Question 106

Dr P J Rabie (DA) to ask the Minister of Trade and Industry:

Whether his department is contemplating any further incentives for the labour-intensive sectors, as the growth of the gross domestic product has declined from 4.5% to 4.2% and unemployment among school leavers is increasing rapidly; if not, why not; if so, what are the relevant details?

Response:

The National Industrial Policy Framework (NIPF), which was approved by Cabinet in 2007, has as its key focus the promotion a more labour-absorbing industrialisation path. This demonstrates government’s commitment to the promotion of labour intensive manufacturing and services activities.

The NIPF identifies a number of sectors such as Forestry, Pulp and Paper and Furniture, Business Process Outsourcing (BPO), Agro Processing, Mineral beneficiation and Tourism; which are highly labour intensive and concentrated in rural areas where there is a high need for job creation.

In March 2007, the dti introduced an incentive to attract BPO operations to South Africa. Since the launch of the incentive, a total of eight projects have been approved, with an estimated investment value of R642 million. These projects are expected to create up to 8 784 direct employment opportunities.

The department is currently finalising the amendments to the Small Medium Enterprise Development Programme. The new scheme will be targeted at the sectors identified in the NIPF. Other key initiatives include proposed new incentives to stimulate investment in the manufacturing and tourism sectors. An emphasis will be placed on employment creation in terms of the provision of these incentives to firms operating in these sectors. Recommendations are...
being finalised in regards to the launch of these incentive programmes during this financial year.