

Speech delivered by Minister of Public Works Ms Stella Sigcau MP during the Cape Empowerment Trust dinner in Cape Town on 10 February 2006

**Chairman of the Cape Empowerment Trust Mr. Chris Nissen
Members of the Executive Council of the Western Cape
Members of Parliament
Members of the Business Community
Parents and Students**

It is an honour today to address this gathering, which I understand is a combination of business people, politicians, students and other members of the community.

I attach great significance to the fact that this, Ladies and Gentlemen, is the first public gathering of its kind that I have had the privilege of addressing since the start of the year.

With your indulgence this evening I will speak about three issues. The first, in no order of priority, is the importance of national unity and the identification of opportunities to enhance this project. The second issue I will address relates to the historic socio-economic challenges facing South Africa and the binding constraints standing in the way of service delivery. I will, thirdly, link these to the Accelerated and Shared Growth Initiative of South Africa (AsgiSA) and how it seeks to address these challenges. Hopefully this will set out a very clear place and future for the recipients today of the educational funds that are being handed out by the Cape Empowerment Trust.

As I address you tonight, the world is still smarting from the fallout caused by the publication in a Danish newspaper, of a cartoon depicting the Prophet Mohammed, which offended Muslims across the world including here in South Africa.

I want to take this opportunity to say that it is testimony to the leadership of both the Muslim leaders in this country and the media that we have been able to nip in the bud, a situation which had the potential to divide even our community. I am aware for instance that editors of Independent Newspapers met with senior Muslim leaders in a bid to reassure them that they would not publish the cartoons. It is also thanks to the rare quality of our political leadership, led by President Thabo Mbeki, that government has taken the principled position that it has taken on the matter, choosing to support the court's decision to ban the publication of the cartoons.

There are two important lessons that this incident reminds us of. The first lesson is that because humanity is a diverse collection of cultural and religious beliefs, we have greater responsibility to be sensitive to developments which might frustrate the greater course of building one nation.

The second, perhaps also unintended lesson is that while our differences may manifest themselves in ugly expressions from time to time, it is precisely in those challenges that we may find resolution. For South Africa these are important lessons as we build our country from one of division to one of unity in diversity.

The detailed attention that President Thabo Mbeki gave to the controversy around Danish cartoons during his response to the State of the Nation debate, has no doubt had the

effect of broadening the understanding and sensitivities of a greater number of people, about Islam as a religion and the things that it holds dear. This has happened because President Mbeki has seen in this confusion of the Western World, the potential for resolution and the enhancement of our own nation building project.

I want to take this opportunity to say that nowhere is the extent of our challenge more evident than in the councils and municipalities. This is because it is here that we build our homes, where we get our water and electricity and where our children go to school.

Today we live within councils and municipalities which historically have had to contend with the geography of apartheid which had well-resourced, predominantly-white suburbs located close to economic activity, on the one hand, and poorly-resourced black townships on the periphery of towns and cities, on the other.

In many cases whole communities were dumped in remote areas, far from infrastructure and economic opportunity, with settlement patterns determined solely by the racial logic of apartheid. These are some of the challenges that we have faced as government trying to build a better life for all and to bring hope to the masses of our people.

Urban centres like Cape Town have experienced additional challenges. Massive urbanization has led to uncontrolled urbanisation which has resulted in the growth of informal settlements. The rapid growth of informal settlements testifies not to the failure of government to provide housing for our people, but indicates the extent of the challenge facing us. According to the 2001 census at least 16% of all households in the country are informal settlements

It is true that water and electricity has been extended to more households than ever before in South Africa. It is true that over 10 million additional people now have access to clean water. It is true that more than four million new houses now have electricity. It is true that new houses have been built. It is true that local services, like waste removal, have improved significantly over the past 10 years.

We have built community facilities in areas where there were none before. These include sporting and recreation facilities, community halls, taxi ranks and retail precincts for small businesses. In truth, local government offices have become more and not less effective in meeting the needs of our people.

One of the challenges facing our young people and graduates is unemployment. In precise terms it is not so much the absence of people with tertiary education that we are lacking. The phenomenon of so-called “full heads with empty stomachs”, the unemployment of graduates, is not a purely South African phenomenon. It has expressed itself in various forms all over Africa and the rest of the developing world. For economic and political reasons, Zimbabwean Chartered Accountants and Engineers have trekked down south and to Europe in search of better opportunities.

So South Africa has benefited from this phenomenon in as much as our specialized skill has left for the United Kingdom. In South Africa, at the same time, graduates are unemployed simply because our growing economy is not able to absorb or utilize their particular training. This is the world in which the beneficiaries of the educational funds of the Cape Empowerment Trust are moving into.

It is clear that the solution to our challenges is not going to be a single-dose-treats-all. It is more likely to be a combination of targeted interventions.

In this regard Cabinet has identified the lack of skill as an impediment to growth, but in particular, shared growth. AsgiSA, the Accelerated Shared Growth Initiative of South Africa led by Deputy President Phumzile Mlambo-Ngcuka takes advantage of a stable macro-economic environment, an economy that is growing at 4% plus in the past two years. This is because between 2005 and 2009 the country seeks annual growth of between 4.5% and higher. Between 2010 and 2014 we will seek to achieve a growth rate of at least 6% of GDP.

The Deputy President has pointed out that our recent growth although welcome, has been unbalanced and based on strong commodity prices, strong capital inflows and strong domestic consumer demand. This has increased imports and strengthened the currency. The dichotomy in all this is that levels of unemployment are still too high and economic growth is not being adequately shared. In other words, left on its own, the economy would worsen and not close the gap between the First and Second Economy. This is where government's clear understanding of the challenge also assists in providing a solution. So what is government's intervention in this regard?

One of our pre-occupations over the coming years will be seeking to take advantage of the growth in order to share the benefits. The Deputy President has already announced details around the R372 billion infrastructure expenditure, 40% of which will be spent by Public Enterprises. There will also be spending on information and communications

technology (ICT) infrastructure which includes the strategy to rapidly grow South Africa's broadband network. These are some of the activities going forward.

Some projects will be selected for their impact on employment, poverty eradication and economic growth including sustainability and possibility to leverage private sector funding. Cabinet has already identified skill as a key to service delivery and improving the lives of the majority, while ensuring that no degeneration in the quality of life occurs.

We will use our experience in running the EPWP and general expertise in infrastructure delivery to address the maintenance backlog out of which skills will be created and jobs sustained for instance in the artisan area.

The EPWP will be expanded to increase its impact and positive spin offs. Our training will be made more relevant and our mandate extended to a larger number of roads and some larger road projects. For this, we will receive an additional R4.5 billion over the coming MTEF period.

Just because of this increase, we will be able to put about 63 000 more people maintaining roads and about 100 000 additional people in jobs averaging six months in roads building. In addition, 1000 more small black contractors will be developed. These jobs are in addition to the 220000 we created in the first year of operation and 60 000 in the first quarter of the first year.

Unemployment is highest among the low-skilled, with estimates indicating that 59% of the unemployed have never

had a formal job (HSRC 2004). The focus must be on human resource training: ensuring access to finance across the board; ensuring significant participation beyond SMMEs; The Government has already announced plans to set up 100 new Youth Advisory Centres, the enrolment of 10 000 young people in the National Youth Service, and 5 000 volunteers to act as mentors to vulnerable children.

To conclude, the complexity of our challenges demands a multi-pronged approach. While the EPWP is important, it should not be seen in isolation. The EPWP will not by itself solve the problems of unemployment, lack of skills or the second economy. These problems will require the focus of all of government, as well as business and organised labour to address as a matter of priority. We are not pretending that this will be enough to deal completely with this huge challenge. To achieve AsgiSA's goal of halving unemployment and poverty by 2014, we will have to work more closely with women and the youth. But it will also require the full co operation of the communities, including parents, youth and students to pull all the in order to achieve what we want.

At the implementation level I have spoken about the role of councils, not because it is election time, but because councils are at the coalface of delivery. The absence of skills at this level, more than anywhere else has the greatest possible negative multiplier effect. It is also at this level that we must attack the bull for this is where we will be able to record our victories. The road to 2014, the target for the

having of unemployment, is going to be long and hard, but we will get there.

I Thank You