

**NATIONAL ASSEMBLY**

**QUESTION FOR WRITTEN REPLY**

**QUESTION NUMBER 1725 [NW2108E]**

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**The Leader of the Opposition (DA) to ask the Minister of Finance:**

- (1) Whether he intends transferring funds earmarked for the implementation of the Youth Wage Subsidy in the national Budget in 2011 to provinces that are willing to support the implementation of the policy; if not, why not; if so, what are the relevant details;
- (2) whether he intends to provide any additional assistance to provincial governments that have implemented policies that aim to subsidise the employment of young South Africans; if not, why not; if so, what are the relevant details?

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**REPLY:**

- (1) The proposed youth employment incentive would be run through the South African Revenue Service (SARS) as a tax incentive to firms that hire young, inexperienced workers. As a tax expenditure, there is no allocated budget for the youth employment incentive. The estimated cost to the fiscus of approximately R5 billion over three years will be through foregone tax revenue, not earmarked funds, and the actual amount will depend on the uptake and job creation for young people that takes place due to the incentive.

Leveraging an existing operational and administrative platform confers significant benefits over developing piece-meal and new operational platforms to administer

the subsidy. Using the existing SARS operated administrative platform will also be important to minimise fraud and reduce the administrative cost burden on employers.

- (2) No, outside of the jobs fund National Treasury does not intend to provide any additional assistance to provincial governments that have implemented policies that aim to subsidise the employment of young South Africans.

In June 2011, we launched the Jobs Fund. The objective of the Jobs Fund is to co-finance projects by public, private and non-governmental organisations that will significantly contribute to job creation. Provincial governments are welcome to apply to the Jobs Fund for co-financing of job creation initiatives.

The Jobs Fund has been designed to overcome barriers to job creation by providing public funding through four “funding windows” – Enterprise Development; Infrastructure Investment; Support for Work Seekers and Institutional Capacity Building. The Jobs Fund operates as a challenge fund it seeks to channel funding towards activities that catalyse innovation and investment and which directly contribute to sustainable job creation initiatives, as well as long term employment creation.