



## **State of the Nation Address By His Excellency Jacob G Zuma, President of the Republic of South Africa on the occasion of the Joint Sitting of Parliament, Cape Town**

The Speaker of the National Assembly,

The Chairperson of the National Council of Provinces;

Deputy Speaker of the National Assembly and Deputy Chairperson of the NCOP,

Deputy President of the Republic, Honourable Cyril Ramaphosa,

Former Deputy President Kgalema Motlanthe,

Honourable Chief Justice of the Republic, and all esteemed members of the Judiciary,

Honourable Ministers and Deputy Ministers,

Premiers and Speakers of Provincial Legislatures,

Chairperson of SALGA, and all local government leadership,

Chairperson of the National House of Traditional Leaders,

The Heads of Chapter 9 Institutions,

Leaders from all sectors,

Members of the diplomatic corps,

Honourable members,

Distinguished guests

Fellow South Africans,

Good evening, sanibonani, molweni, riperile, dumelang, ndi madekwana.

It is a great pleasure to address you on this first State of the Nation Address of the fifth democratic administration.

Let me begin by extending our deepest condolences on the sad passing of the Secretary of Parliament, Mr Michael Coetzee.

His contribution to the struggle for freedom and democracy will never be forgotten.

Last week we also lost our mother, Mama Epainette Mbeki. Her guidance and wisdom will be sorely missed. We extend our heartfelt condolences to the Mbeki family.

Our hearts go out to the families of SANDF members who died in a tragic helicopter crash in Mpumalanga today during a training camp. We wish the injured a speedy recovery.

Compatriots,

We have recently emerged from a successful national general election held on the 7th of May. We look forward to working with all the parties in Parliament as we move South Africa forward.

In the February State of the Nation Address, I related the good story of 20 years of freedom and democracy.

We stated that South Africa is a much better place to live in than it was in 1994, and that the lives of millions of our people have improved.

However, as the National Development Plan and the Presidency Twenty Year Review highlight, the triple challenges of poverty, inequality and unemployment continue to affect the lives of many people.

As we enter the second phase of our transition from apartheid to a national democratic society, we have to embark on radical socio-economic transformation to push back the triple challenges.

Change will not come about without some far-reaching interventions.

We have put in place a programme of action based on the ANC Manifesto and the National Development Plan.

The economy takes centre stage in this programme. It remains our strong belief that the most effective weapon in the campaign against poverty, is the creation of decent work, and that creating work requires faster economic growth.

We have set a growth target of 5 per cent by 2019. To achieve this, we will embark on various measures and interventions to jump-start the economy.

We have set this target during a difficult period. The economy has grown below its potential over the last three years and many households are going through difficulties.

The slow growth has been caused in part by the global economic slowdown and secondly by domestic conditions, such as the prolonged and at times violent strikes, and also the shortage of energy.

Given the impact of the untenable labour relations environment on the economy, it is critical for social partners to meet and deliberate on the violent nature and duration of the strikes.

The social partners will also need to deliberate on wage inequality. On our side as Government we will during this term investigate the possibility of a national minimum wage as one of the key mechanisms to reduce the income inequality.

Deputy President Cyril Ramaphosa will convene the social partners dialogue, within the ambit of NEDLAC.

Secondly, Government will play its part in the implementation of the landmark Framework Agreement for a Sustainable Mining Industry entered into by labour, business and government last year, under the leadership of former Deputy President Kgalema Motlanthe.

The process will now be led by the President.

We will implement the undertaking to build housing and other services to revitalize mining towns, as part of the October 2012 agreement between business, government and labour.

The focus is the mining areas of Motlosana, Emalahleni, Sekhukhune, Lephalale, West Rand and Matjhabeng.

An Inter-Ministerial Committee on the Revitalisation of Distressed Mining Communities has been established under the leadership of the Minister in the Presidency responsible for Planning, Performance Monitoring and Evaluation, Mr Jeff Radebe.

The members of the committee include the Ministers of Mineral Resources, Water and Sanitation, Trade and Industry, Social Development, Labour, Human Settlements, Health, Economic Development and Finance.

To further promote improved living conditions for mine workers, Government is monitoring the compliance of mining companies with Mining Charter targets, relating to improving the living conditions of workers.

Companies are expected to convert or upgrade hostels into family units, attain the occupancy rate of one person per room and also facilitate home ownership options for mine workers.

We urge the companies to meet the 2014 deadline for these targets and extend this right to dignity to mine workers.

Honourable Members

Distinguished guests,

The low level of investments is a key constraint to economic growth. We are determined to work with the private sector to remove obstacles to investment.

We would like to see the private sector showing as much confidence in the economy as the public sector.

We will continue to engage business in promoting inclusive growth and to build a more prosperous society. In this regard, I will soon convene a meeting of the Presidential Business Working Group.

After the last meeting of the Working Group last year, six work streams were established and these have been discussing solutions to various obstacles to doing business in South Africa.

These issues were also raised by owners and CEOs of major companies that I hosted in three separate, intensive working sessions at the Mahlamba Ndlopfu residence in November and December last year.

The next meeting of the Working Group will take forward the partnership for inclusive growth and sustainable development.

Fellow South Africans,

We need to respond decisively to the country's energy constraints in order to create a conducive environment for growth.

The successful electrification programme which has changed the lives of many households was achieved by tapping into artificial electricity reserves, which had not been designed to cater for mass energy distribution.

This situation calls for a radical transformation of the energy sector, to develop a sustainable energy mix that comprises coal, solar, wind, hydro, gas and nuclear energy.

The transformation will require structural changes in the manner in which government departments, affected state owned companies and the industry as a whole address the energy challenges.

The energy plan also calls for the injection of capital and human resources into the energy sector.

We will also need to identify innovative approaches to fast-track procurement and delivery by government in the energy sector.

To prepare the institutional capacity, we are in the process of converting the National Nuclear and Energy Executive Coordinating Committee of Cabinet, into the Energy Security Cabinet Sub-committee.

The sub-committee will be responsible for the oversight, coordination and direction of activities for the energy sector.

The sub-committee will also ensure that Eskom receives the support it requires to fulfil its mandate and that it remains focused on achieving its goals and targets.

To achieve our energy security goals, state owned companies involved in the Energy Sector, such as Eskom, South African Nuclear Energy Corporation and the Central Energy Fund will have to adapt to the redefined roles to achieve these objectives.

Work needs to be done at a technical level on all forms of energy especially nuclear energy and shale gas with regards to funding, safety, exploitation and the local manufacture of components.

Nuclear has the possibility of generating well over 9000 megawatts, while shale gas is recognised as a game changer for our economy.

We will pursue the shale gas option within the framework of our good environmental laws.

There are also some urgent activities that we are engaging in, in the short term. Progress at Medupi power station construction site will be accelerated.

Plans on the financing of the next large coal fired power station, Coal 3, will be speeded up so that the procurement process can commence.

We will also continue the 4th window of the renewable energy independent power producers programme, to take advantage of wind, solar, biomass and other technologies that increase the opportunity for rural development.

Honourable Speaker and Honourable Chairperson,

We are also looking beyond our borders for energy security.

In October last year we signed the Grand Inga Hydro Power Project Treaty with the Government of the Democratic Republic of Congo. This massive and strategic project has the potential to generate 40 000 megawatts of hydro-electricity.

Our country will benefit enormously from this milestone project.

To prepare for the implementation of the energy plan, we need to finalise the legislation that relates to the restructuring of the energy industry as envisaged by the Independent System Market Operator Bill, the Integrated Resource Plan and other policies affecting the Energy sector.

Honourable members,

Distinguished guests,

We are a nation at work.

In addition to our major energy security interventions, we will continue to implement the successful National Infrastructure Plan, under the supervision of the Presidential Infrastructure Coordinating Commission, throughout the country.

During the past five years, we invested about one trillion rand in new infrastructure to provide water, energy, transport, sanitation, schools and clinics and internet connections to our people.

Over the next three years, we will spend 847 billion rand on the infrastructure and several projects are to be started or completed.

The construction of Mzimvubu Dam in the Eastern Cape will continue, and also the raising of the wall of Clanwilliam Dam in the Western Cape.

During the next five years the bulk of the construction work on Phase 2 of the Lesotho Highlands Water Project will be completed.

In the next five years, we will finish building more than 60 MeerKat dishes and start building the first 100 Square Kilometre Array dish antennas.

We will expand, modernise and increase the affordability of information and communications infrastructure and electronic communication services, including broadband and digital broadcasting.

Cabinet adopted “South Africa Connect”, our Broadband Policy and Strategy, in December last year to take this mission forward.

We will continue with various other infrastructure projects that will change the living conditions of our people and boost economic growth.

Compatriots

Our radical socio-economic transformation programme will be taken further with the implementation of the Industrial Policy Action Plan.

We will promote local procurement and increase domestic production by having the state buy 75% of goods and services from South African producers.

We will utilise the renewable energy sector, the manufacturing of buses, Transnet's R50 billion locomotive contracts and PRASA's passenger rail projects among others, to promote local content and boost growth.

We will also over the next five years promote regional economic development and industrialisation, through the creation of Special Economic Zones around the country.

We will continue to support through incentives, the competitiveness of the auto, clothing, leather, footwear and textile industries, which are labour intensive.

Honourable members

Despite tough global trading conditions in its traditional markets, South Africa's tourism sector continued to show positive growth in 2013, reaching a record high of 9.6 million international tourist arrivals.

People love our country and continue to visit South Africa.

We have set a target to increase the number of foreign visitor arrivals to more than 15 million annually by 2017.

We are also looking at increasing the contribution of tourism to the country's revenue to more than 125 billion rand by 2017.

Over the next five years, we will prioritise support to small business, as well as township and informal sector businesses in particular, thus using the SMME development programme to boost broad-based black economic empowerment.

We will sharpen the implementation of the amended Broad-based Black Economic Empowerment Act and the Employment Equity Act, in order to transform the ownership, management and control of the economy.

We will promote more employee and community share ownership schemes and boost the participation of black entrepreneurs in the re-industrialisation of the economy.

Compatriots,

The total assets of our Development Finance Institutions amount to some R230 billion.

However, their impact on development is not sufficiently broad-based and their investment programmes are not well coordinated.

The institutions will be repositioned in the next five years to become real engines of socio-economic development.

In the same vein, Postbank will be supported so that it can play a leading role in the expansion of banking services to the poor and the working class.

Honourable members,

Distinguished guests,

Youth empowerment will be prioritised in our economic transformation programme.

Government will introduce further measures to speed up the employment of young people, consistent with the Youth Employment Accord.

We will expand the number of internship positions in the public sector, with every government department and public entity being required to take on interns for experiential training.

The private sector has responded positively to the introduction of the employment tax incentive. In only five months, there are 133 000 employees who have benefited and 11 000 employers who have participated in the incentive scheme.

The majority has been employed in wholesale and retail trade, manufacturing and finance sectors.

Honourable Speaker,

Honourable Chairperson,

Government has since 2004 run the successful Expanded Public Works Programme which provides work opportunities and training for the unemployed. The new phase will provide six million work opportunities by 2019. We are building on the success of the past few years.

We created around four million work opportunities in the past five years.

The Expanded Public Works programme environmental initiatives such as working on waste, working on wetlands, working for water, working on fire and the Environmental Youth Services programme will also be upscaled up to 2019, in support of youth development.

In addition, the local government- based Community Work Programme will be expanded to provide a million work opportunities by the end of 2019.

Compatriots

We have identified agriculture as a key job driver. Our target is for the agricultural sector to create a million jobs by 2030.

Government will provide comprehensive support to smallholder farmers by speeding up land reform and providing technical, infrastructural and financial support.

Support will be provided to communities as well to engage in food production and subsistence farming to promote food security, in line with the Fetsa Tlala food production programme.

We will accelerate the settlement of remaining land claims submitted before the cut-off date of 1998. We will also re-open the period for the lodgement of claims for the restitution of land for a period of five years, and codify the exceptions to the 1913 cut-off date for the descendants of the Khoi and San.

Honourable speaker,

Honourable Chairperson,

Sub-Saharan Africa is increasingly becoming a more important trade partner for our country. We are encouraged that South African investments in the continent increased from 5.5 billion rand in 2002 to 32.3 billion rand in 2013.

Our exports into the continent are also increasing each year, having been at 28.5 percent up from 22.6 percent in 2002.

South Africa will continue to champion broader regional integration through the Southern African Customs Union, SADC and the envisaged Tripartite Free Trade Area that spans Eastern and Southern Africa.

Fellow South Africans,

We would like our people's experience of local government to be a pleasant one.

We have listened to the complaints and proposals of South Africans over the past five years, relating to the performance of municipalities.

I would like to share with you now, our plan of action to revitalise local government.

Our municipalities are built on a firm foundation, built over the last 20 years of democracy.

We have evaluated all our municipalities.

We have inspected their financial management, how they work within legislative processes as well as their ability to roll out projects and to address capacity constraints.

We have also looked at how they respond to service delivery protests. There have been many successes in many municipalities. However we face a number of challenges in others.

We are pleased that eleven municipalities stand out for consistent good performance in audits, expenditure on municipal infrastructure grants and service delivery.

The eleven municipalities are the following;

1. Nkangala District Municipality.
2. Cacadu District Municipality.
3. Zululand District Municipality.
4. Umzinyathi District Municipality.
5. Ilembe District Municipality.
6. Knysna Local Municipality.
7. The West Coast District Municipality.
8. Matzikama Local Municipality.
9. Mossel Bay Local Municipality.
10. Breede Valley Local Municipality and
11. Steve Tshwete Local Municipality.

We congratulate the municipalities for this performance.

A comprehensive assessment of various municipalities has indicated where they need support.

We will provide assistance to the following municipalities amongst others:

In Amathole District Municipality in the Eastern Cape, our Development Bank of Southern Africa has approved funding to develop infrastructure.

One hundred numerous projects, mainly in water and sanitation, will be started and the objective is to complete them over the next 12 months.

In Umzinyathi District Municipality, KwaZulu-Natal, funding will be provided to develop infrastructure projects covering mainly the electrification of households.

The local municipalities to be serviced include Msinga, Umvoti and Nqutu.

In Alfred Nzo District Municipality in the Eastern Cape, funding will be provided for infrastructure development projects covering water provision, sanitation, and electrification.

Local municipalities involved include Mbizana and Ntabankulu, catering for a population of about one million people.

We will support Lukhanji Local Municipality to reorganize its administration and implement support plans for the provision of water and electricity.

We will assist OR Tambo District municipality to stabilise the administration and organizational structure and fast-track the implementation of the Presidential Intervention Plans.

In Mbashe Local Municipality we will implement waste management plans and address ground water contamination issues.

At Ngaka Modiri Molema District Municipality in the North West, national government will provide support and work with the Development Bank of Southern Africa to resolve financing for water and sanitation infrastructure.

We will support the City of Joburg in Gauteng to resolve problems with the billing system.

We will support Moqhaka Local Municipality in the Free State with the eradication of the bucket system and open toilet challenges.

Meanwhile work is underway to eradicate the bucket system throughout the country. This will also be the priority of the Inter-Ministerial Task Team on Service Delivery that I have established. The team is led by Minister Pravin Gordhan.

The team comprises the Ministers of Planning, Performance Monitoring and Evaluation in the Presidency, Human Settlements, Water and Sanitation, Transport, Home Affairs, Public Enterprises, Energy, Rural Development and Land Reform, Health and Basic Education.

Honourable Speaker and Honourable Chairperson,

A key focus area in local government in the next five years will be how we respond to the reality of rapid urbanisation.

South Africa is becoming an urban country. By 2011 almost 63% of our population were residing in towns and cities and this trend is expected to continue over the coming decade.

Our government's Integrated Urban Development Framework will be finalised by 30 July 2014.

It will provide a new deal for South African cities and towns.

It will set out a policy framework on how the urban system in South Africa can be reorganised so that cities and towns can become inclusive, resource efficient and good places to live in over the next 20 to 30 years.

Together let us move local government forward!

Compatriots

Over the past twenty years, we have steadily expanded support for marginalised and vulnerable households through investments in housing, extensions to our social grants programmes and improved access to education and primary health care.

Over the period ahead, poverty reduction will continue to be reinforced.

We will continue to invest in education and skills development as that is the key to economic growth and development. We need engineers, electricians, plumbers, doctors, teachers and many other professionals to build our country's economy.

Education therefore remains an apex priority for this government. We will continue to promote universal access to education by ensuring that all children between ages 7 and 15 are in school.

We will increase the number of Grade 12 learners who can gain entrance to university, moving from 172 000 in 2013 to 250 000 in 2019.

We opened at least one new school a week in the Eastern Cape last year and will continue to eradicate mud schools and other inappropriate structures.

The number of young people in universities and colleges has increased over the years. Contractors will move on site in September to build new universities in the Northern Cape and Mpumalanga.

By January next year, the first intake of medical students will be enrolled at the new medical university in Limpopo.

In addition, 12 training and vocational education colleges will be built to expand the technical skills mix in the country.

#### Compatriots

Together we must continue to fight drugs and substance abuse in our schools and communities. We will also prioritise safety in schools, scholar transport and child health.

In the area of health, we will work harder to increase life expectancy at birth from 60 years in 2012 to 63 years in 2019.

The campaign to reduce child and maternal mortality ratios will continue.

This will require the implementation of the National Health Insurance and the improvement of the quality of care in the public sector.

We will build on the success of our HIV and AIDS treatment and support programme by expanding our mass HIV prevention communication campaigns.

## Compatriots

We will take forward the advances we have made in promoting women's empowerment and development.

The Minister in the Presidency responsible for Women's development, Ms Susan Shabangu, will work with other Government departments, agencies, the private sector and non-governmental organisations, to promote women's socio-economic empowerment, development and human rights.

To further consolidate our democratic gains, we will continue to advance and improve the lives of people with disabilities over the next five years.

We will work with the Disability sector to identify key areas in which we should fulfil South Africa's role as signatory to the UN Convention on the Rights of Persons with Disabilities and its Optional Protocols.

Another key intervention this term will be to finalise the National Disability Rights Policy which includes the National Disability Rights Framework.

The Policy and the Framework will guide Government action to promote a more inclusive society and to promote the involvement of people with disabilities in decision-making processes.

## Fellow South Africans

Some progress has been made over the past five years in reducing the levels of serious crime such as murders, aggravated robberies, crimes against women, children and other vulnerable groups, but they remain unacceptably high.

We will work to further reduce levels of crime.

The Special Investigating Unit, the Anti-Corruption Task Team the Asset Forfeiture Unit and the Hawks, have made notable progress in our quest to combat corruption in society broadly and in the public sector. This work will continue in the next five years.

Weaknesses in procurement, management and operations systems that undermine the efficiency and effectiveness of government will be addressed.

One of the key steps, which is already underway, is to centralise procurement under the Office of the Chief Procurement Officer in the National Treasury.

We have begun piloting this new approach with the centralised procurement of school furniture in the Eastern Cape. The furniture will be delivered in all Eastern Cape schools by the middle of August 2014.

Measures will be introduced to prevent public servants and public representatives from doing business with the state.

These will be supported by improved implementation of the Financial Disclosure Framework, strengthened protection of whistle-blowers, and the provision of technical assistance to departments for the effective management of discipline.

Compatriots

Over the next five years we will continue to promote the building of a better Africa and a more just world.

South Africa will continue to support regional and continental processes to respond to and resolve crises, promote peace and security, strengthen regional integration, significantly increase intra-African trade and champion sustainable development in Africa.

This will entail supporting and executing decisions of the African Union as well as the promotion of the work of its structures.

We will also continue to promote South-South cooperation by utilising membership and engagements with formations and groupings of the South.

Similarly we will continue to promote mutually beneficial relations with countries of the North.

We will continue to deepen economic development, trade, and investment partnerships with the BRICS through the work of the BRICS Contact Group for Economic and Trade Issues.

Honourable Members,

Distinguished guests

The South African National Defence Force has been a source of national pride as it participated in peacekeeping missions in the continent.

This role will continue and government is looking into the resourcing of the SANDF mandate in line with recently concluded Defence Review.

Fellow South Africans,

To take this programme of action forward, the Deputy President and I will be meeting with Ministers and Deputy Ministers to discuss the detailed implementation plans for each department.

Each Minister will sign a performance agreement with the President outlining what each department will do to deliver on the programme of action.

Compatriots

The 17th of June marks the 22nd anniversary of the horrific Boipatong massacre in Gauteng.

Looking back at one of the worst horror stories in recent history, we are reminded of the fact that we need to prioritise healing and nation building more than ever before.

We must continue to build understanding, tolerance and reconciliation, and together fight racism, xenophobia, homophobia and all related intolerances.

The use of sports and culture as a unifying factor in our country will continue during this term. We will also continue to promote the Constitution in schools and ensure that our children grow up with positive values and love for their country and its people.

We will continue to build inclusive heritage over the next five years through building monuments and other symbols that honour the heroes of the struggle that delivered the freedom and democracy we enjoy today.

As part of our 20 years of freedom and democracy celebrations, records turning 20 years this year, such as those of the late former President Nelson Mandela's first days in Office will be transferred to the National Archives.

This year will also see the listing of the CODESA Multi-Party Negotiating Forum Records in the International Memory of the World Register.

Next month the country and the world will mark International Mandela day.

All South Africans should dedicate at least 67 minutes on the 18th of July, to clean South Africa, which is our theme for this year.

Let us begin planning for a major clean-up of our cities, towns, townships, villages, schools and beautify every part of our country.

Fellow South Africans,

This programme of action is aimed at making South Africa a better place for all.

We urge all South Africans to work with us make the implementation of these programmes a success.

Together let us move South Africa forward.

I thank you.