

**ECONOMIC DEVELOPMENT BUDGET VOTE SPEECH 2016 BY MADALA
MASUKU, DEPUTY MINISTER OF ECONOMIC DEVELOPMENT DELIVERED AT
THE NATIONAL CHAMBERS ON 21 APRIL 2016**

Chairperson,

Minister Patel

Ministers and Deputy Ministers

Honourable members

Ladies and Gentlemen

1. As we would have heard, **the economic conditions have not been favourable for the commodity depended countries.**
2. **Many of them collapsed into recession, while South Africa remained resilient.**
3. Thanks to the interventions by the **ANC led Government in giving the effect of the NDP through the implementation strategy of the New Growth Path** that has now been consolidated into a 9 point a plan since the past year.

We are in tough situation, but confident of the future

4. **While the situation is not appearing to give relief very soon, we are confident that the efforts of today will bear fruits in the medium to long term.**
5. We say this, because while our economic growth faces stiff challenges and our employment statistics indicate a bleak outlook, we still see a positive contribution of our economy to jobs.
6. I am saying this in that in spite of an increase of 284 00 of unemployment numbers, the **698 000 increase on employment resulted in a decrease of .5% of the unemployment rate to 24.5% by the fourth quarter**

There is progress, but more is to be done

7. **In the past two days we have heard members of the economic cluster indicating the progress we are making and the future plans, in this regard.**
8. But the success of these plans lies much not only in our interdepartmental cooperation and social partnerships, but also **government inter-sphere coordination and collaboration.**
9. **The consolidated cooperative working amongst national departments, especially in areas of infrastructure, Oceans economy and in resolving**

Energy challenges are beginning to produce examples that we can learn from.

10. I want to share with the house what the EDD is doing

In Provinces

11. In the **past financial year**, we indicated that we had worked with a **number of provinces to ensure alignment** to the growth path and indicated we were going to work with Provinces to consolidate their plans to bankable programmes.

12. We want to report that **all provinces have aligned their programmes to the national priorities.**

13. Provinces, such as **Eastern Cape and Limpopo have started to intensely translate the work of alignment with their municipalities**, who are beginning to invite us to assist them, together with their business and communities to develop implementable Local Economic Development strategies.

14. These engagements have resulted in **identification of strategic bankable programmes.**

Contribution of the IDC to Provinces

15. The 13.2bn investment of the IDC and its 16 885 jobs the Minister spoke

has made major contributions in Provinces , e.g:

- 37% of the approvals were for Limpopo projects creating 6 391 jobs, which forms 38% of the national jobs created by the 3.2b IDC approval.
- **3% of the approvals for Mpumalanga projects created 3207 jobs, which constitutes 19% of the total jobs created by the R13.2 bn approvals**
- 6% for Eastern Cape projects resulting in employment of 1 341, constituting 8% of the total jobs created the R13.2bn approvals.
- 7% for KZN creating 1 478 employment, which constitutes 9% of the total jobs created by the 13.2bn investment.

16. We will continue to impress on the job centred investments to the IDC, while taking into account that in some areas like Gauteng we may not avoid investment in technology driven investments, which in this case resulted in 26% of the total approvals that have just resulted in only 1 725 employment creation, constituting only 10% of the total jobs created by the R13,2bn

investment. The northern Cape is another case in point, where 9% investment in the Northern Cape to create 973 of jobs, constituting 6%, which is mostly on green energy, an environmental consideration.

17. Members will note that, while our objective is to create more jobs, sometimes there are more compelling reasons to support industries with the objectives of solving jobs.

***Using the provincial and local initiative to attract and direct
Development Funding***

18. The work that we will be doing with provinces this year will assist to identify and develop projects by provinces, municipalities, working with their own people to a bankable level to attract funding from our DFIs.

19. This year EDD undertook a small pilot study to investigate levels of DFIs funding in Township based enterprises in the areas of Katlehong in Ekurhuleni and Mamelodi in Tswane. The Department adopted Mamelodi to come up with solutions to the challenges raised. Trained 60 Spaza shop owners on financial management and marketing out of these 28 are being assisted to present a compelling application to SEFA.

20. Should this be successful, we are going to extend these to provinces, piloting first with Mpumalanga and North West in this financial year.

On the Youth Development for Economic Growth front

21. Economic development that does not impact on the youth is as good as having done nothing. **Throughout this year we were consolidating data collection in the contribution of social partners in the various accords, especially on youth employment accord.**
22. **We are hoping to conclude the private sector contribution by the end of May and are planning a public report back by June.**
23. **We are also involved in discussions with various partners to work with the three TVETs in Mpumalanga towards creation of ideal TVETs we hope to get these agreements signed by May 2016.**
24. **During the course of the coming financial year we shall conduct impact assessments on various youth employment initiatives, including the youth job incentive in order to identify gaps and develop programmes for interventions.**

Taking forward the 9 point plan in provinces and municipalities

25. **In our provincial work we aim to pick up specific programmes in the nine point plan implemented in specific province, work with lead departments to trace progress, assess job impacts, identify weaknesses and work with**

departments to find solutions. Then, use the lessons learnt to accelerate other similar initiatives in other provinces.

26. These will include a focus on the Musina SEZ and oceans economy in the Eastern Cape

27. We want to use practical existing programmes to consolidate our integrated planning, financing and implementation of programmes.

In Conclusion

28. We believe that these are approaches that can help us to achieve our goals of inclusive economic growth, job creation and addressing inequalities.

29. Members have raised issues around our institutional capacity. We will attend to them. However, we want to indicate that this is not easy when you have spoils of working with the best in the country and the world through MOUs with academic institutions and agencies.

30. **The Department has used 99.7% of its budget to meet all its targets and acceded them.** while maintaining an unqualified audit.

31. The Propose that the budget be supported

