulus and Recovery Plan will unlock total investment of R13 billion, delivering roads in rural areas and townships over the next 3 to 5 years and producing a total of 22,000 jobs.

These projects form part of a broader R70 billion investment in national road infrastructure construction and maintenance over the MTEF period yielding an average of 15,000 jobs a year.

All these measures to grow the economy depend on our ability to develop skills that are appropriate to the needs of an economy that is changing.

These skills we are developing for the youth of our country will be best used as we move ahead with inclusive growth.

Hence, our focus on the second priority of education, skills and health.

This is precisely why we are investing in the expansion of our TVET colleges and ensuring that their programmes are aligned with the needs of industry and tomorrow's world of work.

It is why we are focusing greater attention on artisan development while expanding workplace-based learning through learnerships, work integrated learning and internships.

It is why, in the reconfiguration of ministries, we have placed Higher Education alongside Science and Technology, so that we can harness our substantial scientific research capacity to develop graduates that have the advanced skills required to take our country into a new technological age.

It is why we are emphasising the teaching of science, technology, engineering and maths in schools, why we are introducing subjects like coding and data analytics.

We are investing in the National Health Insurance so that we can not only contribute to economic growth by keeping the population healthy, but ensure universal access to quality health care.

I will be attending the G20 Summit in Osaka in the next few days.

One of the issues on the agenda is global health and, more specifically, universal health coverage.

There will be a discussion on how countries can move towards universal health coverage, and South Africa cannot be left behind.

Honourable Members,

It is the most fundamental right of our citizens to live in safety in their homes, in the streets, and in their communities.

This why one of our priority areas is social cohesion and safe communities.

Crime is devastating our communities and tearing our social fabric apart.

Young lives are being lost to the scourge of crime, gangsterism and substance abuse.

Just the other day I listened to a community activist from Port Elizabeth, Mr Roland Bell, talking about the impact of gangsterism in his community, saying our next generation is dying out before it has even started.

We heard the cries of residents of Mannenberg at the gates of Parliament earlier this morning, who want the police to act against gangsters who terrorise their communities.

Part of our response is to increase police visibility, increase the number of trainee policemen and women, promote the sexual offences courts to address gender-based violence and femicide, and capacitate community policing forums.

We must also make better use of the legal instruments available to us.

In 2000, for example, we passed the Firearms Control Act, which was meant to reduce the easy availability of firearms.

Yet, while there was a decrease of almost 50% in firearm deaths over the next 10 years, fraud, corruption and resistance to aspects of the Act seriously undermined the ability of SAPS to effectively enforce the law.

Now that the Constitutional Court has confirmed that the Act is constitutionally valid, we look to the SAPS to renew their effective work to reduce the incidence of deaths and injuries due to firearms.

At the same time, we must recognise that violent crime is often perpetrated by people who are known to the victim, in the home, in schools or in the community.

This makes policing difficult, but it must be done.

It requires that we address unequal power relations in society, that we instil in young people a sense of responsibility and a respect for others.

It places a great responsibility on all of us – as parents, teachers, religious leaders, celebrities and MPs – to lead the way in resolving conflict without resort to violence or confrontation.

If we are to improve the lives of South Africans, particularly the poor, and if we are to foster economic development, we need to make local service delivery work.

As several Honourable Members have said, we need to fix our municipalities.

That is why one of our priorities is spatial integration, human settlements and local government.

I announced earlier this year that we have begun the process of stabilising and supporting 57 municipalities and implementing over 10,000 municipal infrastructure projects.

This is because local government is the engine of service delivery.

We also agree with Cllr Nkadimeng that a district-based approach to service delivery should contribute to improved coordination and a more efficient allocation of resources.

In local government, as in all parts of the state, where systems fail, there must be accountability.

Through interventions like the National Clean Audit Task Team under the Hawks we are serious about cleaning up our municipalities so they can fulfill their primary mandate – not to adjudicate tenders, but to deliver services to our people.

The report released by the Auditor-General about the deteriorating levels of accountability in our local government space is concerning.

It is in this regard that we support the call made by the President of SALGA that we should professionalise local government and enhance the training of officials.

The country's largest urban economies must play a far greater role in job-intensive growth and poverty reduction.

To ease the cost of doing business, larger urban municipalities will radically enhance the reliability, quality and availability of basic infrastructure services, improve their land use management processes and ensure the coordinated management of urban transport and housing.

In line with our objective to restore not just investor confidence but regain the trust of our citizens, we have intensified the fight against corruption across government.

This is an important part of our priority to build a capable, ethical and developmental state.

We have restored stability in important institutions like the South African Revenue Service and the National Prosecuting Authority and improved their capacity.

The Zondo commission of inquiry is doing crucial work in establishing the extent of state capture.

Integrity is being restored to our national intelligence machinery as we act on the recommendations of the High Level Review Panel on the State Security Agency.

With the state being the primary driver of service delivery, we have, following extensive consultation, produced a new macro-configuration of government: merging some departments and doing away with others.

This is in the interests of cost-containment, cooperative governance and in ensuring state resources are more efficiently deployed.

We are also intensifying training and skills development through the National School of Government, because our success depends on a capable, professional and above all ethical corps of public servants.

Honourable Members,

These are just some of the measures we are undertaking – together with our social partners – to restore our economy and improve the lives of our people.

These measures are tangible, practical and achievable.

They provide a clear indication that we have both a vision for the future and a plan for the present.

They demonstrate that we are a government at work.

The seven priorities that will guide the programme of action of this administration over the next five years begins with implementation in the coming days, weeks and months.

As I mentioned last week, we are determined to do things differently.

The litany of a thousand outcomes will be replaced by a tight set of smart indicators for government to pursue.

These will be contained in the Medium Term Strategic Framework, which will set out the action plan of government for the next five years.

Each government department will produce a forward-looking and practical Annual Performance Plan that reflects our renewed focus on impact.

Each minister will sign a Performance Agreement by which they will be evaluated and for which they will be held accountable.

In the four months leading up to the Medium Term Budget Policy Statement in October, we will also work hard to meet some immediate policy milestones.

These include:

- an action plan on an effective visa regime for tourism and high skill immigration;
- a policy directive on the release of spectrum;
- an integrated and comprehensive youth employment strategy coordinated by a project management office in the Presidency;
- engagement with organised business on the Ease of Doing Business Roadmap;

- a national action plan to tackle extortion and violence at economic sites, especially in the construction sector;
- ensure the Economic Advisory Council, the Investment Advisory Council and the Presidential SOE Council to commence their work;
- launching the Township Entrepreneurship Fund;
- finalising the Integrated Resource Plan;
- publish a Special Paper on Eskom detailing a roadmap for the entity's future;
- presenting progress on the Public-Private Growth Initiative and the country's investment pipeline;
- the development of Industrial Strategy Masterplans in validated priority sectors;
- release our approach to land reform informed by the Advisory Panel's report.

At Nedlac, we are going to monitor the commitments made at the Jobs Summit as we work towards our job creation targets.

We are going to begin the preparatory work to review our macroeconomic strategy to ensure that our policy mix supports inclusive growth.

Honourable Members,

In preparing for the State of the Nation Address, I mentioned my wish to talk about a completely new city, with skyscrapers, schools, universities, hospitals and factories.

I was advised to put it into the section on 'dreams'.

But it actually belongs in the section on a future and desired 'reality'.

At the current rate of urbanisation and at the current rate of population growth, it is estimated that our cities will need to accommodate an extra 10 million people by 2030.

The question we need to confront is where these people will live. Where will they work?

We are already facing significant backlogs in housing, schools, clinics and social services in almost all major urban centres.

Every successive wave of people coming to our cities live further and further away from the centre, far away from jobs, far away from services and far away from transport infrastructure.

This situation is not sustainable and, unless we find effective solutions, it's only going to get worse.

It is time to confront reality.

Honourable Members,

Before I conclude, allow me to pay tribute to three special groups of South Africans who have recently stepped out onto the global stage to represent our country.

Today, I want to pay tribute to the national teams representing South Africa in the Women's Football World Cup, the Cricket World Cup and the African Cup of Nations.

I also want to applaud Sho Madjozi for winning the BET Award for Best New International Act in Los Angeles.

In Madjozi's words:

"My story is testament that you can come from any village, in any forgotten part of the world, and still be a superstar. For girls that come from where I am from, which is Limpopo, I just want to say that you don't need to change who you are, you can still be big."

Despite setbacks and disappointment, these young women and men demonstrate a resilience and a determination that we should all emulate.

Even when confronted by great odds, they continue to strive for excellence, to stretch the limits of what people think they are capable of.

It is this spirit that should define our national character, a desire to succeed, to learn from mistakes, to never give up.

We should not force on ourselves a false choice between responding to our immediate situation and preparing to meet our future needs.

The future must be built now.

We will not succeed in either addressing the economic crisis of the present or building an inclusive future unless all South Africans play their part.

This ranges from actions of individual responsibility – paying taxes, paying for electricity, participating in community forums – to broader social compacts, in which business, labour and government forge agreements on key economic actions.

Allow me to conclude with the words of Kwame Nkrumah that Minister Patel quoted in the debate yesterday.

They capture with great precision and potency what our current circumstances demand.

Nkrumah said:

“...the task ahead is great indeed, and heavy is the responsibility; and yet it is a noble and glorious challenge which calls for the courage to dream, the courage to believe, the courage to dare, the courage to do, the courage to envision, the courage to fight, the courage to work, the courage to achieve...”

We have a clear plan for the road ahead.

We have a clear mandate.

Now is the time for all of us to work together to implement it.

Let us always remember what Proverbs 29:18 instructs:

“Where there is no vision, the people perish.”

I thank you.