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Department:  
Trade, Industry and Competition  
REPUBLIC OF SOUTH AFRICA

## **THE NATIONAL ASSEMBLY**

### **QUESTION FOR WRITTEN REPLY**

#### **QUESTION NO. 1070**

**Mr M M Mdluli (DA) to ask the Minister of Trade, Industry and Competition:**

- (1) Whether, considering that the National Empowerment Fund has distributed approximately R195 million towards the creation of 538 temporary and permanent jobs to 14 companies, he has found that was an efficient use of taxpayer funds; if not, what is the position in this regard; if so, what are the relevant details;
- (2) What is the breakdown of the total amount that has been distributed to date in terms of (a) temporary and (b) permanent jobs created? NW1312E

#### **REPLY:**

- (1) The breakdown of the figures relates to funds made available under the Tourism Transformation Fund, which is one of the programmes of the NEF. Under that programme, the NEF made available R313 million which has created 1 106 jobs in 27 transactions. This performance equates to approximately R283, 000 per job, which is in line with the industry norms in the Tourism Sector.

The true value of NEF's investments becomes more evident when considering the broader socioeconomic impact. Most of the tourism projects and investments are located in rural and less developed areas, which typically have high unemployment rates and limited access to infrastructure. By investing in these areas, the NEF contributes to creating sustainable employment opportunities and the development of essential infrastructure such as roads, water supply, and amenities, which not only

support the projects but also uplift the surrounding communities.

Applying the multiplier effect, where each job created supports a minimum of four people, the impact is substantial:

- The 1,106 jobs created under the Tourism Transformation Programme benefit approximately 4,424 people (1,106 jobs x 4).
- The 8,301 jobs created through NEF investments over the past five years support around 33,204 people (8,301 jobs x 4).

These investments inject significant buying power into local economies, where the employees reside. As workers earn incomes, they spend on goods and services within their communities, stimulating local economies and generating additional jobs. This ripple effect leads to the growth of small businesses, such as grocery shops, transport services, and local markets, further creating employment and supporting the economic upliftment of these areas.

In conclusion, NEF's investments have generated significant employment opportunities, with 1,106 jobs created in the tourism sector and 8,301 jobs across various industries over the past five years, benefiting over 37,628 people when considering the multiplier effect. While the initial cost per job may seem high, the true value lies in the broader socioeconomic benefits, such as stimulating local economies, creating additional jobs through small businesses, and improving infrastructure in rural and less developed areas.

The NEF's investments have not only provided direct employment but have also been instrumental in catalysing sustainable economic development, contributing to the upliftment of communities that have traditionally lacked access to opportunities and infrastructure.

- (2) In the past five years, the NEF disbursed approximately R3.3 billion to 484 companies. The amount distributed created 8301 new jobs of which 5 561 jobs were permanent and 2 739 were temporary jobs.

In addition to this, the NEF investments support the communities in that each medium sized business supported supports over 10 SME's operating in its immediate locations.

These investments, therefore, represent value for money, as they address both immediate employment needs and long-term economic development, reinforcing the NEF's vital role in promoting inclusive growth and transformation in South Africa.

**-END-**