



**MINISTRY: FINANCE**  
**REPUBLIC OF SOUTH AFRICA**

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**SPEECH BY DEPUTY MINISTER OF FINANCE, NHLNHLA NENE, MP, AT  
THE SUGAR INDUSTRY TRUST FUND FOR EDUCATION FUNCTION  
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It is indeed a privilege to address you today. Initiatives like these are very important to address the education and skills challenges confronted by South Africa. As a country we have made huge strides in tackling some of the development challenges that we inherited. To a large extent we still have a dual society with huge disparities. South Africa has one of the largest gini coefficients globally, namely 0.72 per cent. Government has therefore set itself the goal of dealing with poverty and unemployment in a decisive manner.

To achieve these goals we need to have a vibrant economy. To a large extent the recent financial crisis had a minimal impact on our economy. The government was able to respond to the deteriorating economic conditions between 2008-2009 due to its low level of debt and healthy public finances. The social security net was widened and increased infrastructure spending provided a stimulus to the economy.

There was no need for government to provide support to the financial sector as was the case in many developed countries. There is however no room for complacency and we continue to face a great deal of uncertainty during this current period of adjustment within the global economy. Our economy has, however rebounded and has registered a 4.8 percent growth rate in the first quarter of 2011. While this recovery is stronger than a year

ago in South Africa and in most other emerging market countries; its foundations are not yet sustainable; and it is still highly dependent on support from expansionary fiscal and monetary policies.

The most important economic initiative over the past year was the announcement of the New Growth Path. The New Growth Path identifies a single encompassing objective for public policy: creating employment. Unemployment represents our greatest challenge: only 13 million South Africans, or 41 percent of the working-age population, have regular work. Of these, only 8 million have formal, non-agricultural employment. The problem is especially severe among the young population: the unemployment rate for the under 30s stands at 42 percent. And although the economy has recovered, employment is still below its pre-crisis level; something must be done.

Over the next decade, the New Growth Path aims to create 5 million jobs across the key sectors of the economy. Our preliminary estimates suggest that more than a million jobs could be created in infrastructure development and housing. A further 500,000 would be created in the agricultural sector and 350,000 in manufacturing. Tourism is targeting 225,000 jobs and mining 140,000.

The New Growth Path will in some cases build on initiatives that are already in place. The significant growth in infrastructure employment will largely stem from Government's planned R800 billion investment in infrastructure over the next three years. The majority of this funding will go towards enhancing South Africa's energy capacity, improving our roads, constructing ports and pipelines, revitalizing our hospitals, building new homes and safeguarding our water resources.

Higher employment in the manufacturing sector, meanwhile, will rely on successful implementation of the second Industrial Policy Action Plan, or IPAP2, which was also unveiled last year to provide new direction and impetus to South African manufacturing. There is also a process underway to reform development finance institutions so that they are financially sustainable and that they provide more effective support to our social and economic objectives.

This mix of public and private sector projects is integral to the New Growth Path. The initiative will fail to attain its targets if we do not promote an environment that is conducive

to private-sector growth and business investment. This requires Government to provide economic stability and reduce the cost of capital through sound macroeconomic policies.

Furthermore at the beginning of the new administration the Government has identified five priority areas:

- Creating decent work and sustainable livelihoods;
- Education;
- Health;
- Crime; and
- Rural development, including land reform; food production and security.

Rural development is therefore key to the development programme of Government. In this regard, the Department of Rural Development and Land Affairs has launched a strategy entitled a Comprehensive Rural Development Programme to combat poverty, hunger, unemployment and lack of development in rural areas. As a government we can only make meaningful inroads into dealing with these challenges in a decisive manner if we work together with all relevant stakeholders. We therefore welcome the sterling work that is being done by the sugar industry in this regard.

The South African sugar industry is one of the world's leading costs competitive producers of high quality sugar and makes an important contribution to employment, particularly in rural areas (mainly in KZN, Mpumalanga and the Eastern Cape), to sustainable development and to the national economy.

The sugar industry produces an estimated average of 2, 2 million tons of sugar per season. About 60 per cent of this sugar is marketed in the Southern African Customs Union (SACU) region. The remainder is exported to markets in Africa, Asia and the Middle East.

Based on revenue generated through sugar sales in the SACU region as well as world market exports, the South African sugar industry generates an annual estimated average direct income of R8 billion.

Direct employment within the sugar industry is approximately 77 000 jobs, which represents a significant percentage of the total agricultural workforce in South Africa. Indirect employment is estimated at 350 000. In addition, there are approximately 35 300 registered

cane growers. Approximately one million people, more than 2 per cent of South Africa's population, depend on the sugar industry for a living.

### **Sugar Industry Trust Fund for Education**

The sugar industry also has a long history of social investment in the areas in which it operates. A prime example of this investment is the Sugar Industry Trust Fund for Education. Launched in 1965, the Sugar Industry Trust Fund for Education is one of the country's oldest Trust Funds supporting the provision of quality education in deep rural schools.

In its 45 years, the Trust Fund has supported a broad spectrum of educational programmes including:

- Study assistance programmes
- In-whole school support programmes
- Early childhood development programmes
- School building programmes

With access to quality education being the critical ingredient in improving the quality of life of communities, and in achieving sustainable development and economic growth, initiatives like the Sugar Industry Trust Fund for Education are crucial in assisting government in bringing these opportunities to those who ordinarily would not have access to them.

To this end, the Trust has provided bursaries to more than 9 700 students to date, including the current crop of students (67 last year) benefitting from financial assistance from the Trust, most of whom are women from rural areas.

The current and planned bursaries are for studies at tertiary level in agriculture, sciences and engineering. All of these areas are among the critical skills required by South Africa to fuel our sustainable and inclusive economic growth.

In **conclusion** as government we welcome the fact that the private sector, in this instance the sugar industry, is playing such a proactive role in creating opportunities for those that are less fortunate. We can only win the war against deprivation, marginalization, poverty and unemployment if we work together.