

Edited version of the State of the Nation Address

The government of the people of South Africa, on whose behalf I speak here today, as I have been privileged to do in previous years, was formed in 2004 after the general elections of that year.

At its annual January lekgotla last month, the national cabinet that stands at the pinnacle of the system of governance over which we are privileged to preside, reflected on the fact that its meeting marked the mid-term of the life of the government born of our last elections.

Having understood this, it was natural that we should put the question to ourselves – what progress have we made in the quest to achieve the objectives to which we told the nation we were committed as a result of which our people gave us the overwhelming authority to govern our country from 2004 until the next elections in 2009?

We must today renew our pledge, to speak together of freedom, to act in partnership to realise the happiness for all that should come with liberty, to work together to build a South Africa defined by a common dream, to say, together, in action – enough of everything that made our country to contain within it and represent much that is ugly and repulsive in human society.

We must continue to respond to the perspective we spoke of as the present government began its term of office, fully conscious that “none of the great social problems we have to solve is capable of resolution outside the context of the creation of jobs and the alleviation and eradication of poverty” and therefore that “the struggle to eradicate poverty has been, and will continue to be, a central part of the national effort to build the new South Africa”.

THE ECONOMY

At an average of more than 4.5%, the rate of growth of our economy in the past two-and-a-half years has been at its highest since democracy in 1994. Investment in the economy by the public and private sectors has been increasing at about 11% with overall public-sector infrastructure spending increasing by an annual average of 15.8%. Today, fixed investment as a percentage of gross domestic product – at about 18.4%– is at its highest since 1991.

The number of employed people has been increasing at about half-a-million a year in the past three years.

We have seen steady progress in the advancement of black people in the economy. From owning just more than 3% of the market capitalisation of the JSE in 2004, it has increased to close on 5% and the proportion of blacks in top management has grown from 24% of the total to 27%. Yet we must remain concerned that these figures are still woefully low.

The advances in the economy have thrown up major challenges for all of us. The massive and sustained increase in consumer demand reflects a healthy growth in levels of prosperity across the population and the major infrastructure projects that we are embarking on demand a massive input of supplies and machinery.

But our international trade balance shows that we have not succeeded in building the capacity to produce the consumer and capital goods that our country needs. While household debt has increased at the same rate as growth in income, the fact that South Africans are saving less means that we have to depend on savings from other nations. The continuing occasional volatility of our currency has also not boded well for our export industries.

HOUSING

The housing programme has seen close to 300 000 new subsidies allocated in the past two years. However, as we seek to improve quality and develop plans for those being missed by the public- and private- sector programmes under way, the pace of rollout has been much slower than expected. We must act to change this situation.

ACCESS TO SERVICES

Access to electricity, water and sanitation has improved. By 2005, South Africa had already achieved the Millennium Development Goal for basic water supply with improvement of access from 59% in 1994 to 83% in 2006. But it is a fact that eight million people are still without potable water. Many more are without electricity and sanitation.

We are proud that in one year, we have been able to reduce the backlog in the eradication of the bucket system in established settlements by almost half. We are on course to put an end to this dehumanising system in these areas by the end of this year.

EDUCATION

An examination of education and skills acquisition shows improvement of quite a high base by 2004, although at a slow pace. This applies to literacy levels, gross school enrolment and tertiary participation rates. Fluctuating matric pass rates indicate that more needs to be done to stabilise the system and ensure steady improvement. At the same time, the number of matric students who pass mathematics on the higher grade is only slightly better than in 1995. We also continue to show weaknesses in implementing the Adult Basic Education programme.

LAND REFORM

While the land restitution programme has resulted in more settlements recently, we still need to put in extra effort in dealing with the remaining cases, many of which are more complex. On the other hand, very little progress has been made in terms of land redistribution. We will undertake a careful review of the inhibiting factors so that this programme is speeded up.

CRIME

I am certain we shall all agree that working together to achieve the happiness that comes with freedom applies equally to the challenge of dealing with crime.

Certainly, we cannot erase that which is ugly and repulsive and claim the happiness that comes with freedom if communities live in fear, closeted behind walls and barbed wire, ever anxious in their houses, on the streets and on our roads, unable freely to enjoy our public spaces.

While we have already surpassed the targeted figure of 152 000 police officers employed in the South African Police Service and while we have improved the training programme, we recognise the fact that the impact of this is not yet high enough for everybody to feel a better sense of safety and security.

The increase in the incidence of particular crimes during the security workers' strike should have brought home to all of us the fact that the security industry cannot be handled simply as a private affair of the private sector. Quite clearly, the regulatory system that we have in place is inadequate. This applies to such issues as wage levels, personnel vetting systems, enforcement of guidelines on cash delivery vehicles and so on.

BATTLE AGAINST CRIME

All these efforts must go hand-in-hand with a sustained drive to improve community safety and security. In this regard, government will ensure that the decisions already taken about strengthening our fight against crime are effectively implemented. The challenge that we face in addressing this issue has little to do with policies.

Rather, what is required is effective organisation, mobilisation and leadership of the mass of law enforcement, intelligence and corrections officers and functionaries of the justice system. The overwhelming majority of these public servants have proven over and over again that they are prepared to put their lives on the line and sacrifice the little quality time they have with their families, in defence of our freedom and our security.

In addition to the ongoing programmes that we have been implementing, government will this year:

- Continue to improve the remuneration and working conditions of the police and start the process of further expanding the personnel of the South African Police Service to bring their total number to more than 180 000 in three years and ensure optimal utilisation of the electronic monitoring and evaluation system that has been introduced;
- Bring to full capacity the forensic laboratories that have been equipped with the latest technology and ensure the optimum utilisation of the fingerprint database;
- Bring the operations of the department of home affairs to full capacity by filling vacant posts, improving systems and implementing other recommendations of the task team that has been working with the minister to improve the work of this vital institution;
- Implement the recommendations of the Khampepe Commission on the mandate and operations of the Directorate of Special Operations (Scorpions);
- Intensify intelligence work regarding organised crime, building on the successes that have been achieved in the past few months in dealing with cash-in-transit heists, drug trafficking and poaching of game and abalone;
- Utilise the new technology that has been provided to the justice system and improve management of the courts and the prosecution service to reduce case backlogs;

- Finalise remaining elements of measures to transform the judiciary and improve its functioning;
- Implement the programmes decided upon to build more corrections facilities and realise the objectives of the White Paper on Corrections;
- Continue with the processes to capacitate our intelligence agencies and ensure that they operate within the framework of our Constitution and laws; and
- Improve our analysis of crime trends to improve our performance regarding crime prevention and crime combating. We must respond to the cold reality that, as in other countries, the overwhelming majority of violent crimes occur in the most socio-economically deprived areas and require strong and sustained community interventions focused on crime prevention.

As we have said, these and other measures will succeed only if we build an enduring partnership in our communities and between communities and police, to make life more difficult for criminals.

CAPACITY TO DELIVER

Many of the weaknesses in improving services to the population derive in part from inadequate capacity and systems to monitor implementation. In the period leading up to 2009, the issue of the organisation and capacity of the state will remain high on our agenda.

What is of concern is that, in many municipalities, many vacancies remain or have emerged in senior management and the professions.

ACCELERATED AND SHARED GROWTH INITIATIVE (Asgisa)

To further speed up the implementation of Asgisa, government will:

- Complete the process of reviewing the country's experience among such macro-economic indicators as the exchange rate, inflation and interest rates. [This is] to put in place measures to facilitate the growth of industries which produce trade-ables for the domestic and export markets that have the potential to absorb large pools of semi-skilled workers;
- In line with the National Industrial Policy Framework which has now been completed, we will:

Develop an overarching strategy to prioritise key interventions in mining and mineral beneficiation, agriculture and agro-processing, the white-goods sector, creative industries, community and social services and pharmaceuticals. This must include a determined drive to increase our national capacity to produce capital goods.

Take steps to improve competition in the economy, among others, to lower the cost of doing business and promote investment, develop high-speed national and international broadband capacity, finalise the plan to improve the capacity of rail and port operators and strengthen the effectiveness of competition authorities.

2nd ECONOMY INTERVENTION

To ensure that all South Africans enjoy the happiness that comes with a growing economy, these and other measures will need to be accompanied by an intensified programme to address challenges in the second economy. Because of this, we will, among other things:

- Take further action to improve access to micro-finance including the reach of the Apex Fund and the agricultural micro-credit fund;
- Process the Companies Bill as part of the battery of measures to reduce the regulatory burden on small-, medium- and micro-enterprises and to empower minority shareholders and employees;
- Increase the number of young people in the National Youth Service by at least 20 000 through 18 of our departments, enrol 30 000 young volunteers in community development initiatives, and employ 5 000 young people as part of the Expanded Public Works Programme in the maintenance of government buildings; and
- Intensify efforts to integrate youth development into the mainstream of government work.

SOCIAL SECURITY SYSTEM REFORM

To improve the social programmes we have implemented over the years, we aim to complete the work already started to reform our system of social security so that phased implementation can start as early as possible.

A critical part of this reform will be the task of repairing a defect identified in the 2002 Report of the Committee of Inquiry into a Comprehensive System of Social Security in South Africa. This is that the contributory earnings-related pillar of our social security system is missing or unreliable for large numbers of working people.

The principle guiding this approach is that, over and above social assistance provided through the government budget, we need to explore the introduction of an earnings-related contributory social security system that is informed by the principle of social solidarity.

In the discussions conducted in government, consensus is emerging that elements of this system would need to include:

- Continuation of the minimum benefits contained in our social grants system with the benefits paid through a modern administrative system;
- A wage subsidy for low-wage employees, possibly directed at first entrants into the job market, especially young people; and
- A social security tax to finance basic retirement savings, death, disability and unemployment benefits.

HIV AND AIDS

Government commits itself to intensify the campaign against HIV and Aids and to improve its implementation of all elements of the comprehensive approach such as prevention, home-based care and treatment.

We shall ensure that the partnerships built over the years are strengthened and that our improved national comprehensive strategy against Aids and sexually transmitted infections is finalised as soon as possible.

INTERNATIONAL AFFAIRS

Among the greatest achievements of the peoples of Africa in the past two-and-half years has been the restoration of peace in the Great Lakes Region. We are proud of the role our people have played in helping to bring this about.

We will continue to work with the DRC, Burundi, Comoros and Sudan to ensure that the peace and stability attained translates into concerted action for economic reconstruction and social development.

While we are fully justified in celebrating the achievements Africa has made in her endeavour to achieve peace and development, we cannot underplay the challenges we face in dealing with the remaining areas of conflict – Sudan, Darfur, Côte d'Ivoire and Somalia.

Just over a month ago, South Africa started its tour of duty as a non-permanent member of the United Nations Security Council. We hereby wish to pledge that we will, in this most esteemed of multilateral bodies, do everything necessary to contribute to international peace and security.

We will also continue to engage the leaders of Palestine, Israel, Iraq, Iran and other countries in the Middle East and the Persian Gulf.