

BRIEFING NOTE #1

UNEMPLOYMENT

UPDATED : MARCH 2004

Unemployment is the most important problem facing our country today. We understand the hardships that our people continue to face because of unemployment, and are therefore committed to working with all South Africans to tackle unemployment.

We are proud of the government's achievements to bring services and development to the people. But we know that without quality jobs our vision of a better life still has to be achieved.

The economy is changing for the better. But the task is not yet complete.

FREEDOM HAS BROUGHT NEW OPPORTUNITIES:

In the Decade of Freedom since 1994 our economy has undergone profound changes that have opened up new opportunities for all our people to participate in it. Whereas under apartheid the economic activities of black people were restricted and suppressed, since democracy they have been encouraged and supported. The challenge is to ensure that we expand these opportunities and bring them within the reach of all our people.

WE HAVE MADE PROGRESS IN REBUILDING OUR ECONOMY:

The economy we inherited was geared towards the interests of the few. We have made great progress in transforming it into one that improves the lives of the poor. But that task is not yet complete. The first phases of restructuring and achieving macro-economic stability brought us to the point where we could begin to make specific changes in various sectors, to create the conditions for faster job creation.

CONDITIONS EXIST FOR FASTER GROWTH AND DEVELOPMENT:

South Africa's economy has been performing steadily even as the global economy has experienced downturn and turmoil. The conditions are in place to decisively speed up growth and the creation of opportunities. This will draw into the mainstream millions of people marginalised in poverty by the apartheid economy.

TWO MILLION NEW JOBS ARE NOT ENOUGH:

Since 1994 the number of jobs in the economy has grown by around 2 million. However, in the same period, more people have begun looking for jobs: the economically active population has grown from 13 million to 16 million. Jobs, particularly those of unskilled workers, were also lost as industries restructured to keep pace with changing economic realities. **Although our economy has created jobs, this has not been enough.**

THE ECONOMY NEEDS SKILLED WORKERS:

The economy needs more and more skilled workers. On the other hand most job losses have affected unskilled workers. Our economy has critical skills shortages that stop us reaching our potential. South Africa has 2 engineers for every 1,000 workers – compared with 24 in Japan and 4 in South Korea. We urgently need IT professionals, accountants, nurses and skilled craftspeople. Skills training is therefore critical. But this will take a long time to bear fruit.

A PEOPLE'S CONTRACT TO CREATE WORK AND FIGHT POVERTY:

In the next five years, the ANC will :

- ▶ spend R100 billion in infrastructure development and spend over R15 billion to facilitate broad based black economic empowerment;
- ▶ create 1 million jobs through an expanded public works programme;
- ▶ introduce learnership programmes to target more youth so that they can gain skills and work experience and get employment;
- ▶ ensure that those who wish to start small business have access to micro credit through a dedicated fund and reform existing support agencies for small and medium enterprises;
- ▶ intensify assistance to youth agencies such as the Umsobomvu Youth Fund to provide skills training for employment and self-employment, and ensure the implementation of the National Youth Service and help unemployed graduates get work skills;
- ▶ encourage labour intensive methods through among other things the government procurement system;
- ▶ ensure involvement of communities in local economic development initiatives to provide work, build community infrastructure and ensure access to local opportunities, and encourage the emergence of co-operatives;
- ▶ complete the land restitution programme and speed up land reform, with 30% of agricultural land redistributed by 2014, combined with comprehensive assistance to emergent farmers.

But government cannot provide a solution to the problem of unemployment alone.

It requires all of us – business, trade unions, community organisations and the government – to act together in partnership.

That is why the ANC is committed to the implementation of the resolutions of the Growth and Development Summit, held in June 2003. At the summit, all social partners made practical commitments to work for *more jobs, better jobs and decent work for all* through:

- ▶ Public investment initiatives in partnership with the private sector.
- ▶ Sector partnerships and strategies for effective restructuring of the economy towards equitable employment by prioritising growth in labour-intensive sectors like clothing and textiles, agriculture, tourism, call centres and back-office processing and cultural. Business also committed to investing R145 billion over the next five years in the automotive, chemical, mining and oil sectors
- ▶ Buying locally to promote saving and creating jobs, broad-based black economic empowerment, co-operative development, small enterprise development and growing the local economy.

The partners agreed to encourage investors to direct up to 5% of their investments to special financial instruments that encourage job creation and development. They also made specific commitments to advancing equity, developing skills, creating opportunities for all and extending services.

We are convinced that, if we all act together, we can build a better life with quality jobs for all.

**THIS IS OUR VISION, THIS IS OUR COMMITMENT.
TOGETHER, WE CAN MAKE IT HAPPEN!**