

OPENING REMARKS BY THE CHAIRPERSON OF THE NATIONAL COUNCIL OF PROVINCES, HONOURABLE N. A. MASONDO, ON THE OCCASION OF THE MINISTERIAL BRIEFING SESSION ON YOUTH POVERTY AND UNEMPLOYMENT

DATE: 24 AUGUST 2021 **VENUE:** VIRTUAL **TIME:** 10H00

Programme Director, Deputy Chairperson of the National Council of Provinces, Honourable Sylvia Lucas

Minister in the Presidency for Women, Youth and Persons with Disabilities, Honourable Maite Nkoana-Mashabane

Minister of Employment and Labour, Honourable Thulas Nxesi

Minister of Agriculture, Land Reform and Rural Development, Honourable Thoko Didiza

NCOP House Chairpersons, Honourable Jomo Nyambi and Honourable Winnie Ngwenya

NCOP Chief Whip, Honourable Seiso Mohai

Honourable Premiers and Members of Provincial Executive Councils

Honourable Permanent and Special Delegates

Representative of the South African Local Government Association, Councillor Jesta Sidell

Ladies and gentlemen

Programme Director, in the 27 years of our democracy, this is the most compelling time for us to urgently find working solutions to save many young South Africans from the threat of poverty and unemployment.

There is no doubt that if we do not act, and act now, the continued failure of the economy to address the increasing levels of poverty, unemployment and inequality will decimate the hopes of the country's young citizens. Our aspirations of a prosperous nation will certainly glide toward the edge of the precipice.

Please allow me to use this quote. In his Editor's Letter, Patrick Farrell, in the magazine Business Day Empowerment, 2021 Edition, makes the following comments:

“With the disruption of lock-down/s, allied to the existing foundation of poverty and inequality, it's no wonder the department estimates that between 650 000 and 750 000 of the country's 13 million school-aged children (those from the ages of 7 to 17) were not in school by May this year.

“Youth unemployment is staggeringly high in South Africa (nearly 75%), and finding solutions to that conundrum is not going to be easy (to put mildly). It's all good and well for sweeping *a' la mode* strategies putting faith in the Fourth Industrial Revolution to somehow conjure up an outlet for all those kids to channel their ambitions, but

as a cursory glance at the skillset needed to succeed at the average start-up will show, an ability in maths will be pretty high up in that regard.

“SA needs to keep its children in school and it must raise mathematics and science standards. The government will not be able to do this alone - the private sector will need to display (and commit) its fabled savvy and pockets to assist. There are, of course, many examples of corporates that are already very proactive in this regard. However, the pandemic has created conditions in which an even bigger and united campaign is needed. This will be essential to solve the equation that is South Africa’s future.”

The question may be raised: What are the figures that Stats SA is going to release today? Will these confirm or refute Farrell’s message?

Will the Speakers today, at this NCOP forum, help clarify or further obfuscate this matter even more?

Our unemployment rate is, as we speak, now among the highest in the world. We can no longer ignore it. We need a strategic collaboration that includes all partners or role players.

It is for this reason that, among other things, we have decided to convene the Ministerial Briefing Session on youth poverty and unemployment. We would like to know what government, across the different spheres, is doing

to address this challenge. In turn, we would like to use the information to undertake informed oversight that will result in improved outcomes that benefit the people.

I am thus happy to make a few opening remarks on the urgent need to address youth poverty and unemployment in South Africa, mindful of the fact that this is, amongst others, a persistent apartheid legacy.

Programme Director, in spite of the noble goals of the National Development Plan, such as reducing unemployment from 25 per cent in 2010 to 20 per cent by 2015, then 14 per cent by 2020 and, ultimately, 6 per cent by 2030; we have seen unemployment rise from 24 per cent to 29 per cent between 2010 and 2019, as the National Planning Commission indicated last year. And that while poverty rates fell substantially over the 2000s, there has been no measured improvement since 2011.

In June this year, Statistics South Africa (StatsSA) noted that the burden of unemployment is concentrated amongst the youth as they account for 59.5 per cent of the total number of unemployed persons which stood at 32.6 per cent in the first quarter of this year.

What makes the situation severe is that the unemployment rate amongst the youth is high irrespective of education level, as StatsSA has found. This is confirmed by an assessment into the utilisation of the R350 Special Covid-19 SRD Grant which reveals that 70 per cent of the applicants were

below 34 years and had 'matric and higher' as the highest level of education.

This startling reality has led to some convergence in recognising the magnitude and the immediacy of the challenge we are facing as a nation. Its causes are of course well understood and documented. They include:

1. The apartheid legacy and the resultant skills gap;
2. Our history of jobless growth;
3. Economic stagnation that has worsened as a result of the impact of the Covid-19 pandemic; and
4. Corruption – part of the evidence is being extracted, as well all know, through the Commission of Inquiry into State Capture.

As Members are aware, the country's economic crisis led to the government unveiling the Economic Reconstruction and Recovery Plan last year. The plan is aimed at stimulating equitable and inclusive growth. Its pillars include:

1. Enhancing the capacity of the economy to grow and create decent jobs,
2. Infrastructure investment,
3. Economic inclusion of women and youth, and
4. Boosting mass employment creation.

Recently, there have been renewed calls for the introduction of a Basic Income Grant or a Universal Basic Income Grant to prevent people from falling into extreme poverty. This is supported by the observation that, in the main, the Special Covid-19 Social Relief of Distress Grant of R350 a month has been used to buy food.

Of course, there are those who argue that the Basic Income Grant is not sustainable and that, instead, government should consider introducing support measures that target young people who are the most vulnerable to poverty and unemployment.

Programme Director, one's view is that whatever solution we arrive at to stop the wolves that are charging at the gates, such a solution should achieve the long-desired outcomes. It should be more long term.

Therefore, it is clear that we need to think big and to keep an open mind when searching for and crafting solutions. We need to avoid doctrinal trappings but focus rather on finding meaningful and practical solutions to our real challenges.

The practical example in this regard is that, globally, small and medium-sized enterprises (SMEs) are the way to go. As we speak, they account for about 60 per cent of jobs. The share is much larger in countries such as Italy and Japan.

There is a strong argument that SMEs do not only provide abundant job opportunities to the different sections of society but also ensure the flow of money across the various levels in communities.

It stands to reason therefore that given our context, township and rural economies possess the potential to grow and contribute immensely to the country's economic growth, if properly supported. Notwithstanding previous attempts, there is a need to focus more on the revitalisation of our township and rural economies in order to turn things around.

Taking into account the huge numbers of people in these areas, it is evident that a lot could be achieved through stimulating economic activities. We can do so by, amongst other things, providing a range of public services closer to the people. While these could help in solving the needs of the people, they could also help to boost people's livelihoods.

As we are all aware, co-operatives form part of the means to address the common economic and social needs of the people. However, one finds that most of the time these remain on the fringes. The reason could be that these vehicles are generally used to trade low-value instead of high-value items as is the case in other parts of the world.

Therefore, we need to stimulate people's imagination and pull resources together to support their efforts.

Dr Thami Mazwai, who is the former head of the National Planning Commission's task team on township and rural economies, has advised that as a country we need to urgently promote entrepreneurship in marginalised communities.

He argues that in order to realise the potential of township and rural economies we must create new and independent paths, including value chains, which will naturally integrate into the economy. This would give the new emergent players a chance to operate in a sphere where there are already major players who control the value chains, have deeper pockets and latest technology.

Programme Director, as we often say, every crisis has a silver lining. The experience we have gained from dealing with the Covid-19 pandemic could assist us to confront the crisis of youth unemployment and poverty. We need to summon the imagination, the vigour and adaptability we have displayed in fighting the Covid-19 pandemic.

Using the knowledge and competency we gained through the crisis, we should be able to redesign an economic ecosystem that frees the potential of our marginalised communities.

Youth poverty and unemployment are our democracy's toughest challenges. The inability of the economy to address poverty, unemployment and inequality is our Achilles' heel. As such, we need to act boldly and find

innovative ways of fighting hunger in the short term while creating sustainable jobs.

Stimulating and supporting entrepreneurship in the townships and rural areas is an urgent and obvious task. It will go a long way to ensure that we become a prosperous nation in which all the people are able to find decent work and enjoy a sustainable livelihood.

With these few comments, I am looking forward to the inputs on interventions to address youth poverty and unemployment.

I thank you