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**NATIONAL ASSEMBLY**

**WRITTEN REPLY**

**PARLIAMENTARY QUESTION: 3908**

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**Ms D Carter (Cope) to ask the Minister of Economic Development:**

Whether, the Government has any new plans and strategies in place to address the issue of joblessness considering that in the third term of 2015, the percentage of unemployed citizens had risen to 25,5% which in effect means that a staggering 188 000 more persons were added to the list of the unemployed, leaving only 15,8 million South Africans of the 36,1 million persons of working age in jobs; if not, why not; if so, what plans does the Government have in place to address the specified matter before the job crisis becomes a disaster? NW4763E

**REPLY**

I wish to share three points with the Honourable Member.

First, on job performance in the third quarter of 2015, the StatsSA Quarterly Labour Force Survey shows the following:

* Total employed persons in the SA economy numbered 15, 8 million at the end of September 2015, which is the highest level it has ever reached.
* There were 625 000 new entrants to the age cohort 15-64 in the past 12 months, and the number of jobs created (712 000) for the 12 month period was significantly larger than this.
* However, the labour force increased by 979 000, as a result mainly of a significant rise in the number of previously discouraged work seekers who re-entered the labour market (278 000).
* As a result, robust jobs growth over the period nevertheless translated into an increase in the unemployment rate from 25.4% to 25.5% over the year.
* The number of new jobs created for the quarter was 171 000.

Second, global growth prospects have weakened further over the past six months, with the October IMF projections revising growth prospects downward for the global economy as well as for the African continent.

In April of this year, the IMF projected 2015 growth of 3.5% for the global economy and of 4.5% for Africa. It has now revised those projections down to 3.1% for the global economy and 3.8% for Africa. The April projections were already a downward revision of October 2014 projections.

Third, to address the backlogs in jobs and address the needs of new entrants to the labour market, we need higher growth and more labour-intensive growth, driven by broader economic participation and by re-industrialization centered on a dynamic, internationally competitive manufacturing sector.

Recent actions such as the agreements signed with the People’s Republic of China to invest in industrial and infrastructure activities in South Africa and the rest of the continent, are measures to respond to this economic framework. Of particular relevance for the Economic Development Department were two agreements signed by the Industrial Development Corporation: namely to work towards establishing a new BAIC auto-assembly plant in South Africa with an investment value of R11 billion and to set up a Fund with a R10 billion commitment by the China Construction Bank to invest in the domestic and regional economy.

During the debate in Parliament on the state of the economy in August this year, I addressed the question of government’s overall response to the global economic slowdown and the headwinds facing the local economy, which I summarise below:

The two global storms, in the mineral and steel sectors, are what we have to navigate with as little damage as possible, recognising that production and job losses in these sectors can have a multiplier effect on the economy.

To respond to these conditions and to address the still-continuing high levels of unemployment, we are doing the following:

**Public investment**

We are maintaining a high level of public investment in infrastructure, which is a true game-changer for the economy. We are spending close to a quarter trillion a year, or R1 billion rand per working day, on economic, industrial and social infrastructure. The BRICS New Development Bank is a major potential source of new funding for South African and regional infrastructure.

**Trade and regional integration**

We are expanding trade with the rest of Africa, particularly exports of South African made cars, machinery, iron and steel and food products.

Exports to the rest of the continent now account for 244 000 direct jobs and it has been estimated as much as 885 000 total jobs; that last year, Zambia was our number one global export market for televisions, Zimbabwe for plastic products, Mozambique for clothing and the DRC for electrical equipment.

**Domestic economic actions**

We are implementing actions in the domestic economy, summed up in the 9-point plan announced by the President in the State of the Nation Address in February.

The nine priorities are:

1. Resolving the energy challenges through practical actions, including cogeneration, new IPPs and completing the public energy-build programme
2. Revitalising the agriculture and agro-processing value chain
3. Advancing beneficiation through adding value to our mineral wealth
4. More effective implementation of a higher impact Industrial Policy Action Plan
5. Unlocking the potential of small business, cooperatives and township and rural enterprises
6. Stabilising the labour market
7. Scaling up private sector investment
8. Growing the Oceans Economy and
9. Diversifying and boosting the economy through science, technology and innovation, expanding transport, water and ICT infrastructure and reforming state-owned companies.

**To respond to the steel industry's problems:**

* We fast-tracked a tariff investigation by the trade authorities on three steel products
* We completed a competition commission probe into steel pricing by the dominant company
* We extended short-term industrial funding of R150 million to one steel-mill to give it the space to restructure rather than close its doors
* We appointed a panel of steel industry experts to identify options for steel that would not damage downstream factory users, and
* We are meeting with business and labour to identify further steps to be taken,

**To respond to the mining industry's problems:**

* We convened a dialogue with stakeholders to consider options to reduce or avoid job losses
* We are investing in technologies and innovation to boost demand and localisation, such as platinum fuel-cell pilot projects
* We have initiated a Mining Phakisa to address the future of the industry

**To respond to the clothing and industry's challenges:**

* We implemented a tariff increase on finished products at the start of the previous administration
* We set a reference price on imported clothing to identify smuggling and import-fraud
* We created a competitiveness fund that has already invested over R3 billion in new technologies and work organisation to boost output and jobs.

**IDC funding**

The IDC expanded its industrial funding envelope over the past five years, particularly in green energy, putting some R14 billion into the Independent Power Producer programme that has already seen almost 2000 megawatts of energy coming onto the grid.

The IDC is now focussing on expanding investment in manufacturing, agro-processing and new industries.

**Autos**

During a time of declining mineral exports in dollar value, our auto exports have actually accelerated after 2011 and now constitute one of our top five exports, speaking to the success of the partnership built with investors.

**Competition and anti-monopoly actions**

To boost competitiveness, the competition authorities have acted against monopolies and cartels in sectors such as fertilisers, bread and poultry, steel, construction and telecomms.

**Industrial relations**

To promote partnership, the Deputy President has led discussions with the business community and trade unions on reducing workplace conflict, including the role of strike ballots, action against violence in strikes and picketing rules. To reduce income inequality in the workplace, proposals for a national minimum wage are under discussion.

**Skills**

To boost youth employment, government is revamping its skills and entrepreneurship support programmes to make them more effective. The President convened a meeting with the business community in August this year at which stronger partnerships on skills development and work placement were considered.

**Partnership**

As we navigate our way through the minerals and steel turbulence and storms generated by falling global demand, we need to pull South Africans together, address domestic challenges such as energy and labour-business partnerships and speak with one voice.”

**-END-**