

**BUDGET VOTE SPEECH BY THE DTIC MINISTER, HON. PARKS TAU,
FOR THE 2024/2025 FINANCIAL YEAR AT THE NATIONAL ASSEMBLY
ON 16 JULY 2024, CAPE TOWN**

House Chairperson,
Honourable Members,
Deputy Ministers Godlimpi and Whitfield,
The Acting Director-General and senior officials of **the dtic**,
Distinguished Guests, and
Ladies and Gentlemen:

Greetings to you all!

“Action without vision is only passing time. Vision without action is merely day-dreaming. But vision with action can change the world.”

These words from uTata Nelson Mandela echo our aspirations of building a dynamic, industrial and globally competitive South Africa that is transformed, inclusive and equitable. Our stated pathway as **the dtic** family, will be anchored on industrialisation, transformation, job creation and building a capable and development state.

Honourable Members,

Two days ago, the Government of National Unity (GNU) held a two-day *Lekgotla* to develop priority, government-wide interventions. We received a clear line of march from President Ramaphosa, that is to prioritise inclusive growth in this Seventh Administration.

The dtic, along with its DFIs, Technical Infrastructure institutions and its Regulators, will work together to create an enabling environment that results in joint planning, joint implementation and joint accountability.

To meet these targets, as a Ministry we are today tabling a budget vote of bold transformative actions.

Honourable House Chair;

1. Industrial policy and implementation

The industrial policy will be the center piece of our economic development strategy, mobilizing an all of government and all of society approach. Our industrial policy is the anchor around which this administration will align and deploy trade instruments, incentives, tools and regulation in areas such as:

- **new energy vehicles,**
- **green industrialisation, and**
- **high-value service sectors such as Global Business Services.**

We will build on the sector partnerships that have evolved over time in a number of prioritised sectors. **The dtic** has concluded eight (8) Masterplans covering sectors such as Autos, Clothing, Steel and Poultry. These masterplans have supported localisation, increased investment, exports and job retention. This Administration will focus on integrated implementation mechanisms, deploying a government-wide set of tools.

Honourable members;

2. Manufacturing-led Growth

We have to ensure that industrial opportunities resulting from policy, regulatory or private-sector decisions are maximised to ***manufacturing-led growth***.

Why the explicit focus on manufacturing? You are aware that manufacturing creates jobs in upstream and downstream sectors. These jobs are typically permanent and pay decent wages while workers have access to skills development and career path opportunities. Manufacturing is less volatile than sectors like retail or business services which are vulnerable to economic downturns.

House Chairperson;

3. Localisation

Local procurement or “localisation” will be used to create early-stage demand in targeted sectors. This will require **the dtic** to play a more active role in identifying procurement opportunities, advocating for local content requirements, monitoring implementation and evaluating impact.

We have industrial capabilities as a Country. **We must stop exporting jobs.** In identified industries, including infrastructure build programme; we will work with relevant SOEs and industry; to support local manufacturing of our key products and create jobs.

Ladies and gentlemen,

4. Expand and Improve SA Exports

As you would appreciate, in the short-term, the domestic market is too small and growing too slowly to sustain manufacturing-led growth. In addition, our fiscal outlook has constrained infrastructure investment.

However, South Africa is located at the tip of the second-fastest growing region in the world. In addition, South Africa's unique history and global standing continues to encourage substantial exports of wine, citrus, avocados, processed food, mining equipment and autos.

In order to reduce our dependence on our small domestic market, **the dtic** will implement new export measures, coupled with expanding the current measures and improving their effectiveness.

In partnership with government, business, labour and civil society we will work together to expand our export footprint, leverage our membership focused on international relations such as:

- The BRICS+
- The African Continental Free Trade Area (AfCFTA)
- The African Growth and Opportunity Act (AGOA)
- The Economic Partnership Agreement with the EU.

Ladies and gentlemen, without exception, we have to work together with our global trading partners to find each other!

Honourable Speaker,

5. Transformation, Transformation, Transformation

It is twenty-one years since the B-BBEE legislation was promulgated in 2003. While there have been notable achievements and success stories, concerns remain about the effectiveness of B-BBEE legislation as a comprehensive tool for transformation. The legislation has not fully achieved its intended outcomes of fostering an inclusive economy.

Transformation is not *just* an imperative to redress the effects of Apartheid, as it is expressly required in our Constitution. There is extensive research that demonstrates that more equitable societies grow faster than those which are deeply unequal. This is in part because equal societies are more politically stable, but more importantly, consumer demand is almost always higher in more equal societies as more households have access to disposable income.

In the short-term, the dtic and the B-BBEE Commission will engage organised business, Labour and other stakeholders to encourage firms to comply. In addition, **the dtic** family will combine monitoring resources in order to strengthen the B-BBEE Commission's capacity to monitor compliance and emerging trends.

Honourable Members,

6. Taking industries to under-developed regions

It is easy to forget that the reason we have Special Economic Zones (SEZs), is to expand economic activity to under-developed parts of South Africa. There are many benefits to this including, creating jobs closer to where our people live and thereby reducing the cost burden poor people carry.

There is no logical or economic rationale for forcing people to live far from their families in increasingly crowded living spaces. **Spatial equity is therefore, a non-negotiable.**

To date there are eleven designated SEZs of which nine are being supported by the SEZ fund. These SEZs have generated investments amounting to R19.6 billion. In addition, these SEZs provide an on-going revenue stream to national government through ongoing corporate, PAYE and VAT payments. These contributions to tax revenue across over 100 firms located in SEZs far outweigh the initial establishment costs.

Following from our TASEZ success story, the Namakwa SEZ launched on 29 May 2024, has more than R29 billion invested.

Honourable Speaker,

South Africa has over 200 industrial parks which are often located in or adjacent to our townships. Many of these industrial parks provide jobs and incomes to people from the surrounding townships.

We therefore, encourage private-sector participation in the industrial parks, in order to assist to improve operations and facilities, and encourage private-sector investment (including through the ESD component of the B-BBEE) in the Parks.

Ladies and gentlemen, without exception, we have to work together to find each other!

Honourable Speaker,

7. Strengthening existing programmes

The new administration provides an opportunity for the Department to strengthen existing programmes and interventions aimed at creating investment attractions opportunities for the country, building our industrialist programme, transforming the economy and creating jobs. Over the MTEF period R30.1 billion has been allocated to the dtic family. Our biggest portion of the budget is allocated to the incentives programme receiving 48.7% of the budget. Followed by the Sector programme and Transformation and Competition receiving almost 30% of the budget.

Alone we will not achieve our desired impact as outlined in the National Development Plan. We call upon all sectors of society to partners with us. We will use our budget to leverage existing resources, initiatives and programmes that will help the country to move forward.

My predecessor, Mr Ebrahim Patel laid the groundwork on the issues of the ease-of-doing business and reducing red tape in **the dtic** programmes. The effort by the Department to develop the Companies Amendment Bill that incorporated measures to promote the ease of doing business and reduce red tape, attests to this.

Honourable House Chair,

8. Stabilizing the administration and good governance

We are currently reviewing the organisational structure to ensure that it is aligned and optimised to support the Department's mandate and prioritised programmes. It is envisaged that the proposed structure will promote a **value-chain** approach to **integrate** the work of the Department and its entities and thereby eliminate **silos, duplication and inefficiencies**.

We have prioritised the filling of key leadership positions in the department and our agencies to strengthen the department's capacity to execute on its mandate.

Honourable Speaker and Members, as I conclude, I would like to remind us that the electorate expects political parties of the GNU to work together constructively to the benefit of all South Africans. **the dtic** Group will certainly do so.

I would like to express my gratitude to the former Minister and Deputy Ministers.

I also wish to extend my appreciation to **the entire dtic staff** family led by the Acting DG who are supporting us during this transition process.

Finally, allow me to thank the Portfolio Committee that was understanding during this transition process. To our DMs, let us collectively work with our social partners to build a better South Africa.

I hereby table vote 39.

I thank you.