

JS 1 – 2022] FOURTH SESSION, SIXTH PARLIAMENT

## REPUBLIC OF SOUTH AFRICA

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# MINUTES OF PROCEEDINGS

OF

## JOINT SITTING

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THURSDAY, 10 FEBRUARY 2022

1. Members of the National Assembly and the National Council of Provinces assembled in the Cape Town City Hall at 19:00.
2. The Speaker of the National Assembly and Chairperson of the National Council of Provinces took the Chair.
3. The Speaker of the National Assembly requested members to observe a moment of silence for prayer or meditation.
4. The Speaker of the National Assembly announced that the President had called the Joint Sitting of the National Assembly and the National Council of Provinces in terms of section 84(2)(d) of the Constitution of the Republic of South Africa, 1996, read with Joint Rule 7(1)(a), in order to deliver his State-of-the-Nation Address to Parliament.
5. [19:01] The President of the Republic delivered his address as follows:

Speaker of the National Assembly Ms Nosiviwe Mapisa-Nqakula, Chairperson of the National Council of Provinces Mr Amos Masondo, Deputy President of the Republic of South Africa Mr David Dabede Mabuza, former President of the Republic of South Africa Thabo Mbeki, former Deputy President Phumzile Mlambo-Ngcuka, former Deputy President Ms Baleka Mbete, former Speaker of the National Assembly Mr Max Sisulu, Acting Chief Justice Raymond Zondo, Mayor of the City of Cape Town, whom we thank for making this venue available, Mr Geordin Hill-Lewis, Dean of the Diplomatic Corps Mr Bene M'Poko, members of the judiciary, heads of institutions supporting democracy, Members of Parliament, fellow South Africans, this year, for the first time since the

dawn of our democracy, this state of the nation address is being delivered with us not being in the Chamber of the National Assembly.

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, the House in which the freely chosen representatives of the people of our country have shaped our young nation.

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

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 many families in our country. 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 our former President Thabo Mbeki who reminded us that: “Trying times need courage and resilience.” He continued to say that “Our strength as a people is not tested during the best of times.” This means that during the worst of times our courage is really truly tested. 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 our presiding officers of Parliament and indeed all members of the two Houses of Parliament who determined that the work of this democratic institution should continue without interruption. I applaud our presiding officers and all of you.

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, the most wonderful Constitution in the world.

We are working together to revitalise our economy and end the inequality and injustice that impedes our progress as a nation. 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 our public institutions. If there is one thing we all agree on, it is that the present

situation that we are in now – of deep poverty, unemployment and inequality – is unacceptable and unsustainable.

There is agreement among a broad and diverse range of South Africans that fundamental change and reforms are needed to revive economic growth in our country.

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 our economy. But, equally, it is also 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 as South Africans, and acknowledges that we are all in this together, and together we must find solutions that will take our nation forward.

As the social partners – government, labour, business and community-based entities – 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 to take this country forward. We have given ourselves 100 days to finalise what I call a comprehensive social compact to grow our economy, to create jobs and to combat hunger. This work will build on the foundation of the Economic Reconstruction and Recovery Plan, which we adopted and which remains our common programme to rebuild the economy.

We remain focused on the priorities we identified in the State of the Nation Address 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 our energy-generation capacity.

To be effective, this social compact needs to include every South African and every part of our society. In the end, we must all be imbued with the understanding that no one must be left behind.

Fellow South Africans, 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 not just with great courage and resilience, but also with compassion and restraint. Over the

past two years, we have taken unprecedented actions to strengthen our health system, to build laboratory capacity and to prevent infections.

The nation owes a great debt of gratitude to the dedicated health care workers and other frontline staff who put their own health and their own lives at risk to care for the ill and the vulnerable during this pandemic.

Within two weeks of the first reported infection in our country, I 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 we have never seen before in our country, a wave of generosity that swept throughout the country, the Fund raised R3,4 billion from more than 300 000 individuals and 3 000 companies. More than 400 individuals and 100 companies volunteered their time and services for free. The Fund has played a pivotal role in supporting the national health response and alleviating the humanitarian crisis that confronted our country and our people.

I would like to thank everyone who contributed to the Solidarity Fund, and many of those individuals who contributed were a number of you as Members of Parliament. So I applaud you, I thank you and I congratulate you for that. I also congratulate and thank the countless other initiatives to support those affected by the pandemic, and they range from people who gave food parcels to people who went out of their way to care for those who were affected by and infected with COVID-19.

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.

During the past year, we have focused on accelerating our vaccine rollout. So far, we have, as a nation, administered some 30 million doses of COVID-19 vaccines. Consequently, nearly 42% of all adults and 60% of everyone over 50 is fully vaccinated. This is a real achievement that many countries on our continent have not been able to reach.

We are now ready to enter a new phase in our management of the pandemic. It is our intention and also my clear intention to end the national state of disaster as soon as we have finalised other measures under the National Health Act and other legislation to manage and contain the pandemic. This we have to do.

Now, all of you will know that by now nearly all restrictions on economic and social activity have already been lifted. Vaccines have proven to be the best defence we have against illness and death from COVID-19. And, I've always said, even from a personal point of view, that had I not been vaccinated when I contracted COVID-19 in December, I probably would not be standing here before you. My defence was being vaccinated.

If we all get vaccinated and continue to observe basic health measures and remain forever 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 and status, COVID-19 has exacerbated the divide between those who are employed and unemployed. Last year, our unemployment rate reached its highest recorded level. Unemployment has been caused by low growth, which has in turn resulted from a long-term decline in investment in our economy, which has lasted for a number of years. In the last year, we have benefited from a clear and stable macroeconomic framework, from strong commodity prices, from mining and from a better-than-expected recovery.

However, we have been held back by an unreliable electricity supply, inefficient network industries and the high cost of doing business in our country.

We have been taking extraordinary measures to enable businesses to grow and create jobs alongside expanded public employment and social protection, which we have put in place. 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. The key task of government is to create the conditions that will enable the private sector. And this is the case, whether we like it or not, all over the world. It is when government creates that environment that will enable businesses, 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. When electricity supply cannot be guaranteed, when our railways and ports are inefficient, when innovation is held back by a scarcity of broadband spectrum, when water quality deteriorates in our municipalities and where we live, companies are reluctant to invest and the economy cannot function properly.

With a view to addressing these challenges we are accelerating the implementation of far-reaching structural reforms to modernise and transform these industries, unlock investment, reduce costs of doing business and increase competitiveness and to heighten growth in our economy.

The electricity crisis is one of the greatest threats to economic and social progress. In the last few days, we have once again been reminded of the fragility of our electricity system.

Load shedding continues to have a huge impact on the lives of South Africans, disrupting businesses and placing additional strains on families and communities. Due to our ageing power stations, poor maintenance, policy missteps and the ruinous effects of state capture, our country has a shortfall of around 4 000 MW of electricity.

During the past year, we have 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 stage 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 that the mining industry is currently working on; and approximately 1 400 MW currently in the process of being secured by various municipalities once we opened the way for them to generate.

In addition to closing the energy supply shortfall, we are implementing fundamental changes to the structure of the electricity sector. Eskom has established a separate transmission subsidiary and is on track to completing its own 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, Cabinet yesterday approved amendments to the Electricity Regulation Act 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.

Our economy cannot grow without efficient ports and railways. Over several years, the functioning of our ports has declined relative to ports in other parts of the world and particularly to those on our own continent as well. This constrains economic growth and holds us back from acceding to higher levels of economic growth.

The agricultural sector, for example, relies heavily on efficient, well-run ports to export their produce to overseas markets. The Minister of Agriculture was telling me that we have now opened the Chinese market for citrus and for a number of other products that we produce or grow here. And we therefore need efficient ports to be able to export all that produce to high-demanding markets like China and many other places.

Fresh produce cannot wait for days and even weeks stuck in a terminal. This hurts businesses and compromises our country's reputation as an exporter of fresh produce. Fresh produce also includes meat products and many others.

Transnet, faced with all these challenges, is addressing these challenges and is currently focused on improving operational efficiencies at our ports

through procuring additional equipment and implementing new systems to reduce congestion. I have been able to go to our ports and I have seen the work that Transnet is doing in this regard.

Transnet will soon 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 private-sector entities to address cable theft, which has been paralysing our railways, and to address 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 our country has a direct and detrimental impact on the lives of our people.

We are therefore 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.

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

As I announced in the state of the nation address last year, the other provinces will move to digital signal by the end of March 2022. I have seen the joy that our people have when they gain access to digital and have the pleasure of watching television, which is clear and which has many more stations. And, this, we are going to continue doing.

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.

Our communications regulator, Icasa, will commence with the process of auctioning the high-frequency communications spectrum in about three weeks from now. This will unlock new spectrum for mobile telecommunications for the first time ever in over a decade.

In addition, we 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, more importantly, reducing the costs of digital communications.

The world over, the ability to attract skilled immigrants is the hallmark of a modern, thriving economy. We are therefore streamlining and modernising the visa-application process to make it easier to travel to South Africa for tourism, for business, for study and even for work.

As we committed to last year, the eVisa system has now been launched in 14 countries, including mega countries such as 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 our immigration policy matches the demands of our economy.

A comprehensive review of the work visa system is currently under way, led by 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. These are all the reforms that underpin and undergird the growth of our economy.

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

We have embarked on the process of institutional reform in capacitating the Department of Water and Sanitation and reviewing water boards in as far as their mandates are concerned and ensuring that they serve municipalities in terms of our district development model.

These reforms are being championed by the Minister of Water and Sanitation, who has visited every water source in the country and who has examined precisely what needs to be done.

A comprehensive turnaround plan is being implemented to streamline the process for water use licence applications. These applications used to take forever – up to three years – and they are now being streamlined. 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 to enable the Department of Water and Sanitation to intervene where water and sanitation services are failing. Now, this is how we are going to be able to make interventions, even at the local level. When water is not provided to our people, we will be able to intervene and assist those municipalities.

We will review the policy and regulatory framework for a whole number of other processes, but more importantly – which will come as sweet news for our people in the Eastern Cape and KwaZulu-Natal - for industrial hemp and cannabis to realise the huge potential for investment and job-creation. This natural product, which our people have been farming with and harvesting for a number of purposes, is now going to be industrialised and no longer just be resorted to the smoke process. Many countries around the world have already advanced to higher levels. Our immediate neighbour Lesotho has moved ahead in the industrialisation of cannabis in leaps and bounds, and the products that are to be eked out of hemp and cannabis are in great demand around the world. We want to harness this so that we can release and unleash the energy of our ordinary farmers in the various parts of our country, especially in the Eastern Cape as well as in KwaZulu-Natal particularly in the Pondoland area.

While structural reforms are necessary for us to revive economic growth, they are not enough on their own. There are quite a number of other structural reforms that we are in conversation about with the private sector, and we are ad idem in as far as how deep and how far we should go.

This year, we are 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.

We have started discussions with social partners as part of the social compact to process a number of measures. Some of those will be how we enable small and medium-sized enterprises to operate without too many strictures in areas such as labour-market regulations for smaller businesses to enable them to hire more people, while continuing to protect the rights of working people.

A new, redesigned loan guarantee scheme is being introduced to enable small businesses to bounce back from the pandemic and the civic unrest that we went through. This new bounce-back scheme incorporates lessons from the previous loan guarantee scheme which did not work as well as I had anticipated. You would recall that we launched it under the stimulus programme, which was quite unprecedented in the history of our country.

This new and redesigned loan scheme, which will serve small businesses, will involve development finance institutions and non-bank SME providers in offering finance, expanding the types of financing available and adjusting eligibility criteria to encourage greater uptake.

The National Treasury is working with industry stakeholders to finalise the scheme and the Minister of Finance will provide details soon.

We are reviewing the Business Act – alongside a broader review of legislation that affects small and medium-sized enterprises – to reduce the regulatory burden on informal businesses.

We have found that there are too many regulations in our economy and our country that are unduly complicated, costly and difficult to comply with. This prevents companies from growing and creating jobs.

I will forever remember the image of a woman who was selling these dark bags which she had sewn up herself. She was on the side of the road selling them and the metro police accosted her, arrested her and put her in the back of a police van. Her crime, they said, was that she did not have a permit to sell a product which was going to put food on the table for her children. Now that, for me, is the regulatory strictures that we have introduced in our economy gone completely wild, because what we need to be doing is to support that lady to sell her products and support her family.

We are therefore working to improve the business environment for companies of all sizes through a dedicated capacity in the Presidency to reduce red tape.

If we are to make progress in cutting unnecessary bureaucratic delays for businesses, we need dedicated capacity with the means to make changes. I have therefore appointed Mr Siphon Nkosi to head up a team in my office to cut red tape across our economy and also our government.

Mr Nkosi has extensive experience in business, including as the CEO of a mining company and is currently the Chairperson of the Small Business Institute. He knows very well what red tape does to business and will be working alongside our officials to cut the red tape to enable our businesses to thrive and to grow.

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, construction permits and all that.

Infrastructure is central to our economic reconstruction and recovery. Through innovative funding and improved technical capabilities, we have 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 Infrastructure 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 is financed by 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, families 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. One person was telling me that they now have to travel, to drive, on the side of the road because many roads are so bad. We are therefore upscaling the Welisizwe Rural Bridges Programme to deliver 95 bridges a year from the current 14. Our SA National Defence Force is the implementing agent of the Welisizwe programme and has demonstrated the expertise of SANDF engineers in bridge construction.

Earlier this week I was in Thakgalane village in 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. I would like to see a situation in which many of the roads that we have in our country, particularly in our township areas, in our rural areas and in outlying areas, being paved because paving is so much cheaper than using asphalt.

The rural roads programme will use labour-intensive methods to construct or upgrade nearly 700 kilometres of rural road over the next few years. This social enterprise programme includes access roads in Limpopo and the Eastern Cape, to move from gravel to surface upgrades in the Free State and the North West, and capacity and connectivity improvements in the Western Cape.

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

The closing date for the first of the two-stage procurement process is scheduled to close later this year, with the preferred bidder likely to be announced later this year as well.

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. We still need to build some 2 500 schools in our country, and using current budgetary methods or processes, it will probably take us 75 years to close that gap. However, with the new innovative mechanism for delivery and financing, we should be able to do that much sooner.

The new delivery mechanism will introduce a Special Purpose Vehicle, working with prominent DFIs and the private sector to deliver school education infrastructure with government, obviously, continuing to finance the building of schools. This approach is being piloted in schools in the Northern Cape and in the Eastern Cape and will soon move also to other provinces – Limpopo and many other provinces.

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 is so because the endowments that we have as a country and as a nation for hydrogen capability are quite high. 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.

The damage caused by the theft of scrap metal and cable on our infrastructure like electricity, trains and other vital services is enormous. We 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.

An important pillar of our Economic Reconstruction and Recovery Plan is to revitalise our manufacturing base and create globally competitive export industries. In the past year, we launched new master plans in the steel industry, in the furniture industry and in global business services.

Through these plans – which build on the other master plans that are already in operation and that are already yielding quite a lot of investment and job-creation – 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, partly owned by workers, kindly made the suit that I am wearing today at its new formal wear factory, Prestige, in Epping in the Western Cape.

Five years ago, more than 80% of all Foschini Group merchandise came from East Asia. Today, nearly half of their merchandise is locally made, which shows a great deal of progress.

The genuine leather shoes I am wearing today were made by –members, listen – 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 in KwaZulu-Natal.

Now, the reason one says this is: Let us all promote localisation. Let us buy locally made clothes and products because this creates jobs for our people here in South Africa. Local is lekker, and let us do that!

If you look at countries such as China, what has continued to catapult them to a higher level is that they as Chinese consume what is locally made. We can also move up that scale and see more growth in our economy as we buy more local products and everything else.

Nearly four years ago, we set ourselves a target of mobilising R1,2 trillion in new investment over five years. By the time of the third South Africa Investment Conference in November 2020, we had reached R776 billion in investment commitments.

Next month, on 24 March, we will be holding the fourth South Africa Investment Conference in Johannesburg. We will showcase the many investment opportunities available as South Africa continues its recovery from the COVID-19 pandemic, and we will report back on the progress of previous commitments.

Following the resolutions of the African Union Summit over the past weekend, trading can now begin under the African Continental Free Trade Area agreement. The market on the African continent is now wide open. 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. And, wherever we have gone on the African continent, either on state visits and through holding business forums, we have found not just a great deal of demand for South African companies to come and invest, but also for South African products. So the market is wide open for South African companies to trade with other countries on our continent.

The Free Trade agreement is about Africa taking charge of its destiny and growing its economies much faster and exponentially.

We 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 not only to COVID-19 pandemic but to other pandemics that may well come.

We will increase our efforts to develop Africa's ability to manufacture vaccines.

We have made significant progress here in South Africa with regard to the manufacturing of vaccines. We now have two South African companies, Aspen and Biovac, in which the government has a stake, with contracts to produce COVID-19 vaccines. Two additional vaccine projects have also been announced.

In addition, we have full local production capability for ventilators, hand sanitisers, medical-grade face masks and gloves, as well as therapeutic drugs and anaesthetics. This production capability which is worth many

billions of rand of production annually, has been put in place in less than two years.

When COVID-19 arrived on our shores, we did not really have the full capability of manufacturing all these medical supplies that are diagnostic and therapeutic which we now have. This goes to demonstrate the resilience of South African businesses to rise up to the occasion.

And when we met at the continental level on an African medical supplies platform, many of our companies were able to start trading on that platform exporting medical supplies to various countries on our continent and also internationally, particularly to regions other than that of our continent, like the Caribbean.

South African products have been exported to various countries, securing them vital supplies and expanding jobs for many young South Africans.

While will we help existing industries to grow, we are 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. And I should say here, South Africa has become an attractive market for global business services. Our young people are being employed in large numbers.

The global business services sector is on track to create 500 000 new jobs over the next few years. These are young people who are being attracted to these opportunities.

The hemp and cannabis sector – I'll go back to this – which is a new sector we are promoting, has the potential to create more than 130 000 new jobs.

We are therefore streamlining the regulatory processes so that the hemp and cannabis sector can thrive like it does in other countries. And as I said earlier, it is going to benefit a number of our people, particularly in those areas where this is grown in a big way as a great commodity.

As we proceed, we are finding that these new sectors – the sectors that should be promoted – are sectors that we should focus our attention on because they create more jobs on an ongoing basis. The sectors that we are focusing on are sectors that a number of other countries have already shown a great deal of growth in. With all this, we are finding that we can inject growth into our economy and we can see exponential growth as more and more of these new sectors come forward.

Other sectors are the social sectors including early childhood development, nursing, social work and community services, which have shown significant potential not only to create jobs, but also to provide vital services to communities, and provide training for young people.

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

The agricultural 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, we will soon be finalising our mining exploration strategy.

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

We will ensure that this is done in strict accordance with the environmental and other laws of our country, and that where there are differences, we work together to resolve them in the interest of our country and our people, particularly with regard to creating jobs.

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.

Recently, floods have affected a number of provinces in our country including KwaZulu-Natal, Gauteng and the Eastern Cape. These have already caused enormous damage to infrastructure and also to livelihoods.

In the last year, we have made important strides in the fight against climate change and at the same time, securing our economic competitiveness.

For the first time, our 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 I established the Presidential Climate Change Commission working with the Deputy Chair to the Commission, Valli Moosa, 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 was able to arrive at a historic R131 billion deal with a number of partners.

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 affected and impacted by this change.

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

Properly managed, the energy transition will benefit all. Renewable energy production will make electricity cheaper and more dependable, and will allow our industries to remain globally competitive as well.

In this regard, a number of our very sizeable companies are already leading the way and it is important that, as government, we walk in toe with the innovations, the technological advances that they have already embraced.

Investments in electric vehicles and hydrogen will equip South Africa to meet the global clean energy future.

We will be able to expand our mining industry in strategic minerals that are crucial for clean energy, like platinum, vanadium, cobalt, copper, manganese and lithium.

We also have a unique opportunity in green hydrogen, given our world-class solar and wind resources and local technology and expertise.

All of these measures – from structural reforms to support our small and medium enterprises and 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 those jobs.

Our intention is to make sure that, as a nation, we leave no one behind. That is why we are expanding public and social employment.

The first two phases of the Presidential Employment Stimulus programme, which we launched in October 2020, have supported over 850 000 opportunities. More than 80% of the participants in these opportunities were young people, and over 60% of the participants were women. That is an important development. We were able to do this within a short space of time. Once we were hit by COVID, we gathered our wits around and decided that we needed to give protection to our people and to expand employment opportunities.

This programme has also 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. She was brought in when we brought in assistants in our schools at the height of COVID. We brought hundreds of thousands of them and Tracy is one of those. Upon arriving at the school to do what she thought would be menial work, she immediately found that she could do more important work. And now, she wants to advance her studies and become an educator.

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

The total number of direct beneficiaries will soon rise to over one million South Africans, with regard to the plan that we now have. This includes over half a million young people appointed as education assistants, making it the largest youth employment programme ever undertaken in our 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 in the department, enhancing their skills and contributing to the modernisation of citizen services. These are young people who are currently unemployed that we will bring in. We would like to bring in more but our fiscal position does not enable us to do so.

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.

In addition to expanding public employment, we are providing support to young people to prepare them for work and link them to opportunities in industries.

To encourage hiring by smaller businesses, we will be increasing the value and expanding the criteria for participation in the Employment Tax Incentive. This tax initiative has proven to be one of the most successful programmes that were put in place to bring in young people into the world of work.

Invariably, the majority of them always find permanent employment once they are brought in through this programme. We want to expand this so that more young people are brought into the world of work.

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.

We call on companies to support this effort, take up the incentive and give young people a place in the world of work.

The SAYouth.mobi platform for young work seekers to access opportunities and support has now risen to 2,3 million young South Africans who have 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 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 TVET graduates in workplaces from April 2022. That is a big number but we obviously want more.

In preparing this state of the nation address, 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 have 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.

We call on the private sector to support these measures and, wherever possible, to drop the requirement of experience so that we can give many young people a possible chance for their first job.

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

Our 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 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 most of all through the deterioration of the basic services on which they rely.

Mindful of the proven benefits of the grant, we will extend the R350 SRD Grant for one further year, to the end of March 2023. We have been in deep consultations with a number of community-based organisations who have articulated very clearly to us the dire needs in our communities but have also appreciated the challenged fiscal position that we are facing. This is something that I am sure they will be able to appreciate. But, we have also said we will continue conversations with them, going forward.

During this time, we will engage in broad consultations and detailed technical work to identify the best options to replace this grant.

Any further support must pass the test of our own affordability, and must not come at the expense of basic services or at the risk of unsustainable spending.

It remains our ambition to establish a minimum level of support for those in greatest need.

Expanding access to land is vital for our efforts to reduce hunger and provide people with meaningful livelihoods.

We are moving ahead with land reform in terms of our 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.

We have 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 small-scale farmers have already received input vouchers to expand their production.

This scheme has proven to be effective and impactful. It has established a very good delivery mechanism that ensures that we are able to reach so many of small-scale farmers.

The agriculture sector has also recognised the importance of supporting these small-scale farmers and integrating them into their value chains.

Through the sugar master plan, the sugar industry has provided R225 million to over 12 000 small-scale farmers who are in the sugar cane industry as part of a R1 billion commitment to support black farmers.

We will be expanding the provision of input vouchers and calling on all sectors to join this effort. I would like to see a situation where various sectors of agriculture – whether it's in the fruit sector, the beef sector, the sheep sector and many other sectors – collectively helping in these sectors like the sugar cane industry has done. But for our part, we will collectively reach up to 250 000 small-scale farmers this year, expanding beyond the 100 000 that we reached last year.

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.

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 were infiltrated by a criminal network intent on looting public money for private gain.

The reports have detailed the devastating effects of these criminal activities on SAA, Transnet, Denel, SA Revenue Service 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 our society. State capture has weakened the ability of the state to deliver services and to meet the expectations and constitutional rights of our 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 June, I will present a plan of action in response to the Commission's recommendations. I will present it to you sitting right here.

We 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.

We are 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 accountable.

I have every confidence that the National Prosecuting Authority 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.

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.

We will be appointing a new head of the Investigating Directorate following the departure of its head 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.

We have gratefully acknowledged the offer of support from the private sector to assist in providing those skills which we lack in government to enable investigation and prosecution of crime.

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

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

While we have taken decisive steps to end the era of state capture, we know that the fight against corruption is far from over. Even as the country was suffering from 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, we acted. We withdrew certain emergency procurement regulations, set up a fusion centre that brought together law enforcement agencies. We published the details of all COVID-related contracts online and instituted the most extensive investigation that the Special Investigating Unit has ever 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 has referred 386 cases for possible prosecution by the NPA.

As the Presidency, we have set up mechanisms to monitor the implementation of the recommendations of the SIU and ensure that government departments and entities do 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 anticorruption practices in the public service.

State-owned enterprises, SOEs, play a vital role in our economy. From water and roads, to energy and ports, to defence and aviation, these strategic assets of our nation are necessary to keep our country running.

It is essential that we reverse their decline, and reposition them to contribute positively. We have therefore embarked on several immediate measures to restore these companies to health, at the same time as we undertake far-reaching reforms that will make our SOEs more efficient, competitive, accountable and sustainable.

The Presidential SOE Council, which I appointed in 2020, has recommended that government adopt a centralised shareholding 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 state-owned enterprises are effectively fulfilling their responsibilities, the Presidential SOE Council is preparing recommendations on which state-owned entities should be retained, which ones should be consolidated, and which ones should be disposed of, which do not serve the purpose of the public.

Any recommendations would be subjected to extensive consultation with all stakeholders.

We are taking steps to safeguard our democracy, protect our economic infrastructure and build safer communities for all.

Earlier this week, we released the report of the expert panel that I appointed to look into the civil unrest in July last year.

The report paints a deeply disturbing picture of the capabilities of our 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 co-ordination between the state security and intelligence services, and police are not always embedded in the communities that 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 our people.

The expert panel found that Cabinet must take overall responsibility for the events of July 2021. This is a responsibility that we acknowledge and we also accept.

We will, as recommended by the panel, develop and drive a national response plan to address the weaknesses that the panel has identified.

We will begin immediately by filling critical vacancies and addressing positions affected by suspensions in the State Security Agency and Crime Intelligence.

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

The staffing of the Public Order Policing Unit of the SA Police Service will be brought to an appropriate level, with appropriate training in place as well.

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, we need to confront the criminal gangs that invade construction sites and other business places to extort money from companies. This will require a focused and coordinated response.

Government are therefore going to move ahead. We have established specialised multi-disciplinary units to address economic sabotage, extortion at construction sites and vandalism of infrastructure.

We will make resources available to recruit and train an additional 12 000 new police personnel to ensure that the SA Police Service increases its capacity.

Another area of immediate attention will be the re-establishment of community policing forums to improve relations and co-ordination 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 as we go ahead to develop this whole process of the National Security Strategy.

I will be approaching Parliament's Presiding Officers to request that Parliament play a key role in facilitating inclusive processes of consultation.

The security services have been tasked by the National Security Council to urgently develop implementation plans that address the range of recommendations that have been put forward.

These measures will go a long way to address the serious concerns about the breakdown of law and order in society.

This year, we are intensifying the fight against gender-based violence and femicide through the implementation of the National Strategic Plan on GBVF and also taking other measures to promote the empowerment of women.

Earlier this month, I signed into law the three new pieces of legislation – which you've passed – which has strengthened the criminal justice system and also promote accountability across the state and supporting survivors.

The implementation of this legislation will definitely go a long way towards ensuring that cases are successfully prosecuted, that survivors of gender-based violence are protected, and that there are more effective deterrents in place.

We have made significant progress in reducing the backlog in DNA processing, reducing it from 210 000 exhibits in April 2021 to some 58 000 at present.

However, the fight against gender-based violence will never be won unless, as a society, we mobilise all formations and all citizens behind a sustained programme of social action.

As the COVID-19 pandemic has starkly demonstrated, a nation's health is directly linked with its economic progress and social development.

We will continue with the work underway to ensure universal health coverage for everyone in South Africa, regardless of their ability to pay for medical services or not.

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 the NHI. More than 59 million people are registered on 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 our 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.

Government must work for the people. That is why our foremost priority is to build a capable, ethical and developmental state.

We 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.

We will continue with various processes to ensure that we strengthen the public service. In this regard, we will ensure that the public servants who will be holding their important strategic conference later, are able to address the challenges that our people face.

This year, we will continue with the implementation of the District Development Model, 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 our citizens.

In particular, the DDM, as we call it, facilitates integrated planning and budgeting across spheres of government and improves integration of national projects at district and local 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 SA Revenue Service, Sars, which will be turning 25 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 of South Africans through the provision of health care, education, social grants and other basic services.

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

We must work together to ensure that platforms like school governing bodies and community policing forums are more active and more inclusive.

A vibrant civil society operating at all levels but more especially at local level and local government, which we intend to strengthen, is crucial for a capable state and for development.

We will therefore be working with our 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 NGOs and community-based organisations face.

Our country has suffered damaging blows in recent times. A confluence of forces, many of them from 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 succeed. We will emerge victorious in all these challenges that we face. We will never be defeated. You know why? Because the spirit of resilience is deeply embedded in our DNA as South Africans.

So, I ask every South African to rally together – whether we agree with each other in certain issues or not, but there is a lot that bind us together. I ask all of us to rally together to fight against corruption, and to also be involved collectively in our fight to create jobs, and in our fight to achieve a more just and equal society.

We have faced many crises in our past, and we have always overcome them. We have been confronted with difficult choices, and we have made those choices. In trying times, we have shown courage and resilience. Time and time again, we have pulled ourselves back from the brink of disaster and inspired hope, renewal and progress. And we must do so again now as we face these many challenges.

I call upon all of us to forge this new consensus and this consensus should not only be privy to government, labour and communities, but it should also be a consensus in which all of us join in so that we can confront a new reality, a consensus that unites us behind our shared determination to reform our economy and rebuild our institutions.

If there ever was a time that we should work together, this is the time for us to work together. So, let us go ahead and work together instead of some of us tearing this country apart, instead of some of us tearing our democracy apart.

This is the time for us to work together. Let us rebuild our country.

But more importantly for me, this is the time – with all the economic measures we have announced as well as the other social protection measures that we put forward – this is the time to leave no one behind.

We must all move together as one, as South Africans.

I thank you.

6. The Chairperson of the National Council of Provinces adjourned the Joint Sitting at 20:50.

PN TYAWA  
Acting Secretary to Parliament