

Eastern Cape launches R50m job creation fund

By RAY HARTLE

R100 000 incentive for a boss to create 10 posts

THE Eastern Cape government yesterday launched a R50-million job creation incentive scheme which, potentially, could see 5 000 manufacturing jobs created across the province.

The Industrial Job Stimulus Fund (IJSF), to be administered by the Eastern Cape Development Corporation (ECDC), is intended to incentivise local businesses outside of the automotive sector to create sustainable and decent new jobs.

Organised business and the trade union movement in the province are backing the initiative, Mcebisi Jonas, MEC for economic development, environmental affairs and tourism, said yesterday.

The fund will pay employers R10 000 for every new job created over a period of a year. However, the incentive only kicks in if the business creates at least 10 new jobs in a year, meaning that businesses can recover at least R100 000 for creating 10 jobs.

There is no upper limit on the number of jobs created. The money would be paid in

two tranches during the year, the first being paid six months after the jobs are created.

There are no conditions on how businesses should spend the cash they receive from government. Neither will government stipulate what types of jobs should be created or wages paid.

An ECDC media release pointed to an IJSF target of a minimum of 30 000 new jobs over the next three years.

But fund manager at ECDC Thabo Shenxane said job numbers and future funding depended on "take-up" by businesses applying for the incentive.

Jonas said the provincial government was already in discussion with the National Treasury about increasing support for the fund to R150m from its start-up capital.

ECDC will manage the fund, including receiving, processing and adjudicating applications on behalf of provincial government.

And the agency has promised strict controls to avoid either fraud or businesses failing

to comply with their commitments to create jobs.

The programme will target businesses in agro-processing, tourism, petro-chemicals, capital goods, information communication technology, business processing, the green economy and manufacturing.

Jonas said companies in the automotive industry would be excluded because of the raft of support measures which the industry already enjoys from government.

The MEC said the provincial government had realised that unless it promoted job growth, the province was unlikely to achieve its development targets.

While the IJSF was not a "perfect instrument" and the financial impact on business was relatively small, government needed to create local incentives. He added, however, the IJSF was not an isolated initiative, but part of a suite of economic interventions which government was undertaking to grow the private sector.

He said there were already

"a whole range of national incentive programmes" but government was at pains to explain why these were not being used optimally by businesses in the Eastern Cape.

ECDC chief executive Sitembele Mase said applicants to the fund would be measured on the strategic impact of the jobs created, the sector in which they operated, location of the business and skills development.

Earlier in the week, Jonas shared a platform with trade union Cosatu's provincial leadership to discuss government's piloting of a provincial jobs strategy, which is intended to deliver up to 10% of the national target of five million jobs. The tripartite discussions – business sectors will also be included – will culminate in a provincial jobs strategy next year.

The application forms for the job creation incentive can be found at www.ecjobs.co.za. Online applications open today and close on November 30 this year. — rayh@dispatch.co.za