



## **Address by President Cyril Ramaphosa at the Opening of the Presidential Jobs Summit, Gallagher Convention Centre, Johannesburg**

Programme Director, Minister of Labour, Ms Mildred Oliphant,  
Nedlac Executive Director, Mr Madoda Vilakazi,  
Ministers and Deputy Ministers,  
Leaders of labour, business and the community sector,  
Members of the diplomatic corps,  
Distinguished guests,  
Delegates,  
Fellow South Africans,

We gather here today to answer the call of the people of South Africa for decent work.

We have gathered here, as social partners, having agreed on a broad range of measures to create and protect jobs.

Unemployment is the greatest challenge facing our country at this moment in its history.

Unemployment diminishes our ability to eradicate poverty, tackle inequality and improve the lives of the working class and poor.

It has a devastating effect on families and communities, eroding people's dignity and contributing to social problems like poor health, poor education outcomes, substance abuse and crime.

The extreme unemployment in this country is the product of an economy that for several decades has been starved of any meaningful investment in its human capital, where most people have been denied the opportunity to own assets or develop skills.

The structure of the economy, which was built on the extraction of minerals, where ownership and control are highly concentrated, remains largely untransformed.

As a result, the decline of the mining industry and manufacturing has cost the country millions of jobs and much economic capacity.

Low levels of growth in recent years has undermined our efforts to overcome the economic legacy of apartheid.

Policy uncertainty and inconsistency, onerous regulations and declining business and consumer confidence have curtailed investment in the productive sectors of the economy.

Significant levels of public investment in infrastructure, which kept the economy afloat following the 2008 global financial crisis, has been tapering off as consumption spending and debt servicing has consumed a greater portion of our budget.

Our economic performance has also been undermined by state capture and corruption in both public institutions and private companies.

State capture and corruption has undermined investor confidence and public trust, eroded key institutions of the state and diverted resources intended to support development.

While progress has been made in lifting millions of people out of dire poverty, many of our people still face great hardship.

The apartheid spatial landscape makes economic opportunities scarce, increases the cost of living and diminishes quality of life.

Many people, especially young people, lack the skills and work experience needed to find a job and participate meaningfully in the economy.

As we speak, rising international oil prices combined with investor concerns about emerging economies are pushing up the price of petrol and other fuels, making life harder and more expensive for all South Africans, but particularly the poor.

The jobs that have been created over the past few years have not kept pace with the growth of the population or the expansion of the workforce.

We have therefore gathered here at this Jobs Summit to respond to these economic challenges, which manifest themselves through unemployment, poverty and inequality.

In the National Development Plan, we said that if we were to effectively and sustainably tackle this triple challenge, we should aim to reduce unemployment to at least 6% by 2030.

We need to acknowledge that we will not be able to reach that target unless we do something extraordinary.

Since the announcement of the Jobs Summit in the State of the Nation Address in February, all social partners have been engaged in intensive discussions to craft an agreement to begin to address this crisis.

I wish to commend all social partners for the hard work that has gone into making this Jobs Summit possible and to thank everyone who has contributed to organising this summit.

The social partners have agreed that this Presidential Jobs Summit will emerge with a framework agreement that is both ambitious and realisable.

It is the product of intensive engagement among the social partners over several months, in a spirit of cooperation, consensus building to address a problem that affects all of us.

Importantly, the framework provides the outline of an emerging social compact to grow an inclusive economy and fundamentally transform our society.

One of the great difficulties we have faced in recent years is that cooperation between communities, labour, business and government has weakened, making it difficult to advance the collective interest.

Countries that have succeeded in tackling economic challenges and social problems have had the benefit of getting all social partners to reach agreement on what needs to be done and to work together to ensure that it gets done.

Countries like Ireland, Spain and the Netherlands have been successful in forging social accords in response to economic difficulty.

Yet, in South Africa, with low levels of trust, weak confidence and heightened social tensions, we have neglected our greatest strength as a society – our ability to unite and work together.

It was by working together that we managed to overcome apartheid, that we brought an end to an intractable conflict that had raged for generations, and were able to write a democratic Constitution that guarantees the equal rights of all.

Now this framework agreement gives us the opportunity to once again develop trust and forge cooperation.

Through this framework agreement we are demonstrating that we are capable of developing a new social compact for jobs, growth and transformation.

This Presidential Jobs Summit is just the start of a process of engagement and collaboration that will intensify in the coming months.

This Jobs Summit is not a once-off event, but the first phase of an extensive process in which all social partners will work closely together to improve growth, protect existing jobs and create new jobs.

The framework agreement makes provision for monitoring mechanisms – including a Presidential Jobs Committee (what I have dubbed the Presidential Jobs Brains Trust) – to ensure effective implementation of the measures to which we have agreed.

It acknowledges that there are several areas that require further work and refinement, and social partners have agreed to devote more time for discussion to reach consensus on these.

I will now touch on the key issues that the social partners have agreed should emerge from this Jobs Summit.

As a critical starting point, social partners agreed that in the current economic environment the Jobs Summit must focus on both creating new jobs and retaining existing one.

All social partners have committed themselves to concrete steps to avoid retrenchments and support struggling companies.

To address this challenge, we have agreed that the training layoff scheme, which was introduced in response to the 2008 global financial crisis, should be immediately revived and improved.

Business and government have agreed to establish rapid response teams of experts to assist businesses in crisis.

There is agreement that all possible alternatives and opportunities need to be explored before retrenchment is considered, including executive salary sacrifices and the foregoing of dividends.

For the economy to grow and for jobs to be created, it is essential that there is a substantial increase in domestic demand.

This means that South African companies, government and consumers must buy local.

If we do not buy the food that comes out of South African soil, there will be no farms and no farmworkers.

If we do not buy the goods made by South African hands, there will be no factories and no workers.

The most direct way for South Africans and South African companies to create jobs is to buy only South African products.

This is a message that must reverberate across the country and that must find expression in concrete action.

The framework agreement goes into detail on measures to promote local procurement both within the public and private sectors – even to the point of outlining interventions in specific sectors and companies.

Government has undertaken to simplify and speed up the process for the designation of products for local procurement, and organised labour, in partnership with Proudly SA, will proactively identify opportunities for new designations.

As part of this agreement, a number of companies have made specific commitments to local procurement initiatives as part of their operational strategies.

These include companies such as Adcock Ingram, AngloGold Ashanti, Clientele, Coca Cola SA, Edcon, First Rand, Lixil, Mondi, Nandos, Nestle, AB InBev, Sappi, Sasol, Standard Bank and Tsogo Sun.

They will be the first to be invited to join a ‘Buy SA Circle’, which recognises companies that are leaders in buying local and have demonstrated in practice their commitment to supporting South African enterprise.

Companies that sign up to this commitment will, among other things, be celebrated at an annual dinner convened by the President.

While promoting local demand, social partners have also identified the need to more aggressively promote South African exports.

From this Jobs Summit, we will embark on an export drive that prioritises manufactured and processed goods, ensuring that we derive the full employment benefit of our mineral and agricultural resources.

We will seize the opportunities presented by regional integration and the establishment of an African Continental Free Trade Area to produce more goods for other African markets.

Social partners have agreed to unblock impediments to expanding exports – such as inefficiencies at ports and poor knowledge of potential markets – and to ensure greater support to companies seeking export opportunities.

Through this framework agreement, we will be mobilising finance on a far greater scale, ensuring that it is focused on building our manufacturing capacity.

The financial sector, as part of its transformation code, will invest R100 billion over five years in black-owned industrial enterprises.

Government will work with the financial sector to develop facilities for financing at preferential rates and extended repayment terms.

The social partners have agreed on strategic interventions in economic sectors that have great potential for growth and even more potential for employment creation.

The agriculture and agro-processing value chain, as set out in the NDP and the nine-point plan, is one area that has significant potential.

It is estimated that global demand for fresh produce could increase South Africa's horticultural trade from R54 billion to R90 billion by 2030.

Through our programme of accelerated land reform, we will expand the area of land under cultivation, substantially increase the number of people productively working the land and provide rural dwellers with the ownership and tenure rights needed to unlock the economic potential of their land.

Specific interventions include the procurement of new hectares under black ownership and redirecting expenditure to black-owned and women-owned farmers, producers and processors.

Blended finance models for effective agricultural support are being finalised.

In addition to government initiatives amounting to approximately R600 million, Agbiz and the Banking Association of South Africa have developed a blended finance model designed specifically to make additional funds available to assist potential redistribution beneficiaries to access capital.

In the metals, mining and machinery sector, government has agreed to expeditiously finalise an export tax on scrap metal and ensure better access to incentives like the Downstream Steel Industry Competitiveness Fund.

Other value chains that are receiving focused attention include sub sectors of the manufacturing industry in clothing, textiles, leather and footwear, furniture and the automotive industry.

Organised labour, through one of its member unions, plans to open a union-owned clothing factory in the Eastern Cape within the next two years.

This innovative and welcome initiative will create around 100 jobs initially and aims to contribute to the re-industrialisation of a province which suffers from widespread poverty and unemployment.

If we are to succeed in creating the number of jobs we need, it is essential that small, medium and micro enterprises like these take their rightful place in the economic life of our nation.

Social partners have agreed to maximise the collaboration between public and private sector hubs and incubators.

Government will continue to advocate, educate, assist and monitor the implementation of the 30% set aside for SMMEs by all spheres of government and their agencies.

One of the country's greatest potential strengths is our young population, whose capabilities and talents the social partners are committed to develop as a matter of priority.

A specific area of focus is the development of the technical skills that are required in the industrial economy.

Mechanisms are being put in place to enable companies to form partnerships with nearby TVET colleges, where the colleges offer the theoretical component of the programme and companies offer the practical and workplace components.

This is part of a series of initiatives supported through the framework agreement to ensure that graduates are absorbed into the economy.

Effective skills development on a large scale will not only help to expand the opportunities and capabilities of young people but will also assist in reducing the wage gap between the lowest and highest paid due to skills scarcities.

One of the greatest barriers to investment, growth and job creation is corruption within all spheres of government, state owned enterprises and companies.

We are determined as government to intensify the work we have already started to end state capture and root out corruption wherever it occurs and to bring those responsible to book.

The social partners have agreed to support the government's anti-corruption strategy and to develop their own complementary strategies.

Business has committed to implementing a zero-tolerance approach to corruption and will develop several initiatives to develop training to combat corruption.

Social partners agreed on the need to introduce financial disclosure for all relevant government employees and the conduct of lifestyle audits.

Fellow South Africans,

Through this Jobs Summit, government, labour, business and the community sector have agreed on concrete interventions to boost employment.

We estimate that these interventions will create an additional 275,000 direct jobs a year.

This is over and above the jobs that would have been created without these interventions, which was on average about 300,000 a year over the past four years.

The Jobs Summit agreement complements other initiatives to create jobs.

In addition to what has been agreed between the social partners under the auspices of Nedlac, several companies are working – either individually or with others in their sector – on plans to expand and create new jobs.

They have taken the initiative themselves, understanding that sustainable employment creation is beneficial to their business, to the communities in which they are located and to broader society.

They understand that job creation is part of a virtuous cycle.

Greater employment increases demand for goods and services, enabling established companies to expand and new ones to emerge, thereby creating more job opportunities and greater demand.

Stimulus and recovery plan

The framework agreement that will emerge from this Summit provides significant additional impetus to the implementation of the economic stimulus and recovery plan we announced two weeks ago.

The plan includes a range of immediate measures to restore the economy to growth, improve investor confidence and establish a platform for greater job creation.

As part of the plan, government will:

- implement growth enhancing economic reforms,
- reprioritise public spending to support job creation,
- establish an Infrastructure Fund,
- address urgent needs in education and health,
- invest in municipal social infrastructure improvement.

Our experience is that infrastructure development can draw many unemployed people into economic activity relatively quickly.

The Infrastructure Fund we are establishing, which will be supported by a strong technical team in the Presidency, will ensure that infrastructure projects are implemented faster, with less wastage and have a greater impact on employment creation and localisation.

Government's contribution to the Infrastructure Fund will be in excess of R400 billion over the next three years, which we will use to leverage additional resources from developmental finance institutions, multilateral development banks, and private lenders and investors.

Through specific economic reforms, government will unlock opportunities in sectors of the economy that have great potential for growth.

These include mining, oil and gas, tourism and telecommunications.



The Jobs Summit framework agreement will support this through reforms in other areas – such as streamlining of water license applications and registration of medicines.

The stimulus and recovery plan will see the reprioritisation of around R50 billion of public funding towards activities that will stimulate job creation in agriculture, township economies and rural areas.

By expanding the package of support to black commercial farmers, the plan will boost an underdeveloped part of the agricultural industry and provide jobs to those who most need it.

Government has also prioritised the revitalisation of industrial parks, primarily in townships, which will create job opportunities in areas where many of our people live.

This commitment, to take jobs to the people, also informs our plan to establish a township and rural entrepreneurship fund to support South Africans with businesses in townships and rural areas.

The plan will also have an impact on the filling of critical medical posts, including nurses and interns.

The stimulus and recovery plan recognises that growth alone is not enough – it needs to be accompanied by employment, specifically for young people and women.

We need to achieve growth that is inclusive and redistributive.

Everyone has a role to play in forging a social compact to create jobs.

Trade unions must continue to act as a check and balance.

They must articulate and advance the interests of workers and must push back against exploitative practices and unsafe environments in the work place.

Unions have taken up the challenge to work with employers to eradicate discrimination in the workplace, to promote labour stability, to reduce income inequality and to reach fair and sustainable wage agreements – understanding that these are necessary conditions for increased levels of investment and employment.

When it comes to business, firms have a specific responsibility to provide goods and services and introduce training and new technologies and production techniques which increase competitiveness and productivity and reduce the negative impact on the environment.

Business leaders have taken up the challenge to better recognise the value of regulatory interventions which seek to root out private sector corruption and which seek to stimulate more inclusive growth through limiting anti-competitive conduct and structures.

An effective social compact requires a capable, developmental state, that has the resources and administrative capacity to offer workers and working class communities credible and effective programmes of service delivery.

The developmental state must be capable of guiding and regulating market activity in such a way that the structure of opportunity is transformed and inclusive.

South Africa needs a new approach to growth and development – one informed by our collective interest and which harnesses the capabilities of all social partners who should see themselves as being irrevocably committed to creating a prosperous society where all our people live a better life in peace and harmony.

We are agreed that our country cannot achieve meaningful progress without faster growth and a great deal more jobs.

And we cannot achieve this if each of us works alone.

We need to trust each other as social partners, to understand how our shared and individual interests combine, to cooperate and to work together for a common vision – a growing economy in which the benefits are shared by everyone.

Through this Presidential Jobs Summit, we are each, as government, labour, business and community, confirming our determination to build a better South Africa for all.

I want to conclude by reminding us what we said in the preamble to the National Development Plan:

“We have created a home where everybody feels free yet bound to others: where everyone embraces their full potential.

We are proud to be a community that cares.

We have received the mixed legacy of inequalities in opportunity and in where we have lived, but we have agreed to change our narrative of conquest, oppression, resistance (and may I add unemployment, inequality, poverty).

We know:

What we do, and how we do it, is as important as what we want to achieve.  
What we are, is because of who we have been and what we want to become.  
We are people at work  
We work to create plenty  
Our work brings us ever closer to our dreams  
Work grounds our dreams even the more fantastic they are  
The reality of work connects us to our dreams.”

These are the dreams of millions of South Africans.

It is their dream to find work that this Job Summit must make a reality.

As we sign and implement the framework agreement, we do so for those millions of South Africans who yearn to work.

I thank you.

**ISSUED BY THE PRESIDENCY OF THE REPUBLIC OF SOUTH AFRICAN**