Economy

The World Bank expected South Africa to grow by a relatively modest 2,7% in 2014 – up from its forecast of 1,9% in 2013 – as the world economy strengthens on the back of a turnaround in high-income countries five years after the global financial crisis struck, as well as a steady rise in growth in developing countries.

The National Development Plan (NDP), South Africa's strategy for reducing unemployment, inequality and poverty by 2030, provides a strong platform for collaboration among business, government, labour and civil society.

The plan promotes enhanced competitiveness, expanded infrastructure, greater spatial efficiency in growing cities, and accelerated rural development. It prioritises measures to build a capable, effective state that delivers services to citizens while encouraging business investment and growth.

To boost growth several measures and investments were undertaken in 2014. These include:

- allocating R10,3 billion towards manufacturing development incentives in addition to tax relief offered through incentive programmes
- injecting R15,2 billion from the Economic Competitiveness and Support Programme to assist businesses upgrade their machinery and increase productivity over the next three years
- channelling R3,6 billion to special economic zones (SEZs) to promote value-added exports and create jobs in economically disadvantaged parts of the country
- allocating R620 million to the digital broadcast migration programme
- creating one million jobs in agriculture by 2030, government will spend R7 billion on conditional grants to 435 000 subsistence farmers and 54 500 smallholder farmers.

To counter unemployment levels, especially amongst young people, government aims to create six million work opportunities over the next five years.

Economic indicators

Domestic output

According to the South African Reserve Bank's (SARB) Quarterly Bulletin, released in September 2014, following a contraction in real domestic economic activity at an annualised rate of 0,6% in the first quarter of 2014, real economic growth turned positive in the second quarter, with output expanding at a rate of 0,6%.

The real value added by the goods-producing sectors of the economy declined further in the second quarter of 2014, whereas the real value added by the services sector expanded at a pace broadly similar to that registered in the first quarter.

The decline in the real value added by the primary sector moderated substantially from an annualised 17,2% in the first quarter of 2014 to 5,1% in the second quarter. The real value added by the agricultural sector gained further momentum while the real output of the mining sector declined at a much slower pace in the second quarter.

Growth in the real value added by the agricultural sector accelerated from an annualised rate of 2,5% in the first quarter of 2014 to 4,9% in the second quarter. The expansion largely reflected firm growth in field crop production, particularly maize, following favourable weather conditions in the first quarter of 2014. Livestock production also improved over the period.

Mining production contracted further in the second quarter of 2014 although at a much slower pace than in the preceding quarter. Owing largely to the five-month labour strike in the platinum-mining sector, the real output of the mining sector shrank at an annualised rate of 9,4% in the second quarter of 2014 following a marked contraction of 24,7% in the first quarter. Apart from a pronounced decline in the real output of platinum group metals, the production of gold also receded in the second quarter of 2014. Gold-mining production was adversely affected by an increase in safety-related production stoppages, but these production losses were partly neutralised by a recovery in the production of iron ore following operational difficulties experienced at a prominent iron-ore mine in 2013 and early 2014. Overall, mining production subtracted 0,4 of a percentage point from total economic growth in the second quarter of 2014 after subtracting 1,3 percentage points in the first quarter of the year.

Industrial action in the platinum-mining sector, which lasted from 23 January 2014 to 24 June 2014, turned out to be the longest and most costly in the history of South Africa. Industry sources have estimated the loss in platinum production at 424 000 ounces; a further 16 000 ounces were lost during the start-up of operations due to medical and safety measures and procedures that the affected platinum mines had to adhere to.

Following a quarter-to-quarter annualised decline of 4,4% in the first quarter of 2014, real manufacturing output shrank at a rate of 2,1% in the second quarter, thereby subtracting 0,3 of a percentage point from the overall rate of growth over the period. With business confidence weak and demand sluggish in the second quarter, real output declined in the subsectors producing petroleum and chemical products; glass and non-metallic mineral products; textiles and clothing; electrical machinery; and motor vehicles and parts. These decreases were partially countered by higher production of wood and wood products; basic iron and steel, non-ferrous metal products and machinery; and radio, television and communication apparatus and professional equipment.

Real economic activity in the construction sector sustained its relatively firm performance in the second quarter of 2014. The real value added by the construction sector advanced at an annualised rate of 5% in the second quarter of 2014 following an increase of 4,9% in the preceding quarter. Capital expenditure by public corporations was well supported by increased civil construction activity in the run-up to the national and provincial elections in the second quarter of 2014.

Growth in the real value added by the transport, storage and communication sector accelerated notably from 1,7% in the first quarter of 2014 to 4% in the second quarter. The higher growth was mainly evident in the land transport subsector following increases in freight and passenger transportation over the period. Freight transportation advanced from a relatively low base in the first quarter of 2014 following a decrease in mining production and subsequent transportation of these products. Growth in the telecommunications subsector continued to benefit from a steady increase in the number of subscribers and the higher demand for data, aided by price competition between service providers.

Growth in the real value added by the finance, insurance, real-estate and business services sector slowed to an annualised rate of 1,5% in the second quarter of 2014 following an increase of 2% in the first quarter. The somewhat slower growth could be explained by reduced activity in the domestic securities market as trading activity on the JSE Limited (JSE) lost some momentum. The real output of the banking sector, however, increased in the second quarter of 2014.

The real value added by general government increased at annualised rates of 1,7% and 2,9% in the first and second quarters of 2014 respectively. The increase in real value added in the second

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According to data from the Organisation for Economic Cooperation and Development (OECD) and International Comparison Programme (ICP), measuring global Gross Domestic Product (GDP) expressed in Purchasing Power Parities (PPPs) Emerging markets account for over 30% of the world's GDP, with South Africa contributing 0,7% of that number. The GDP in South Africa was worth US$384,31 billion in 2012, according to data compiled by the World Bank..

quarters could largely be attributed to additional workers that were temporarily employed to assist with the national and provincial elections in May 2014.

Real gross domestic expenditure

Growth in real gross domestic expenditure slowed from an annualised rate of 2,7% in the first quarter of 2014 to 1,8% in the second quarter.

Real final consumption expenditure by households slowed for the fourth consecutive quarter in the second quarter of 2014. Real spending by households increased at an annualised rate of 1,5% in the second quarter of 2014, having advanced at a rate of 1,8% in the first quarter.

According to the First National Bank/Bureau for Economic Research (FNB/BER) Consumer Confidence Index, an increasing number of consumers continued to postpone the purchases of durable goods in anticipation of further increases in interest rates as well as escalating consumer price inflation.

Following an increase of 1,7% in the first quarter of 2014, growth in the real disposable income of households moderated to 1,3% in the second quarter. As growth in nominal disposable income outpaced growth in household debt, the ratio of household debt to disposable income edged lower from 74,4% in the first quarter of 2014 to 73,5% in the second quarter. The cost of servicing household debt remained fairly low at 7,9% of household disposable income in both the first and the second quarters of 2014.

Employment

Notwithstanding the marginal contraction in real output in the South African economy in the first quarter of 2014 and a severely strained labour relations environment, formal non-agricultural employment increased somewhat in 2014 entirely due to employment gains in the public sector. According to the Quarterly Employment Statistics (QES) survey published by Statistics South Africa (Stats SA), the number of people formally employed in the non-agricultural sector of the economy increased by 1,8% in the first quarter of 2014, representing 38 500 additional job opportunities.

This brought the level of formal non-agricultural employment to almost 8,52 million in the first quarter of 2014.

According to the Quarterly Labour Force Survey (QLFS) conducted by Stats SA, the number of people employed in South Africa increased by 39 000 from the first quarter of 2014 to the second quarter, raising the total level of employment to 15,09 million people. Total employment increased by 403 000 by the second quarter of 2014. The majority of employment opportunities was created in the formal non-agricultural sector of the economy and by private households, recording increases of 381 000 and 75 000 respectively by the second quarter of 2014. Only 19 000 additional people were employed in the informal sector, while the agriculture, hunting, forestry and fishing sector shed a further 73 000 employment opportunities over the same period. Employment in this sector had decreased for five consecutive quarters up to the second quarter of 2014, with a cumulative 94 000 jobs lost, representing a reduction in employment of 12,3% over the period.

Price inflation

Despite fairly subdued increases in international commodity prices, producer price inflation for mining products quickened from -0,2% in October 2013 to 6,6% in April 2014, affected mainly by the depreciation in the exchange value of the rand. Producer price inflation for mining commodities slowed thereafter to 5,8% in June.

Likewise, producer price inflation for agriculture, forestry and fishing products accelerated to 11,7% in March 2014 before moderating to 3,9% in July. Over the same period, producer price inflation for electricity and water also moderated from 14,6% to 7,8% due to a slower pace of increase in both electricity and water prices.

Owing in part to the steady depreciation in the exchange value of the rand up to the end of January 2014, the 12-month rate of increase in the unit value index for imported commodities accelerated to 21,0% in January 2014 and roughly maintained the pace of increase in the ensuing five months. Price increases for imported commodities with the main contributors to the annual increase of 21,5% in June 2014

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In August 2014, Statistics South Africa released the findings of the Survey of Employers and the Self-Employed 2013, which revealed that the number of people running informal businesses has increased from 1,1 million in 2009 to 1,5 million in 2013. The survey found that people who started informal business did so because they had no other alternative. Most businesses operated in the trade industry, while the proportion of the working age population running informal businesses was at 6,3% in Limpopo; 6,1% in Mpumalanga; 5% in Gauteng and 4,7% in KwaZulu-Natal. The majority who started businesses used their own money to do so. Those who did not use their own money mostly borrowed from friends and relatives. The informal sector contribution to gross domestic product has stayed at about 5% throughout from 2001 up to 2013. Non-VAT registered businesses in South Africa play an important role in job creation and income generation.

being textile products, coke oven and other refined petroleum products, pharmaceutical and other chemical products, machinery for mining, quarrying and construction as well as radio, television and communication equipment and apparatus.

Exchange rates

Investor sentiment towards emerging-market economies and in particular South Africa has improved somewhat towards the end of the first quarter of 2014 as some previously pressing issues changed nature and lowered the perceived risks associated with emerging-market assets.

A large part of the second quarter of 2014 was marked by a strengthening in the currencies of many emerging-market economies amid apparent more stable global financial markets and indications that the Chinese authorities are committed to boosting economic activity in China.

The ongoing efforts to boost the economic recovery in the euro area in the second quarter of 2014 furthermore buoyed the currencies of many emerging-market economies over the period.

The nominal effective exchange rate of the rand declined, on balance, by 0,4% in the second quarter of 2014, compared with a decline of 0,8% in the first quarter of 2014. Within the second quarter, the nominal effective exchange rate of the rand increased by 0,4% and 1,4% in April and May 2014 respectively before declining by 2,1% in June 2014 amid the downgrade of the country's sovereign rating to BBB- by Standard & Poor's. At the same time, Fitch revised the outlook for the country from stable to negative, based on the disappointing high and sustained unemployment rate, ongoing industrial action and the announcement that the country's gross domestic product (GDP) had contracted in the first quarter of 2014.

In July and August 2014, however, the rand regained some vigour against major currencies supported by a rise in the policy rate, the announcement of the end of the strike in the manufacturing sector and the weaker-than-expected economic data from the United States of America (USA).

Economic Development Department (EDD)

Government will be prioritising six components as part of its radical economic transformation agenda for the next five years including infrastructure, industrialisation, investment and innovation, inclusion and integration.

Over the previous five years, government had lifted investment in public infrastructure from R610 billion to R1,1 trillion and that State and private investment in public infrastructure would rise to at least R1,5 trillion over the next five years.

The EDD will issue guidelines under the Infrastructure Development Act, (Act 23 of 2014) to ensure the build programme drives economic and social transformation, turning infrastructure sites into training spaces and opening the door to real participation by black- and women-owned enterprises and cooperatives.

Emphasis would also be given to using development finance from the Industrial Development Corporation (IDC)to stimulate industrial diversification, job creation, localisation and mineral and agricultural beneficiation.

The capacity of the competition authorities would also be strengthened to impose remedies on dominant players and monopolies, to benefit consumers and industries.

Government will take steps to secure more competitively-priced steel as an input in infrastructure and industrialisation. To support inclusion, efforts would be made, again with the support of development finance institutions, to support the creation of "hands-on" black industrialists, as well as facilitate youth employment and entrepreneurship.

Regional integration was viewed by government as the best way to widen markets. Manufactured exports to the rest of Africa rose by about R21 billion during 2014. They now generate about 167 000 jobs in South Africa.

To further support this thrust, government would finalise the African Free Trade Agreement (PTA)over the next five years to create an integrated market of 26 countries with 600 million consumers.

Legislation and policies

- The Infrastructure Development Act, 2014 (Act 23 of 2014) was signed in June 2014.
- EDD completed a Socio-economic Impact Assessment of the earlier draft of the Infrastructure Development Bill in May 2013. The Bill was amended through internal government consultation processes and then refined through the Parliamentary process in January to March 2014.
- The National Council of Provinces approved the final mandate for the Infrastructure Development Bill in March 2014. EDD completed a Socio-economic Impact Assessment of the earlier draft of the Infrastructure Development Bill in May 2013. Subsequently, the Bill was amended through internal government consultation processes and then refined

through the Parliamentary process in January to March 2014.
- The EDD published the draft policy on the exportation of ferrous and non-ferrous waste and scrap metal in January 2013.

Budget and funding

The EDD's budget is a window across programmes in many different departments. The budget allocation for the 2014/15 financial year amounted to R696,9 million, of which:
- R243 million is for the IDC's subsidiary Small Interprise Finance agency (Sefa)
- R206 million is for the competition authorities
- R85 million is for trade administration
- R163 million is for the department's operations and capital spending.

Programmes and projects

Competition Commission

In October 2014, the Competition Commission reopened its supermarkets investigation.

The commission, which is an entity of the EDD says it has received a fresh complaint from the South African Property Owners' Association (SAPOA).

SAPOA has requested the commission to relook at the issue of exclusive clauses in long-term lease agreements between owners of large retail shopping centres and retail anchor tenants across the country.

The property owners' association alleges that these give rise to considerable competition concerns and could amount to substantial prevention or lessening of competition in violation of the Competition Act 2009, (Act 1 of 2009).

In January 2014, the South African project "myHandsand-Heart," an online and mobile platform for matching organisations and youth volunteers, was named as one of six winners of a global competition for local initiatives that are having a positive impact on their communities. The competition, dubbed the Shaping a Better Future challenge, was open to members of the World Economic Forum's Global Shapers Community, a worldwide network of more than 3 000 young, socially engaged leaders in over 300 city-based hubs worldwide.

Using the latest and most readily accessible online and mobile tools, myHandsandHeart matches organisations and youth volunteers to give young people the experience of civic engagement and to improve their employability.

The project is a partnership between the Global Shapers Cape Town Hub, South Africa's National Youth Development Agency, the Commonwealth Youth Programme and SponsorMe.

Through the opportunities provided, young people are equipped with important skills. They are also able to positively impact local communities and actively engage with key issues in their communities, becoming informed and involved citizens.

The commission was already addressing the residual competition concerns arising from the conduct of the respondents through advocacy engagements with key industry stakeholders, including landlords and supermarkets.

The commission is advocating against the parties entering into long term exclusive agreements as by default for each new development and encourage their use only where justified by the investment made by the supermarket in a particular centre.

New Growth Path (NGP)

The IDC set up a localisation unit and increased its five-year plan for available industrial funding to R102 billion.

A sophisticated industrial strategy, as outlined in the Industrial Policy Action Plan (IPAP), requires the injection of foreign and local capital, know-how and innovation.

A few examples of success:
- Asia's largest commodities trading company, Noble Resources, is the main investor in one of two advanced soya-crushing plants under construction. In the past 12 months, the company invested about R2,2 billion in the local economy.

The NGP calls for greater economic inclusion, through small business development and youth employment.

Over the next five years, Sefa plans to provide R2,3 billion for women-owned enterprises so that women are more actively represented in the economy and may give it the benefit of their energy and enterprise.

The department financed a training programme for 100 young people, in partnership with the South African Institute of Chartered Accountants (Saica).

Green economy

The South African Green Economy Modelling Study, published in August 2013, showed that investing in a low-carbon, resource-efficient green economy was fundamental for South Africa's sustained economic growth and well-being.

The study assessed the impact of green investments in four of the country's key economic sectors: agriculture, energy, transport and natural resource management.

The report found that a green economy approach – such as investing in low-carbon technologies, green buildings, and renewable energy – could create more jobs while supporting the same level of economic growth, yet with lower emissions of greenhouse gases and less environmental damage.

However, based on a green economy, and target-specific scenario, it also confirmed that additional investment might be needed to meet the country's growth target of a 4% to 7% rise in GDP per year, between 2013 and 2020, as stipulated in the NDP.

South Africa is committed to pursuing and exploring opportunities in its transition to an inclusive, low-carbon, resource-efficient green economy.

The report's findings will guide the country's future policies and investments as it works towards achieving its sustainable development and poverty eradication goals.

Some key findings in the report included:

- Investment in a green economy could contribute to 46% more restored land by 2030, and greater water availability, without reducing land required for the agriculture sector. In addition, it could create jobs for 737 000 people, compared to 568 000 under a business-as-usual scenario.
- In the agriculture sector, investment in ecological practices could increase crop yields by as much as 23,9% by 2030, while avoiding further CO^2 emissions. However, the report says additional land for agriculture would still be required to meet the needs of a population that is projected to grow.
- Green investment in the transport sector was insufficient to meet the country's 2005 energy efficiency goal of 9% by 2015. However, in a green economy scenario, improvements in efficiency could reach 5,5% by 2030, partially offsetting the projected growth of the population and GDP.
- Applying the green economy model in the energy sector could result in a reduced energy demand, while increasing the country's electricity diversification mix, but it still falls short of the NDP's goal to have 33% of the country's electricity demand by 2030.
- In August 2014, the fifth International Union of Pure and Applied Chemistry (IUPAC) conference on green chemistry was held in Durban. Green chemistry, also called sustainable chemistry, is a philosophy of chemical research and engineering that encourages the design of products and processes that minimise the use and generation of hazardous substances. The main objective of the conference was to emphasise the importance of green chemistry for sustainable development, and to promote research and collaborations, by bringing together experts and interested parties from all over the world and from diverse bodies – from the academia to the industry and to governments.
- Delegates at the conference paid special attention to the roles of green chemistry in fast-growing economies and to the promotion of green chemistry in Africa.
- Government aims to use all opportunities in the green economy to create jobs and cut carbon emissions. High-tech innovations will help employment grow over the long term, as new technology spreads throughout the economy and transforms other, larger sectors. South Africa's chemical industry is of substantial economic significance, contributing around 5% to the GDP and approximately 25% of manufacturing sales.

Department of Trade and Industry (the dti)

The department continues to contribute towards the Government's priorities and outcomes through the implementation of the IPAP 2.

Its successful implementation in various sectors in South Africa over the past few years has started to bear fruit, with a number of key foreign investors in various sectors starting to choose South Africa as their preferred investment destination.

Central to South Africa's industrial policy is the localisation programme leveraging the huge purchasing power the Government has in the form of public procurement.

Large public procurements are used to promote industrial development, through the designation of products/sectors.

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In September 2014, the new First Automobile Works (FAW) South Africa vehicle assembly plant opened in Port Elizabeth, in the Eastern Cape. The FAWwas expected to boost the country's efforts to achieve a growth target of 5% by 2019.

Located in Zone 2 of the Coega industrial development zone (IDZ), the production plant is funded jointly by China FAW Group Corporation and the China-Africa Development Fund. It is one of the largest investments made by a Chinese company in the country.

FAW SA has been in the South African market for 20 years, providing passenger and commercial vehicles.

Government remained committed to developing and growing the automotive sector in the country.

Over the last 20 years, government employed the Motor Industry Development Programme, and more recently the Automotive Production Development Programme, as the focal industrial policy instruments to transform our automotive industry.

The aim was to migrate the industry from a small assembly base to a globally competitive one, producing vehicles for both domestic and international markets.

The country's Vision 2020 strategy for the industry refers to the doubling of local vehicle production and broadening and deepening of component manufacture by the year 2020.

The Investment Support Programme will assist government to position South Africa as a destination of choice for the assembly of medium and heavy commercial vehicles.

Products/sectors that have already been designated for local procurement include: set-top boxes; the bus sector; steel power pylons; the canned vegetables sector; textiles, clothing, leather and footwear; rail rolling stock.

Due to thinner export markets and other adverse conditions arising from the economic slowdown, the Manufacturing Competitiveness Enhancement Programme (MCEP) may take the form of:

- production support mechanisms
- loans
- equity injection
- working capital support
- restructuring assistance
- support for the acquisition of fixed assets
- investment initiatives to enable firms to accomplish improved sales, job preservation and expansion
- provide income support to employees and lay-offs support.

In November 2014, the dti was finalising the regulations of SEZs.

SEZs are key to the implementation of the IPAP.

In this regard the Dube Trade Port has been designated as an Industrial Development Zone (IDZ). This IDZ will focus on high-value, niche agricultural and horticultural products, as well as manufacturing and value-addition primarily for automotive, electronics and fashion garments sectors.

The department's specialised, regulatory and financial development agencies and institutions include the:

- Small Enterprise Development Agency (Seda)
- Companies and Intellectual Property Commission
- National Empowerment Fund (NEF)
- Estate Agency Affairs Board
- Export Credit Insurance Corporation
- South African Bureau of Standards (SABS)
- National Credit Regulator
- National Lotteries Board
- National Gambling Board
- South African National Accreditation System
- National Consumer Tribunal
- National Consumer Commission
- National Metrology Institute of South Africa
- National Regulator for Compulsory Specifications.

In October 2014, South Africa participated in the innovaBRICS conference, which was partly sponsored by the South African Government through BrandSA. Through the conference, South Africa publicised its NDP, which aims to end poverty and reduce equality by 2030 and promote the country as a prime business destination.

South Africa wants to develop its research capacity to fuel innovation to drive economic growth. The country would also have a special focus on development programmes to support young, female and black researchers.

InnovaBRICS was a unique opportunity to promote closer cooperation between BRICS countries to support South Africa's growth, development and poverty reduction objectives.

BRICS countries account for 43% of the world's population and hold 40% of global currency reserves, estimated at around US$4,4 trillion.

At the conference South Africa expressed its commitment to developing infrastructure that connects it to the rest of the continent, as part of the African Union's Presidential Infrastructure Championing Initiative.

Legislation, policies and strategies

The dti develops and reviews regulatory systems in the areas of competition, consumer protection, company and intellectual property, as well as public interest regulation.

It also oversees the work of national and provincial regulatory agencies mandated to assist the department in providing competitive and socially responsible business and consumer regulations, for easy access to redress and efficient markets.

The department's work is governed by a broad legislative framework. These include the:

- Broad Based Black Economic Empowerment (BBBEE) Act, 2003 (Act 53 of 2003)
- Consumer Protection Act, 2008 (Act 68 of 2008)
- Cooperatives Amendment Act, 2013 (Act 6 of 2013), which amended the Co-operatives Act, 2005 (Act 14 of 2005)
- Copyright Act, 1978 (Act 98 of 1978)
- Intellectual Property Laws Rationalisation Act, 1996 (Act 107 of 1996)
- Liquor Act, 2003 (Act 59 of 2003)
- Patents Act, 1978 (Act 57 of 1978)
- Small Business Development Act, 1981 (Act 112 of 1981)
- Trade Marks Act, 1993 (Act 194 of 1993).
- Preferential Procurement Policy Framework Act, 2000 (Act 5 of 2000) as amended
- The dti released the BBBEE Amendment Act, 2013 (Act 46 of 2013, which aims to strengthen the implementation of BBBEE and its reporting across the economy, as well as to put in place mechanisms to deal with non-compliance in October 2014.

  The Act has several objectives, including aligning it with other legislation that deals with BBBEE and the Codes of Good

Practice. It also seeks to establish the BBBEE Commission to create an institutional environment for monitoring and evaluating BBBEE.

Some of the key material amendments in the Act refer to:

- aligning the Act and the codes, which comprises an interpretation clause extended to include a trumping provision that stipulates that the BBBEE Amendment Act will trump any law that was in force prior to the commencement date of the Act.
- establishing the BBBEE Commission as an entity within the administration of the dti, headed by a commissioner appointed by the Minister; the commission will be responsible for overseeing, supervising and promoting adherence to the act, as well as the monitoring and evaluation of BBBEE
- seting clear penalties, which include a minimum penalty of 10 years imprisonment (and/or a fine) or if the offender is not a natural person, a fine of 10% of its annual turnover.

Role players

National Small Business Advisory Council

The National Small Business Advisory Council advises on issues affecting owner-managed businesses.

The 15-member council comprises business owners, academics and international entrepreneurial experts.

There are three primary working groups in each of the following primary areas:

- access to finance
- demand and markets
- regulatory review.

International Trade Administration Commission of South Africa (Itac)

Itac was established through the International Trade Administration Act of 2002.

The commission is mandated to foster economic growth and development to raise incomes and promote investment and employment, in South Africa and within the Common Customs Union Area.

This is done by establishing an efficient and effective system for the administration of international trade, subject to this Act and the Southern African Customs Union (Sacu) Agreement.

The core functions are customs tariff investigations, trade remedies, and import and export control.

Itac has processed numerous applications for increases, rebates and reduced duties, in line with IPAP priorities.

The SABS has developed an early warning system to identify technical barriers to trade for exporters. Outcomes are distributed to exporters monthly.

Presidential Infrastructure Coordinating Commission (PICC)

The PICC has five geographically defined, strategic integrated projects (SIPs) to:

- develop and integrate rail, road and water infrastructure
- improve the movement of goods and economic integration through a Durban-Free State-Gauteng Logistics and Industrial Corridor
- develop a major new south-eastern node that will improve the industrial and agricultural development and export capacity of the Eastern Cape region and expand the province's economic and logistics linkages with the Northern Cape and KwaZulu-Natal
- expand the roll-out of water, roads, rail and electricity infrastructure in North West, where 10 priority roads will be upgraded
- expand the iron-ore rail line between Sishen in the Northern Cape and Saldanha Bay in the Western Cape, which will create large numbers of jobs in both provinces.

Small Enterprise Development Agency

Seda provides non-financial business-development and support services for small enterprises.

This is in partnership with other role players ensuring their growth, sustainability and enhancing their competitiveness and capabilities through coordinated services, programmes and projects.

Business Partners Limited

Business Partners Limited is a specialist risk-finance company that provides customised financial solutions, sectoral knowledge, mentorship, business premises and other added-value services for formal small and medium enterprises in South Africa and selected African countries. The company is passionate

> The South African economy was set to benefit from the new Hyundai plant which opened in Benoni, Ekurhuleni in September 2014. Most of the trucks produced in the plant will be distributed in the South African market, but Hyundai Automotive SA is also investigating options to export to markets in the Sub-Saharan region of Africa.
>
> Of the vehicles to be assembled at the Benoni plant, 20% will be exported to neighbouring Southern African countries such as Botswana and Namibia as part of the immediate plans.
>
> The plant has already created about 3 200 job opportunities and hopes to increase the number as time goes.
>
> The plant has already produced its first trucks which are ready to be distributed.

about funding, supporting and mentoring entrepreneurs.

Business Partners Limited is an unlisted public company whose major shareholders include Eikenlust (Pty) Ltd (Remgro Ltd), Small Enterprise Finance Agency Ltd, major South African banks and insurance companies. The company has 19 offices throughout South Africa.

National Empowerment Fund

The NEF was established by the NEF Act, 1998 (Act 105 of 1998), to promote and facilitate black economic equality and transformation.

It provides finance and financial solutions to black businesses across a range of sectors.

It also structures accessible retail savings products for previously disadvantaged people based on state-owned equity investments.

Its mandate and mission is to be government's funding agency in facilitating the implementation of BBBEE, in terms of the BEE codes of good practice.

South African Women Entrepreneurs' Network (Sawen)

Sawen is a women's networking forum, which focuses on the advancement of women-owned and managed businesses.

The network advocates policy changes, builds capacity and facilitates women's access to business resources and information.

To buttress government's intent of strategic intervention in women's economic empowerment, the dti has been using vehicles such as Sawen, the Isivande Women's Fund (IWF), Bavumile and Technology for Women in Business (TWIB).

The Ligugu Lami Awards acknowledge women entrepreneurs and encourages them to take pride in their achievements.

Isivande Women's Fund

The IWF accelerates women's economic empowerment by providing affordable, usable and responsive finance.

It renders financial support for deals requiring start-up funding, involving business expansion, rehabilitation, turnaround and franchising.

The IWF targets formally registered, 60% women-owned and/or managed enterprises that have been in existence and operating for two or more years, with a loan range of R30 000 to R2 million.

The Bavumile Programme provides training to women in the clothing sector, while TWIB with its awards programme, recognises women enterprises which use technology to grow and develop their businesses.

Industrial Development Corporation

Small Business Finance Agency (Sefa)

In February 2014, the Sefa invested approved funding of over R1 billion.

The Godisa Fund, which is a R165-million partnership between Transnet, Sefa and Anglo American's Zimele, will provide funding to small black-owned businesses that are, or will become, suppliers to Transnet. Government is investing roughly R200 billion a year to expand infrastructure through new capacity in transport, water, energy, ICT and social infrastructure.

Sefa is a wholly-owned subsidiary of the IDC) and reports to the EDD which is mandated with the fostering of the establishment, survival and growth of small and medium enterprises.

Resources

Technology support

The dti implements skills development, economic infrastructure, and innovation and technology programmes to support priority sectoral and regional industrial development plans.

Some of the key programmes include the Technology and Human Resource for Industry Programme (Thrip), the Support Programme for Industrial Innovation (SPII) and the Centre for Entrepreneurship and Technology Programme.

Provision is also made for transfer payments and subsidies to:

- Seda's Technology Programme, which is managed by Seda, to finance and support early, seed and start-up technology-based ventures
- Thrip, which is managed by the National Research Foundation, to support research and technology development
- the SPII, which is managed by the IDC, to support a wide group of enterprises that promote technological development through financial assistance
- the Workplace Challenge Programme, which finances and supports world-class manufacturing and value-chain efficiency improvements in South African companies.

Black Economic Empowerment

BEE is not only a political and social necessity for redressing the wrongs of the past, but will also help broaden economic participation, which will contribute to economic growth.

Programmes and projects

Black Business Supplier Development Programme

The Black Business Supplier Development Programme is a cost-sharing grant offered to black-owned small enterprises to help them improve their competitiveness and sustainability, to become part of the mainstream economy and create employment.

The programme provides grants to a maximum of R1 million: R800 000 for tools, machinery and equipment on a 50:50 cost-sharing basis; and R200 000 for business development and training interventions per eligible enterprise to improve their corporate governance, management, marketing, productivity and use of modern technology.

The objectives of the incentive scheme are to:

- draw existing Small, medium and micro enterprises (SMMEs) exhibiting potential for growth into the mainstream economy
- grow black-owned enterprises by fostering linkages between black SMMEs and corporate and public-sector enterprises
- complement current affirmative procurement and outsourcing initiatives of corporate and public-sector enterprises
- enhance the capacity of grant-recipient enterprises to successfully compete for corporate and public-sector tenders and outsourcing opportunities.

Industrial development

The dti had by October 2014 registered 18 qualifying black industrialists in a range of sectors to grow the South African economy.

The department would continue to accept applications from industrialists, as it has set a target of 100 black industrialists to up-scale.

This follows on the heels of the Black Industrialists Programme launched by the department in August 2014, through which government aims to create 100 black industrialists.

The qualifying black industrialists ranged from agriculture and agro-processing, manufacturing, beneficiation, and oil and gas sectors.

Government wants to create an enabling environment for industrialists to benefit from government's work, and to ensure that the dti mobilised local funding, so that they do not only depend on external funding.

An advisory panel, which was also announced in August, will look into some of the technicalities affecting the initiative.

The panel comprises members with diversified expertise from many sectors, including finance and legal.

The department would not stop at 100 black industrialists, but the number will be up-scaled with time as the department strives for job creation.

A summit was held regarding the programme in November 2014, where a strategic framework was presented.

Industrial Policy Action Plan II

The IPAP II has prioritised the designation of sectors to enhance manufacturing as one of the key driving levers of economic growth and job creation.

IPAP 2013/14 – 2015/16 is the fifth iteration. Public procurement forms part of the department's industrial levers in the IPAP.

Automotives

The automotive industry remained the largest and leading manufacturing sector in the domestic economy.

The new Medium and Heavy Commercial Vehicles-Automotive Investment Scheme (MHCV-AIS) guidelines to stimulate investment in the production of vehicles in the country were approved in November 2014. The MHCV-AIS is a sub-component of the Automotive Investment Scheme, an incentive designed to grow and develop the automotive sector in South Africa.

The MHCV-AIS provides a non-taxable cash grant of 20% of the value of qualifying investment in productive assets by medium and heavy commercial vehicles manufacturers and 25% of the value of qualifying investment in productive assets by component manufacturers and tooling companies for MHCVs as approved by the Department of Trade and Industry.

An additional non-taxable cash grant of 5% of the value of qualifying investment in productive assets may be available to projects that meet two of the following economic benefit criteria:

- tooling
- research and development in South African-related components of the project
- employment creation
- strengthening the automotive supply chain
- value-addition
- empowerment.

Government interaction with the industry contributed to the opening of the Toyota Ses'fikile Taxi Assembly Line.

Locally manufactured Toyota models are exported to 57 countries' and the Ses'fikile and

In 2014, a new small, medium-sized and microenterprises (SMME) incubator, was launched in Diepsloot, in Johannesburg, which was set to revitalise South Africa's township economies. The Gauteng Department of Economic Development was moving to build a new economy driven by SMMEs, township enterprises and community cooperatives over the next five years. The planned Diepsloot incubation hub would enable the sustainable development of SMME's as they were mentored, supported and incubated into large businesses, and be the model for several planned incubation centres and township hubs offering technical support, funding, offtake agreements and access to markets.

Hino ranges are exported to Botswana Lesotho Namibia and Swaziland.

Clothing and textiles

The Clothing Textile Competitive Programme and Production Incentive were implemented, benefiting 106 and 94 companies, respectively.

Business process services (BPS)

In October 2014, the revised BPS incentive was launched in London.

Over 9 000 jobs have been created. The BPS sector is a key sector for attracting investment and creating new jobs especially in the 18 to 35 age group, where job creation for young people is most needed.

The majority of foreign investment in the sector originates from the United Kingdom (UK) (75%), with voice services accounting for 80% of all Business Process Outsourcing work conducted in South Africa. The South African vertical split among sectors serviced is healthy and split over the following verticals: Telco and ICT (34%); retail (29%), and utilities (12%).

South Africa is increasingly being asked to provide more complex back office process services. Legal Process Outsourcing (LPO) and Shared Services sub-sectors are beginning to expand as South Africa proves its capability and capacity to provide such services.

The key difference with the updated BPS incentive is the splitting of the incentive into Tier 1 (non-complex) and Tier 2 (complex) work.

The purpose of this is to attract more complex work such as LPO by offering a higher incentive for utilising and employing a higher skilled work force.

Investors and South African companies running BPS operations had also requested the duration of the reviewed incentive should be looked at.

The previous incentive which ended 30 September 2014 was offered over three years to companies creating over 50 offshore jobs. Many of the industry's contracts ran for five years and therefore it would provide a level of comfort to investors if the incentive was to also run for five years, from October 2014 to March 2019.

South Africa's Value Proposition, which included a large skills pool of English language speakers, the depth of skills available, the cultural affinity with the UK and time zone compatibility, had continued to attract new investors and that existing investors were expanding.

The BPS incentive played a critical role in reducing the cost gap between South Africa and its competitors.

The South African Value Proposition is now even more compelling as it allows South African companies bidding for UK contracts to offer a more cost competitive proposal when compared to other offshore destinations.

South Africa has the skills to be the best location for superior customer interaction and the scheme will enable them to compete from a value perspective by reducing operational expenditure by up to 12%.

Green industries

The revision of building standards that require higher levels of energy efficiency and mandatory installation of solar water heaters in new buildings was completed.

The SABS finalised enabling standards for solar water heaters; energy-efficient lighting; wind-energy turbines; appliances and products; electric batteries and alternative fuel vehicles; and co-generation of electricity and biofuels.

Significant progress in developing the renewable energy feed-in tariff rules was achieved.

The intra-departmental South African Re-newables Initiative will leverage international climate finance to supplement domestic funding sources for renewable energy production linked to domestic manufacturing.

Special Economic Zones

In October 2014, the Dube Trade Port in Durban officially became an IDZ, joining three other similar economic zones spread out across the country.

The Dube Trade Port IDZ was the latest in the nationwide rollout of SEZ aimed at growing the country's economy to meet the target of growth by 2019.

As the first IDZ for Durban, the Dube Trade Port IDZ joins a list of other similar projects, which have attracted a combined investment of over R5 billion in Port Elizabeth, East London and Richards Bay. More SEZs would be rolled out across the country as government intensifies its approach to industrialise South Africa's economy as demanded by the NDP.

Government has identified IDZs as the most effective way to grow the South African economy. The SEZs are also crucial in the job creating drive which remains high on government's agenda.

South Africa suffering with slow growth and government is going to reindustrialise this country. Government wanted to fast-track economic development and the SEZs are the way of fast racking development but also to decentralise development.

Investors want to relocate towards the big centres of the economy such as Johannesburg because it's closer to the market. Through these IDZs we want to attract investors to the new areas such as the Dube Trade Port, Coega, Richards Bay and the East London IDZ.

The concept of SEZs has proven to have been useful tools to promote industrial development and diversification of the economy.

These industries largely support export markets and are located in ports and around airports.

Government was in the process of setting up a SEZs Board, which will advise the Minister on the implementation and proclamation of SEZs.

What makes the IDZs unique is that they offer a variety of incentives for investors, including a 15% corporate tax rate, employment tax as well as no import duty on imported equipment.

The main sectors that have been identified include electronics manufacturing and assembly, aerospace and aviation-linked manufacturing, agriculture and agro processing, medical and pharmaceutical production as well as clothing and textiles.

The Dube Trade Port is expected to create more than 150 000 jobs by 2016 the same year the development is envisaged to contribute R5,6 billion to the country's GDP.

Broadening participation

One of the key industrial policy goals is the promotion of a broader-based industrial path, where there is more participation by historically disadvantaged economic citizens and marginalised regions in the mainstream of the industrial economy.

To this end, the EDD promotes enterprise development, economic empowerment, the development of skills, the facilitation of economic infrastructure, and enhanced technology and innovation.

This is done by:

- improving productivity
- reducing the regulatory burden and cost of doing business
- improving access to finance for SMMEs and cooperatives
- improving innovation in the domestic economy
- promoting the development and sustainability of SMMEs and cooperatives
- encouraging entrepreneurship and self-employment.

Business-development support programmes will be strengthened and regulatory impact assessments will be addressed to create an environment that is conducive to enterprise growth.

The department works to increase and diversify economic opportunities for black people and for black and women-owned enterprises, especially in priority industrial sectors.

Small, medium and micro-enterprises

Sefa lends between R500 and R5 million to SMMEs in three ways: directly to business owners; via retail finance intermediaries; and via banks through its credit guarantee scheme.

Among other things, the agency aims to:

- investigate the possibility of partnering with retail chain stores, as well as government feeding schemes, as a way to expand its reach into rural areas
- improve a pre-loan support programme, in partnership with the Seda
- partner with more provincial development finance agencies
- expand the pilot project it has with the South African Institute of Chartered Accountants (Saica) to train young graduates to assist small businesses, from Gauteng to KwaZulu-Natal and Mpumalanga
- annually roll out a further nine branches or satellite offices co-located within Seda or IDC branch offices, to add to the 11 regional offices the agency already has.

The cost of Sefa lending finance to business owners was also expected to fall – from 44c for every rand disbursed in 2013/14 to 25c in 2017/18.

Sefa ran awareness road shows with financial intermediaries from April 2013 to February 2014.

The IDC committed over R987 million as a shareholder's loan to the agency until the end of the 2014/15 year, with the option of a further R400 million capital injection in two years' time.

Over the next five years, youth entrepreneurs will have R2,7 billion in funding made available to them by Sefa.

International cooperation: trade, investment and exports

In October 2014, 51 companies participated on the fourth leg of the South African Expos in China.

The expos focused on South Africa's top 10 value-added products and investment projects, and sought to promote engagements, enhance exports and to increase market penetration into China.

In January 2014, the dti launched a permanent showroom for South African lifestyle products, crafts, clothing and textiles in Atlanta in the United States of America (USA)

The showroom is a joint initiative of the dti and the Seda.

Located in one of the largest permanent wholesale trade centres in Atlanta, the showroom will serve as a platform for marketing South African products, while addressing the significant market entry costs faced by smaller exporters.

In November 2014, a South African delegation of 15 South African exporters attended the 32nd Havana International Trade Fair in Cuba.

The objective of the trade fair is to get South African products and services into Cuba. It also aims to promote South Africa as a trade and investment destination.

Cuba is one of South Africa's most important political partners in Latin America and the Caribbean. The two countries have strong bilateral exchanges in the fields of socio-economic activity.

The participation by South African companies provided a platform for identifying trade and investment opportunities in the technology and innovation, metals and mining, electro-technical, chemicals, capital equipment capabilities, and engineering and allied services sectors.

Business process outsourcing and offshoring

Business process outsourcing and offshoring is a major global trend, with a significant positive impact on developing countries with the required skills, cost advantages and infrastructure. Under the Monyetla 2 Programme, 3 400 recruits were trained, of which 70% have been guaranteed employment by the business process outsourcing consortium.

Africa Growth and Opportunity Act (Agoa)

In September 2013, a high-level government and business delegation visited the USA to present South Africa's case for the extension of the Agoa beyond its 30 September 2015 expiry date, as well as the continued inclusion of Africa's largest economy as a beneficiary of the scheme.

South African Premier Business Awards

The winners of the second annual South African Premier Business Awards, which acknowledge excellence across all sectors of South African business, were announced at a gala ceremony at Johannesburg's Sandton Convention Centre on 19 March 2014.

The event is organised by the dti, in partnership with Brand South Africa and Proudly South African.

The awards cover a range of categories, including export, manufacturing, small business, rural development, technology, green economy, youth entrepreneurship, media, investment, and SME supplier development. There are also awards for women-owned enterprises, Proudly South African enterprises, a Most Empowered Enterprise Award, and a special Play Your Part Award.

International cooperation

In February 2014, a 40-member business delegation went to India for the fifth annual Investment and Trade Initiative (ITI). The ITI forms part of the dti's export and investment promotion strategy to focus on India as a high growth export market, as well as a foreign direct investment source.

South Africa's trade with India has doubled over the last five years with gold, diamonds, base metals and chemical products making up the bulk of exports.

The objective of the ITI is to continue to create market access of South African value-added products and services in India, and to promote South Africa as a trade and investment destination.

India has been one of South Africa's top 10 trading partners for several years and is now South Africa's fifth largest export destination and sixth largest source of imports.

The ITI will promote South Africa's agro-processing, beneficiated metals and mining technology, automotive components and electro-technical sectors in India.

The dti also lead a delegation of companies on an Outward Investment Mission (OIM) to Pemba, Mozambique in February 2014.

The mission promoted South Africa as an attractive trade and investment destination in the servicing aspects of the oil and gas industry and also promoted the Saldanha Bay IDZ as an oil and gas servicing hub.

In November 2014, the Minister of International Relations and Cooperation Minister Maite Nkoana-Mashabane, co-chaired the 12th Intergovernmental Committee on Trade and Economic Cooperation (Itec) session, which is a structured mechanism aimed at improving trade and economic relations between South Africa and the Russian Federation, with Russian Minister of Natural Resources and Environment Sergey Donskoy, in Pretoria.

South Africa's Itec with Russia remains an effective instrument in contributing directly to improved two-way trade and investment between the two countries.

South Africa hosted the Itec Sub-Committees in the sectors of trade, investment and banking, energy, agriculture forestry and fisheries.

South African exports to Russia increased from R1,4 billion in 2009 to R3,8 billion in 2013, while total imports from Russia amounted to R3,6 billion in 2013.

Department of Public Enterprises

The Department of Public Enterprises provides effective shareholder management of State-owned enterprises (SOEs)/ state-owned companies (SOCs) that report to the department, and support and promote economic efficiency and competitiveness.

South Africa's infrastructure development programme will open up opportunities for the country's black industrial class to grow.

Focusing on the development of the Durban-Free State-Gauteng Logistics and Industrial Corridor also known as SIP2 the project, on which R205 billion would be invested over the next five years, would improve access to Durban's export and import facilities.

Industry in the Free State would also be integrated into the corridor, cargo nodes would be built in Harrismith, Cato Ridge, Tambo Springs and the Dube Trade Port, and existing cargo nodes like City Deep and Pyramid would be further upgraded.

At the same time, rail capacity between Gauteng and KwaZulu-Natal would be expanded and rolling stock increased to meet forecast growth in demand from 67 million tonnes a year to 167 million tonnes by 2037.

The Government was committed to supporting black industrialists that were ready, able and willing to put in the hard work needed to create sustainable, job creating and skill developing inclusive wealth.

Budget and funding

The proposed budget for the 2014/2015 fiscal year was R259,8 million with the two outer Medium-Term Expenditure Framework (MTEF) years being R279,3 million and R285,6 million respectively.

For the period between 2014/15 and 2018/19 financial years, the SOCs in the Department of Public Enterprises' stable will collectively enrol more than 30 000 new learners in various scarce and critical occupations.

Role players

State-owned enterprises

SOEs and public entities have a crucial role to play in advancing economic growth, since they are responsible for the development of key infrastructure and manufacturing capacity for South Africa.

The SOEs that fall under the jurisdiction of the Department of Public Enterprises are active in the following sectors:

- energy and mining: Alexkor and Eskom
- manufacturing: Denel, Safcol and Broadband Infraco
- transport: South African Airways (SAA), Trans-net and South African Express (SAX).

In October 2014, government proposed a new framework for funding SOEs, which will include closer monitoring of such entities.

Government proposed a new framework for funding SOCs that will distinguish purely commercial activities from the costs of exercising their developmental mandate.

The new framework included closer monitoring of these companies to ensure efficient delivery on government priorities while simultaneously promoting improved commercial performance.

SOCs are a risk that government was watching closely.

Over the medium term, any funding of SOCs were contingent on the implementation of sound restructuring plans with strong government oversight.

According to the Medium Term Budget Policy Statement (MTBPS), given the fiscal constraints over the next two years, capitalisation would only be funded by the sale of non-strategic state assets and would not be drawn from tax revenue or added to the debt of national government.

Government policy remained that SOCs should operate on the strength of their balance sheet.

The MTBPS noted that reforms were undertaken at SAA, SA Express, the South African Post Office and the Land Bank. Steps to safeguard power parastatal Eskom had been taken to secure its financial stability. Eskom borrowed a total R250 billion over the next five years supported by existing guarantees from government. Government will provide at least R20 billion of funding, raised through the sale of non-strategic assets. This will be deficit neutral.

The capitalisation of Eskom would only occur once these funds were realised. If necessary, consideration would be given to a partial equity conversion of the R60-billion loan that had already been provided.

Financial assistance to municipalities for free basic services would continue, ensuring that the poorest households were protected against rising electricity tariffs.

Alexkor

Alexkor Limited's core business is the mining of diamonds on land, along rivers, on beaches and in the sea along the north-west coast of South Africa.

These activities are complemented by geology, exploration, ore-reserve planning, rehabilitation and environmental management.

The non-core business activities comprise residential services, community services, outside engineering services, external transport services, guest houses, fuel stations and an airport.

The management of considerable investment funds, as well as traditional supporting services, such as information systems and human resources, constitute additional non-core business activities.

South African Forestry Company

Safcol is government's forestry company conducting timber harvesting, timber processing and related activities, both domestically and internationally.

It provides almost 2 200 permanent jobs and 2 000 contractual jobs in rural areas in Mpumalanga, Limpopo and KwaZulu-Natal.

As almost 61% of land under Safcol's operation is subject to land claims, the department plays a proactive role in facilitating the resolution of these claims through effective interdepartmental cooperation.

Broadband Infraco

Broadband Infraco is an SOC that operates within specific focus areas of the country's telecommunications sector.

It is intended to improve market efficiency in the long-distance connectivity segment by increasing available long-distance network infrastructure.

Broadband Infraco provides long-distance national and international connectivity to licensed private sector partners, licence-exempt projects of national importance and previously underserviced areas.

Broadband Infraco also provides strategic international connectivity to operators in the South African Development Community (SADC) region and on the west coast of Africa.

The Broadband Infraco network has established 13 600 km of long-distance fibre, as well as five open-access points of presence in key metropolitan areas.

A further seven open-access points to roll out broadband access in remote rural areas and to facilities such as hospitals, clinics and schools have also been established.

Wholesale long-distance connectivity prices have come down by more than 75% over the past two years, partly as a consequence of the establishment of Broadband Infraco, thereby further unlocking economic value by reducing the cost of connectivity.

The Department of Science and Technology took up 70% of the capacity associated with Broadband Infraco's investment in the West Africa Cable System, in support of the Square Kilometre Array (SKA) project.

Denel

Denel is the largest manufacturer of defence equipment in South Africa and operates in the military aerospace and landward defence environment.

It is an important defence contractor and a key supplier to the South African National Defence Force (SANDF), both as a manufacturer of original equipment and service provider for the overhaul, maintenance, repair, refurbishment and upgrade of equipment in the SANDF's arsenal.

Denel supplies systems and consumables to end-users, as well as sub-systems and components to its industrial client base.

It also has a number of equity partnerships, joint ventures and cooperation agreements with international players in the defence industry.

Eskom

Over five years, Eskom is projected to spend over R200 billion for the supply of coal.

The aim is for the utility to procure more than 50% of its coal from emerging black coal miners by 2018.

South African Airways

SAA is South Africa's national airline and operates from OR Tambo International Airport in Johannesburg, Gauteng. Its principal activities include providing scheduled air services for the transportation of passengers, freight and mail to international, regional and domestic destinations. In fulfilling its mission to be an African airline with global reach, it operates to 25 destinations across the continent and provides a competitive, quality air transport service within South Africa and to major cities worldwide.

South African Express

SAX is a domestic and regional passenger and cargo carrier. It has a route network covering six African countries and acts as a strategic feeder, connecting secondary airports with each other , as well as with large hub airports.

Transnet

Over the MTEF Transnet expected to spend R107 billion on its capacity-expansion programme. It is projected that the jobs supported by Transnet in the economy will increase from 368 000 in 2011/12 to 570 000 in 2018/19.

Government Employees Pension Fund (GEPF)

The GEPF is Africa's largest pension fund, with 1,2 million active members, in excess of 300 000 pensioners and beneficiaries, and assets worth more than R1 trillion. State workers and retirees, including departmental bureaucrats, teachers, nurses and members of the police force are among its members.

Department of Small Business Development

The Department of Small Business Development is working towards reversing the high failure rate of new small businesses. The department creates a conducive environment for the development and growth of small businesses and cooperatives through the provision of:

- enhanced financial and non-financial support services,
- competitiveness, market access,
- promotion of entrepreneurship, advancing localisation
- leveraging on public and private procurement.

According to research released by the department in October 2014, the failure rate for new businesses is almost 80% and only about half of those who survive remain in business for the next five years.

The department leads an integrated approach on the promotion and development of small businesses and cooperative, focusing on the economic and legislative drivers that would stimulate entrepreneurship to contribute to radical economic transformation.

Government and its partners will provide a market for these enterprises through public procurement.

In August 2014, the Department of Small Business Development launched its Enterprise Development Academy. The academy is based at the Gordon Institute of Business Science in Johannesburg. It focuses on scholarship-based education and support to micro and small business owners, helping them grow sustainably to create further employment in the long-term. The academy is part of the solution to address youth unemployment and build a nation of entrepreneurs.

Programmes and projects

The Department of Small Business Development developed a number of programmes that would assist small enterprises and cooperatives.

The programmes include:

- centres for entrepreneurship
- micro franchising
- incubation support
- lcooperatives supplier
- red tape reduction, which was aimed at addressing the regulatory burden and B'avumile skills
- enhancing the skills of women to produce quality and commercially viable cultural products for participation in major local and international markets.

The standards and quality go hand-in-hand with the development and growth sustainable enterprises. Consumers would not buy goods that were not of good quality.

Local market, products and services need to comply with certain compulsory technical regulations either set by government or private specifications set by those who procure these products and services.

In June 2014, the Department of Small Business Development held a Youth Business Forum in Pretoria. The forum introduced the department's plans and projects to grow and develop young entrepreneurs. Growth in the SMME sector is the main driver of economic growth, poverty reduction and job creation.

Department of Public Works

The department's mandate is to be the custodian and manager of all government's fixed assets for which other departments or institutions are not responsible, according to legislation.

This includes the determination of accommodation requirements, rendering expert built-environment services to client departments, and the acquisition, maintenance and disposal of such assets.

Legislation and policies

The Department of Public Works is governed by:

- The State Land Disposal Act, 1961 (Act 48 of 1961)
- Occupational Health and Safety (OHS) Act, 1993 (Act 85 of 1993), compels the Department of Public Works to prepare health and safety specifications for any intended construction project and contractors making a bid, or appointed to perform construction work with the specifications.

Responsibility for OHS and workers' compensation in South Africa resides in three government departments:

- The Department of Labour is responsible for workers' compensation, in terms of the Compensation for Occupational Injuries and Diseases Act, 1993 (Act 130 of 1993), and for OHS, in terms of the OHS Act of 1993.
- The Department of Mineral Resources is responsible for OHS in mines and mining areas, in terms of the Mine Health and Safety Act, 1996 (Act 29 of 1996).
- The Department of Health is responsible for compensating mine workers, in terms of the Occupational Diseases in Mines and Works Act, 1993 (Act 208 of 1993).

Role players

Construction Industry Development Board (CIDB)

The CIDB reports to the Minister of Public Works and comprises individuals appointed from the private and public sector. The CIDB:
- provides leadership to stakeholders
- stimulates sustainable growth
- reforms and encourages improvements in the construction sector
- improves its role in the economy.

Council for the Built Environment (CBE)

The CBE is an overarching body that coordinates the six built-environment professional councils – architecture, engineering, landscape architecture, project and construction management, property valuation and quantity surveying – to promote good conduct within the professions, transform them and advise government on built- environment related issues.

The CBE is also an appeal body to ensure protection of the public interest. As such, the CBE and the six councils for the professions maintain, and apply, standards for built-environment professionals' conduct and practice to effectively protect the interests of the public.

Programmes and projects

Expanded Public Works Programme (EPWP)

The EPWP is one of government's key programmes aimed at providing poverty and income relief through temporary work for the unemployed. The EPWP is a nationwide programme covering all spheres of government and SOEs.

The programme provides an important avenue for labour absorption and income transfers to poor households, in the short to medium-term.

It is also a deliberate attempt by the public sector bodies to use expenditure on goods and services to create work opportunities for the unemployed.

EPWP projects employ workers on a temporary or ongoing basis with government, contractors, or other non-governmental organisations under the Ministerial Conditions of Employment for the EPWP or learnership employment conditions.

The EPWP creates work opportunities in four sectors, namely infrastructure, non-State, environment and culture and social, through:
- increasing the labour intensity of government-funded infrastructure projects
- creating work opportunities through the Non-Profit Organisation programme (NPO) and Community Work Programme (CWP)
- creating work opportunities in public environment and culture programmes
- creating work opportunities in public social programmes.

The EPWP also provides training and enterprise development support, at a sub-programme level.

Green Buildings Framework

The deliberations of the Conference of Parties (COP17) in December 2011 added emphasis to the department's Green Buildings Framework and responsiveness to South Africa's newly unveiled *White Paper on Climate Change.*

Efforts to step up the greening of government buildings are underway as part of South Africa's strategies to mitigate the effects of global warming.

In these efforts, the department will realise the green jobs outlined in government's NGP through concerted collaboration with a range of stakeholders such as organised business, the public entities of the department and local communities, using the principles of the EPWP.

Department of Labour

The mandate of the Department of Labour is to regulate the labour market through policies and programmes developed in consultation with social partners, which are aimed at:
- improving economic efficiency and productivity
- creating decent employment
- promoting labour standards and fundamental rights at work
- providing adequate social safety nets to protect vulnerable workers
- sound labour relations
- eliminating inequality and discrimination in the workplace
- enhancing occupational health and safety awareness and compliance in the workplace
- giving value to social dialogue in the formulation of sound and responsive legislation and policies to attain labour market flexibility for competitiveness of enterprises that is balanced with the promotion of decent employment.

Legislation and policy

The department administers the following legislation:
- The Labour Relations Act, 1995 (Act 66 of 1995), applies to all workers and employers, and aims to advance economic development, social justice, labour peace and the democracy of the workplace.
- The Employment Equity Act, 1998 (Act 55 of 1998), applies to all employers and workers and protects workers and job seekers from unfair discrimination, and also provides a framework for implementing affirmative action.
- The Unemployment Insurance Act, 1996 (Act 30 of 1996), provides security to workers, when they become unemployed.

- The OHS Act, 1993 (Act 85 of 1993), provides and regulates health and safety at the workplace for all workers.
- National Economic Development and Labour Council (Nedlac) Act, 1994 (Act 35 of 1994).
- Skills Development Act, 1998 (Act 97 of 1998 as amended), develops and improves the skills of the South African workforce.

Labour Policy and Industrial Relations

The Labour Policy and Industrial Relations Branch supervises policy research, labour market information and statistical services.

This includes regulation of labour and employer organisations and bargaining councils, dealing with all the department's responsibilities and obligations in relation to the International Labour Organisation and other international and regional bodies with which the South African Government has formal relations, as well as the effective functioning of the Commission for Conciliation, Mediation and Arbitration (CCMA) and Nedlac.

The CCMA is an independent dispute-resolution body created in 1996, in terms of the Labour Relations Act, 1995.

It does not belong to, nor is it controlled by, any political party, trade union or business.

The CCMA was established to provide South Africans with an accessible, user-friendly and affordable labour dispute resolution system.

Workers who have allegedly been unfairly dismissed, or are the victims of various unfair labour practices, are able to approach the CCMA alone or with certain categories of recognised representatives to seek redress for workplace wrongs.

Role players

Unemployment Insurance Fund (UIF)

The UIF is a public entity of the Department of Labour that contributes to alleviating poverty in South Africa by providing effective short-term unemployment insurance to all workers who qualify for unemployment and related benefits.

The Unemployment Insurance Amendment Act, 2003 (Act 32 of 2003) deals with the administration of the fund and the payment of benefits.

It also provides for the commissioner to maintain a database to pay benefits to beneficiaries.

The South African Revenue Service (Sars) continues to administer the Unemployment Insurance Contributions Act, 2002 (Act 4 of 2002).

Sars collects contributions from all employers whose workers pay employees' tax. The collection of contributions from all other employers is delegated to the Unemployment Insurance Commissioner.

Compensation Fund (CF)

The department administers the CF, which compensates workers who are victims of occupational disability, occupational disease and fatal work incidents.

The services of the Compensation for Occupational Injuries and Diseases Act, 1993 (Act 130 of 1993) were extended and are rendered at provincial level.

Another element in the decentralisation process has been the move away from manual processing to the introduction of an electronic system.

The construction sector contributes 16% to South Africa's GDP, employing just under 1,8 million workers.

The CF allocated 5% of its total investment, amounting to R1,6 billion, to alleviate unemployment through socially responsible investments in the healthcare industry.

National Economic Development and Labour Council

Nedlac's mandate is to make economic decision-making more inclusive, thereby promoting the goals of economic growth and social equity.

Nedlac's purpose is to facilitate more inclusive economic decision-making, and to promote the goals of economic growth and social equity through discussions with organised business, organised labour and organised community groupings at national level.

The Department of Labour is the main government department from which Nedlac is funded, but the departments of trade and industry, finance and public works are also centrally involved in the council. Other departments attend when there are issues relating to their portfolios.

Organised business is represented by Business Unity South Africa, which brings together the Black Business Council and Business South Africa.

Organised labour is represented by the three main labour federations in South Africa: the Congress of South African Trade Unions, the Federation of Unions of South Africa and the National Council of Trade Unions.

Programmes and projects

The Department of Labour has an infrastructure network of 421 service points across the country.

These include 126 labour centres, 31 satellite offices, 19 mobile offices and 153 visiting points, as well as services provided at Thusong service centres.

Job fairs

The job fairs initiative is part of the department's Public Employment Services' contribution to government service-delivery outcomes.

It is a first step towards building a working relationship with social partners and providing a link between work seekers and potential job opportunities.

Job fairs provide free services to create an opportunity for work seekers to meet with prospective employers and other organisations or departments that can assist with their placement in different forms of employment or learning opportunities.

Various organisations present career and other placement opportunities to work seekers, as well as employment counselling, job search tools and assessments.

The fairs are targeted at unemployed youth who dropped out of school, unemployed youth with school exit certificates, unemployed graduates, and under-employed and retrenched workers.

The fairs are held in conjunction with national and provincial sister departments, including the departments of economic development, transport and rural development; as well as a number of state-owned and private companies, including Transnet, Eskom, the South African Safety and Maritime Authority of South Africa, the Development Bank of Southern Africa and multilateral organisations such as the International Monetary Fund, the World Bank and the International Labour Organisation.