

Budget Vote : Department of Economic Development

UCDP : Hon MN Matladi

Tuesday, 12 April 2011

Chairperson

Economic Development must involve improvements in a variety of indicators such as literacy rates, life expectancy, and poverty rates. A country's economic development is related to its human development which encompasses among other things, health and education. These factors are closely related to economic growth so that development and growth often go together. Our economy has been growing so we hear, but human development of our people has been on a steady decline, health and education standards have also steadily declined. And I submit that there has been no economic development if it cannot be seen in improved quality of life of the ordinary citizens.

Unemployment remains a terrible scourge in our country with an economy that continues to lose jobs without creating new. The Department has pointed out that the New Growth Path seeks to correct and address our economy's jobless growth. I am sure we all want to see what shall be done differently because one the biggest failures of whatever growth we've boasted about is its lack in absorbing labour and creating sustainable employment.

We appreciate that funds have been put aside for job creation but that gives little hope that the joblessness of this economy shall be resolved. To me, resources do not play a big role as we are made to think, but what has been lacking is political will and decisive thinking from key decision makers. We hope to see a new thinking as this new Ministry gathers strength and establishes itself.

Thus far the Department has not done very well if we look at R2.9 Billion worth of funds were set aside to save jobs hit by recession but a meagre 7000 jobs were saved when 900 000 were lost, and this was not due to lack of resources. We are seen by the world as a leading economy in the continent yet our economy's labour absorption rate fares far below other African countries like Uganda and Tanzania, which therefore draws the conclusion that this is a problem due to lack of political will. It is embarrassing to note that our labour absorption rate is below 50% and other African countries have gone up to as much as 75% in labour absorption.

Given the vital mandate that this Department has to play, it is no surprise that they are getting approximated 26% increase from the previous year, however, a surprise is in learning that 85% of the budget goes to planning and coordination and that there is no allocation for Green Economy. Vital as it is to plan, but I am sceptical of the move to allocate 85% of the total budget, I hope to see a more detailed plan on how this 85% shall be utilised.

The Department's strategic plan points out that sustainability of jobs requires that the economy be set on a low carbon path. That said, I would have expected the Department to take a lead role in seizing green economy opportunities, but the non-allocation of funds towards this suggests otherwise.

We accept that there are no financial statement as this was the Department's first year of operation, however we hope that in the coming year we shall see how the 61% of the R29 million budget had been utilised. We congratulate the Department for the swift actions in filling up posts, however, We are of the opinion that the Department fared far below our people's expectation during and after recession.

There is a need for the Department to communicate its NGP effectively with the stakeholders and generally with the public. We have been hearing of the New Growth Path aimed at creating more jobs but details have been scarce and there are threats that the Departments seeks to lower minimum wage, needless to say this shall result in outrage.