SOUTH AFRICA YEARBOOK 2017/18

Economy

The South African economy grew by 2,2% quarter-on-quarter (seasonally adjusted and annualised) in the third quarter of 2018, bringing to an end the country's second recession since 1994.

Higher contributions to growth in a number of industries – most notably in manufacturing, transport as well as finance and business services – were enough to lift economic growth back into positive territory.

The rise in economic activity in the third quarter follows two consecutive quarters of negative growth, which is a widely recognised indicator of recession. The economy slumped by 2,6% in the first quarter of 2018 and a further 0,4%1 in the second quarter.

Manufacturing was the main driver of positive growth in the third quarter. The industry grew by 7,5%2, largely as a result of increased production of basic iron and steel, metal products and machinery; wood and paper; petroleum products; and motor vehicles. This is the largest jump in manufacturing production since the second quarter of 2016.

After contracting in the second quarter, the transport, storage and communication industry rebounded by 5,7% in the third quarter, making it the second largest contributor to overall growth. An increase in freight transportation underpinned the rise in activity. This is the largest quarter-on-quarter increase for transport, storage and communication since the third quarter of 2007.

The finance, real estate and business services industry was another strong supporter of GDP growth, edging up by 2,3%. It was specifically the activities related to financial intermediation, insurance and real estate which performed better in the third quarter, contributing to the rise.

The agriculture industry bounced back from two consecutive quarters of negative growth to record a 6,5% rise in the third quarter. Strong growth in the production of field crops, horticultural cultivation and animal products contributed to the rebound.

The mining industry was the biggest detractor from economic growth, declining by 8,8%. Lower production levels were recorded for platinum group metals, iron ore, gold, copper and nickel.

Key facts from the third quarter 2018 GDP release:

- Expenditure on GDP increased by 2,3% in the third quarter of 2018.
- Gross fixed capital formation fell by 5,1% in the third quarter, largely as a result of declining investment in construction works, transport equipment, and non-residential buildings.
- Households spent more on food, beverages and household furnishings in the third quarter, driving up household final consumption expenditure by 1,6%.
- Unadjusted real GDP (measured by production) was up by 0,8% in the first nine months of 2018, compared with the first nine months of 2017.

Economic indicators

Domestic outlook

The National Treasury forecasts that GDP growth will slow to 0.7% in 2018, down from 1.3% last year, before rising to 1.7% in 2019 and 2.1% in 2020. The economic outlook is weaker than projected in the February 2018 Budget, which forecast 1.5% and 1.8% GDP growth in 2018 and 2019 respectively.

Agriculture and mining are expected to return to moderate growth in the next 12 months, and business and consumer confidence are expected to improve gradually over the medium term. Despite lower commodity prices, the resolution of several longstanding policy issues over the past six months is expected to support investment in mining and energy.

Higher agricultural output is expected as a result of improved rainfall in the Western Cape this year.

Household consumption

Household consumption grew by 2.3% in the first half of 2018, up from 1.6% over the same period in 2017. Lower food inflation and the stronger rand in the first quarter of 2018 helped boost purchasing power and demand for durable and semi-durable goods.

Credit conditions have improved moderately: household credit growth continues to tick up and the rejection rate for new applications has eased. An optimistic growth outlook supported higher consumer confidence in the first half of 2018.

Growth in household consumption expenditure is projected to reach 1.6% in 2018, rising to 2.6% in 2021. It is supported by a moderate recovery in wage and employment growth, and further improvements in household credit growth.

Investment

South Africa has experienced an extended period of weak investment. Growth in gross fixed-capital formation, after slowing to 0.1% in the first half of 2018, is expected to measure 0.9 per cent for the year as a whole, and 2.9% by 2021. Excluding investments in the utilities sector – primarily in electricity – growth in gross fixed-capital formation has averaged 1.5% per year since 2010, compared with average annual growth of 5.7% in the 2000s.

Low levels of demand and prolonged policy uncertainty have contributed to anaemic investment growth. In recent months, government has worked actively to improve the investment climate by strengthening governance in state institutions and removing policy bottlenecks in energy and mining.

The infrastructure fund will promote investment in major capital projects.

Employment

Unemployment remains extremely high. Government recognises the centrality of private-sector job creation in sustainably reducing joblessness.

Changes in employment levels over the past year have been marginal, with unemployment at 27.2% in the second quarter of 2018.

Formal non-agricultural employment grew by 0.3% in the first half of the year, compared with the same period in 2017. Average employment in the government sector, which accounts for about 21% of total formal non-agricultural employment, rose by 1.8% in the first half of the year, mostly as a result of temporary employment for voter registration.

Employment outside government declined by 0.1% t in the first half of 2018.

According to the Quarterly Employment Statistics (QES) survey released by Statistics South Africa (Stats SA), enterprise-surveyed formal non-agricultural employment decreased by an annualised 1.9% from the first to the second quarter of 2018.

This resulted in a loss of about 47 100 jobs, lowering the level of such employment to an estimated 9.8 million.

Formal non-agricultural employment increased marginally in the first half of 2018, despite the contraction in real GDP over this period.

The decrease in the second quarter of 2018 largely reflected the termination of around 66 700 temporary employment contracts by the Electoral Commission of South Africa (IEC).

When excluding this election-related employment, formal non-agricultural employment increased by 0.7% in the second quarter of 2018 and by 0.3% in the first quarter.

The decline in formal non-agricultural employment in the second quarter of 2018 resulted primarily from an annualised 11.3% decrease in public sector employment as the IEC terminated temporary employment.

When excluding these temporary jobs, public sector employment decreased at an annualised rate of only 0.4%. Job losses at provincial level, national departments and other public sector enterprises were partly offset by increased employment by local governments and the public transport, storage and communication sector.

Within a constrained fiscal environment, the 2018 MTBPS confirmed government's commitment to contain expenditure, which implies sustained limitations on public sector employment, apart from filling certain critical vacancies

The private sector added 20 100 jobs in the second quarter of 2018, despite the further contraction in real GDP. Employment gains in the trade, catering and accommodation services; finance, insurance, real estate and business services; construction; and private community, social and personal services sectors more than offset job losses in the mining; private transport, storage and communication services; and manufacturing sectors.

Mining sector employment decreased further in the second quarter of 2018, albeit at a slightly slower pace. Gold mining employment continued to decline for a seventh successive quarter along with a recent acceleration in the pace of decrease.

The number of people employed in the non-gold mining sector decreased only marginally in the second quarter. The protracted low platinum and gold prices as well as fairly low output weigh on employment prospects in the mining sector. It remains to be seen if the recently gazetted Mining Charter could facilitate policy and regulatory stability.

Manufacturing sector employment contracted for a fifth successive quarter in the second quarter of 2018, in step with weak output and business confidence.

The Absa Manufacturing Survey by Stellenbosch University's Bureau for Economic Research (BER) showed that manufacturing business confidence fell further to 21 index points in the third quarter of 2018, following a 10-point drop to 27 in the second quarter.

A sharp deterioration in domestic demand indicators in the second quarter of 2018 was followed by a further decline in sales and order volumes in the third quarter, and consequently production volumes and employment indicators remained in contractionary territory.

Insufficient demand and the general political climate also weighed heavily on manufacturers' willingness to invest over the next 12 months, with respondents scaling back current and planned investment outlays.

Employment in the construction sector increased marginally in the second quarter of 2018, following two successive quarterly declines.

When measured over four quarters, construction sector employment contracted for seven successive quarters up to the second quarter of 2018, with a cumulative 24 400 jobs lost since the first quarter of 2017.

Weighed down by weak growth in construction activity and declining order books – 91% of respondents reported a lack of new construction work as a business constraint – the First National Bank (FNB)/BER Civil Confidence Index increased by only two index points to 17 in the third quarter of 2018, remaining below 20 for a third successive quarter.

Tender competition moderated due to attrition as financially distressed construction companies ended up in business rescue or liquidation.

Building confidence, as measured by the FNB/BER Building Confidence Index, remained unchanged at 29 index points in the third quarter of 2018 – its lowest level since the third quarter of 2012.

This reflected continued low residential building activity and a marked slowdown in non-residential building activity

Employment in the finance, insurance, real estate and business services sector increased for a third successive quarter in the second quarter of 2018.

Similarly, the trade, catering and accommodation services sector created a cumulative 31 900 jobs in the four quarters up to the second quarter of 2018.

Despite the increase in employment, the BER's Retail Survey showed that business confidence among retailers remained unchanged at 33 index points in the third quarter of 2018, following a decline from 42 in the first quarter.

This portrays a constrained consumer environment which lowers prospects for further employment growth in the trade sector in the short run. Employment in the services sectors grew consistently in recent years, except for a brief period in 2014.

This provided support to private sector employment at a time when the goods-producing sectors experienced notable job losses due to company closures and retrenchments.

The services sectors tend to absorb unskilled workers in low-paying jobs – often with unspecified and limited-duration employment contracts in the retail trade sector and in business services not elsewhere classified, often through labour brokers.

The total number of people employed in South Africa, as measured by the Quarterly Labour Force Survey (QLFS) of Stats SA, increased by 92 000 from the second to the third quarter of 2018, and by 188 000 (or 1.2%) over four quarters, increasing the level of total employment to approximately 16.38 million.

The informal sector created a notable 327 000 jobs in the year to the third quarter of 2018, while the formal non-agricultural sector shed 125 000 jobs. Annual employment gains occurred in the construction (137 000), community and social services (59 000), finance (38 000), agriculture (32 000), trade (20 000), transport (8 000) and electricity (3 000) sectors.

However, job losses were observed in private households (46 000), mining (40 000) and manufacturing (30 000). Annual job creation took place only in the unspecified contract category, with approximately 84 000 job gains.

Discouragingly, there were 163 000 permanent jobs lost and a further 29 000 part-time contracts terminated in the year to the third quarter of 2018.

The number of unemployed South Africans increased by 127 000 from the second quarter of 2018 to approximately 6.21 million in the third quarter, while decreasing marginally by 1 000 from a year earlier.

The number of discouraged work seekers increased markedly by 297 000 (or 12.2%) to around 2.73 million in the year to the third quarter of 2018, but decreased by 88 000 from the second to the third quarter.

The increase in the number of new entrants to the labour force – 179 000 (or 7.8%) – in the third quarter of 2018 resulted in part from more discouraged work seekers engaging in renewed job searching activity, lifting the official unemployment rate.

Within this context, the official unemployment rate increased from 27.2% in the second quarter of 2018 to 27.5% in the third quarter, marginally lower than the 27.7% recorded a year earlier.

Similarly, the seasonally adjusted unemployment rate increased from 27.0% in the second quarter of 2018 to 27.3% in the third quarter.

The youth unemployment rate (for people aged 15 to 24 years) decreased from 53.7% in the second quarter of 2018 to 52.8% in the third quarter, marginally up from 52.2% a year earlier.

Constructive engagements between business, organised labour, the community and government at the 2018 Jobs Summit – prioritising the need to protect and create jobs – are encouraging to address South Africa's high unemployment rate.

Price inflation

Headline inflation continued to ease in 2018, averaging 4.5% over the first eight months of the year compared with 5.5% over the same period in 2017. This trend was largely driven by lower food inflation.

Core inflation, which excludes food, fuel and electricity prices, slowed from 4.9% in the first eight months of 2017 to 4.2% over the same period in 2018. Inflation expectations have eased slightly in 2018 but remain near the upper end of the 3% to 6% t target range.

Higher inflation is expected during the remainder of 2018 in response to administered price increases. In recent months, rising oil prices and a weaker currency led to a sharp increase in fuel prices.

Electricity prices, which rose by 2.1% in August 2017, increased by 7.8% in August 2018. Headline inflation is projected to average 4.9% in 2018, rising to 5.4% by 2021 as food price inflation returns to its historic average.

The medium-term outlook has adjusted the assumption of electricity price inflation from 8% to 10%.

South Africa's consumer inflation rate jumped to 4,5% in April 2018 after reaching a seven-year low of 3,8% in March. Much of the increase was a result of price rises in product groups that attract specific taxes, namely alcohol, fuel and sugary drinks.

A one percentage point increase in value added tax (VAT) also came into effect in April. The exact impact on inflation is not yet entirely clear in the data, since VAT is not paid on all goods and services, and the introduction of the higher rate is being treated differently by providers.

The price for inland 93 octane petrol increased by 69c/l in April, of which 52c was a result of tax increases. Fuel prices in general have risen by 9,0% over the past 12 months, placing fuel as the number 1 product (on par with meat) with the highest year-on-year price increase.

Excise taxes on alcohol and tobacco, which came into effect in February 2018, are slowly permeating the market as retailers fill their shelves with new stock. Prices for alcoholic beverages climbed by 1,2% in March 2018 compared with February 2018, according to the inflation data, followed by a further 1,6% increase in April. Beer experienced an annual price increase of 8,0%.

The new Health Promotion Levy or 'sugar tax' on cool drinks came into effect in April at a rate of 2,1 cents per gram of sugar content exceeding 4 grams per 100ml.

Cell phone fees increased by 2,6% in April. This index normally shows very little movement and this is the largest monthly increase since 2008 when Stats SA started recording the prices of cell phone fees.

There were items in the inflation basket that experienced a fall in price over. Fruit prices, for example, fell by 8,2%, bread and cereals went down by 3,7%, desserts and sweets by 1,5%, and oils and fats by 1,0%.

Exchange rates

In the first three quarters of 2018, the rand weakened by 12.4% against the US dollar. The currency depreciated largely in response to a strengthening of the dollar, negative investor sentiment induced by market volatility in Turkey and Argentina, and wider concerns about trade tensions. Low levels of domestic economic growth contributed to rand weakness.

Creating partnerships for growth

The October 2018 Jobs Summit strengthened the partnership between government, business, labour and communities. Highlights included:

- Improving the efficiency of government spending, for example by increasing placement ratios in the private sector for beneficiaries of public employment programmes, and receiving local procurement commitments from the private sector.
- Project-specific collaboration, as demonstrated by partnerships between commercial farmers, lenders and black farmers.
- Improving policy certainty through consultations that respond to affected groups, evidenced in both the extension of the employment tax incentive as well as changes in the training lay-off scheme.

The Youth Employment Service, a business-led initiative launched in March 2018, offers one-year work experience and training alongside job placement services. Government supports the initiative, which also benefits from the employment tax incentive and enhanced broad-based black economic empowerment recognition.

In December 2018, President Cyril Ramaphosa announced that the NMW will be implemented from 1 January 2019. The NMW of R20 an hour represents a marked increase in income for more than six million workers – or 47% of South Africa's labour force – who earn less than R20 an hour. This rate is subject to future adjustments in terms of the NMW Act of 2018.

The NMW is expected to significantly improve the lives of millions of low-paid workers and begin to address the challenge of wage inequality.

The Jobs Summit resulted in an agreement to extend the employment tax incentive, due to lapse in 2019, for 10 years. The incentive, which encourages the hiring of younger workers, supported about 690 000 jobs in the 2016 tax year.

The Small Business and Innovation Fund will help entrepreneurs and small businesses to navigate the pre-start-up phase and provide support as they scale up their enterprises. This will complement the work of the CEO Initiative's SME Fund, which has raised R1.4 billion to date, with about R500 million expected to be committed for debt and equity investments in SMEs by the first quarter of 2019.

The financial sector has committed to invest R100 billion over five years in black industrial enterprises and firms. The Financial Sector Transformation Council is working with the Department of Trade and Industry to finalise guidelines for the disbursement of this funding.

The infrastructure fund announced as part of the President's economic stimulus and recovery plan is intended to encourage capital investment by the private sector and development finance institutions in public infrastructure. The fund will build on work under way in government to improve the planning and management of large infrastructure projects.

Government expenditure

Government spending is expected to total R5.9 trillion over the MTEF period, growing at an annual average of 7.8% per year.

Funding remains focused on ensuring access to health and education, supporting low-income households through social grants, and providing basic services such as water and electricity.

The expenditure ceiling remains unchanged from the 2018 Budget. Of the R32.4 billion of expenditure reprioritised over the medium term, R15.9 billion goes towards faster-spending infrastructure programmes, clothing and textile incentives, and job creation under the Expanded Public Works Programme (EPWP).

The public-service wage bill constitutes the largest share of government expenditure by economic classification, crowding out other spending. The wage agreement reached in 2018 adds to these pressures.

National and provincial government will work with municipalities to improve governance and confront weaknesses in financial management.

The main budget expenditure ceiling, which includes the contingency reserve, has anchored fiscal policy since the 2012 budget. Allocations made over the MTEF period provide an agreed-upon upper limit within which departments prepare their budgets.

The expenditure ceiling will be maintained for the next two years and is set to grow at 1.5% in real terms in 2021/22 — largely in line with average real GDP growth over the past decade.

Non-interest expenditure remains broadly unchanged as a share of GDP over the medium term. In real terms, non-interest spending grows by an average 1.9% year. This includes a contingency reserve amounting to R7 billion in 2019/20, R8 billion in 2020/21 and R12 billion in 2021/22.

To ensure the expenditure ceiling remains intact, and to support policy priorities, baselines are reprioritised by a total of R32.4 billion over the next three years. Funding of non-performing and under-performing areas has been reallocated, baselines have been reduced, the contingency reserve has been drawn down and provisional allocations have been adjusted.

Reprioritised resources support the President's economic stimulus and recovery plan, and some non-discretionary and infrastructure spending pressures. In addition, R14.7 billion has been shifted within grants for upgrading informal settlements.

In 2016, government introduced legally binding compensation ceilings for national departments. These ceilings remain unchanged over the MTEF period ahead, with departments expected to absorb any shortfall within their current allocations.

Overall growth

According to the 2017/18 budget speech, in 2016/17 the economy grew by 0,3% and is projected to grow by 1% this year. The total income produced by the economy every year is now R4,3 trillion. Net foreign direct investment worth R33 billion flowed into South Africa, a growth of 50%.

Financial ranking

South Africa's performance in the 2018 World Bank's Ease of Doing Business Index (EDB) is ranking at 82nd out of 190 economies.

The World Bank notes two areas of improvement in the EDB 2018, being: South Africa has made starting a business easier by reducing the time for online business registration, and the country improved the monitoring of electricity outages through recording data to monitor outages better.

The World Bank's Ease of Doing Business Report, whcih was released in October, is an indicator of the ease of doing business in various economies around the world.

The 2018 Ibrahim Index of African Governance (IIAG) report, also shows that South Africa has fallen from 6th to 7th position. The IIAG provides an annual measure of governance efficiency of African countries.

The report covers 54 countries and base its analysis on 100 indicators that are drawn from 36 independent sources which together fall into 4 broad thematic categories: Safety & Rule of Law; Participation & Human Rights; Sustainable Economic Opportunity; and Human Development.

South Africa's performance also showed a decline in the 2018-2019 World Economic Forum (WEF) Global Competitiveness Index (WEF GCI). The country now ranks 61 out of 140 economies assessed in the annual s urvey.

South Africa's national strengths can be found in the Finance System ranking 18th, its Market Size at 35th, with strong performance in Business Dynamics at 56th, the Labour Market at 55th, with a relatively good ranking for Economic Stability at 57th. In the context of the 4th Industrial Revolution it is notable that South Africa ranks 46th for Innovation Capability.

Economic Development Department (EDD)

The EDD has assumed responsibilities relating to the creation of decent employment through inclusive economic growth, including the implementation of certain aspects of the NDP, the NGP and the national infrastructure plan as captured in outcomes 4, 6 and 7 of government's 2014 – 2019 Medium Term Strategic Framework (MTSF).

The department is also responsible for five public entities, comprising three regulatory bodies and two development finance institutions. These are: the Competition Commission, the Competition Tribunal, the International Trade Administration Commission of South Africa (ITAC), the Industrial Development Corporation (IDC) of South Africa and the Small Enterprise Finance Agency (Sefa).

Legislation

In line with these responsibilities, the department's mandate includes the administration of the following legislation:

- The Industrial Development Act, 1940 (Act 22 of 1940).
- The Competition Act, 1998 (Act 89 of 1998).
- The International Trade Administration Act, 2002 (Act 71 of 2002).
- The Infrastructure Development Act, 2014 (Act 23 of 2014).

Budget and funding

The EDD aims to drive government's priorities of job creation, inclusive economic growth and industrialisation, and to support the alignment of the State in implementing policies.

The department focuses its work in relation to Outcome 4 (decent employment through inclusive growth) of government's 2014 – 2019 MTSF.

The department's 2009 NGP for creating the jobs that South Africa needs aims for the collective achievement of a more developed and equitable economy and society over the medium term, in the context of sustained growth.

It sets out critical markers for employment creation and growth, and identifies where viable changes in the structure and character of production can generate a more inclusive and greener economy over the medium to longer term.

To that end, it combines macroeconomic and microeconomic interventions. Over the medium term, the department will make interventions aimed at integrating its NGP, including: interventions in infrastructure initiatives, support to provinces on economic planning, and strategic support to development finance institutions and regulatory bodies.

Cabinet has approved reductions of R8,3 million for 2017/18 and R13,5 million for 2018/19 to the department's compensation of employees budget. The reductions are part of Cabinet's decision to lower the national aggregate expenditure ceiling.

The department's operational expenditure is largely on compensation of employees for the skilled personnel required to drive its policy and coordination interventions.

A reduction in personnel will be mitigated through partnerships with higher education institutions to provide technical expertise as it is required. After consultation with the Department of Public Service and Administration and National Treasury, the department will develop and implement a plan to manage its personnel expenditure within its reduced personnel budget.

The department's goods and services budget has been reduced by R1,2 million for 2017/18 and R1,4 million for 2018/19, particularly in travel and subsistence. The department plans to mitigate the impact of the reductions by shifting expenditure from nonperforming areas.

For the 2017/18 financial year, the department was allocated R914.2 million.

Interventions in infrastructure initiatives

The EDD continues its work as secretariat to the Presidential Infrastructure Coordinating Commission (PICC), which focuses on 18 national strategic integrated projects (SIPs). The secretariat's work is budgeted for in the Investment, Competition and Trade programme. R51,5 million over the medium term is allocated to compensation of employees in this programme.

The EDD will provide 60 annual progress reports to Cabinet on the SIPs and unblock, fast-track and facilitate other infrastructure projects. The focus includes unblocking water use licence applications and environmental impact assessments so that projects can commence.

As the chair of the Saldanha-Northern Cape development corridor (SIP 5), the EDD will drive the corridor's implementation over the medium term. The Saldanha-Northern Cape development corridor promotes integrated rail and port expansion and back-of-port industrial capacity, strengthens maritime support capacity for oil and gas along the African West Coast, and expands iron ore mining production and beneficiation.

Support to provinces on economic planning

The EDD was expected to continue supporting provinces on economic planning through a number of spatial, local and provincial economic initiatives. By the end of 2015, support was being provided to the Free State, Eastern Cape, Northern Cape, North West, Limpopo and KwaZulu-Natal.

Over the medium term, the department was expected to use 30 economic development initiatives to promote employment, empowerment and development in all the provinces. Support to provinces on economic planning is budgeted for in the Growth Path and Social Dialogue programme, and the increase in activities over the medium term drives expenditure to grow at an average annual rate of 12,4%, from R27,9 million in 2015/16 to R39,6 million by 2018/19.

Strategic support to development finance institutions and regulatory bodies

The EDD continues to oversee and provide strategic direction to the development finance institutions and regulatory bodies reporting to it. This work accounts for 81% of total departmental spending over the medium term, or R1,7 billion, in the Investment, Competition and Trade programme.

The EDD will evaluate development finance institutions' performance on the impact of jobs. The department expects to have four strategic engagements per year with development finance institutions over the medium term, to improve administrative efficiencies and decrease turnaround times for project approvals.

The department will also undertake 14 engagements with the trade and competition regulatory bodies to improve administrative efficiencies and ensure that the competition authorities address the abuse of market power and support government's employment, industrialisation and development objectives.

To further support the work of the competition authorities, the allocation over the medium term to the Competition Tribunal has been increased to strengthen its capacity.

Regulatory and development finance institutions

Competition Commission

The Competition Commission is a statutory body constituted in terms of the Competition Act of 1998. It is empowered to investigate, control and evaluate restrictive business practices, including the abuse of dominant positions and mergers; and to promote the advocacy of competition issues to achieve equity and efficiency in the South African economy. The commission's total budget for 2016/17 was R268,7 million.

Competition Tribunal

The Competition Tribunal was established in terms of the Competition Act of 1998. All large corporate mergers and allegations of restrictive practices are brought before the tribunal by the Competition Commission and interested parties for adjudication.

International Trade Administration Commission of South Africa

The ITAC is mandated to manage an efficient and effective trade administration system. It was established in terms of the International Trade Administration Act of 2002. The ITAC 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 Agreement.

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

Industrial Development Corporation of South Africa

The IDC is a national development finance institution established in terms of the Industrial Development Act of 1940 with the objective of leading industrial capacity development.

This entails aligning its priorities with those identified in terms of government policies and programmes related to industrial development, including relevant elements of the NDP, the NGP and the Industrial Policy Action Plan (IPAP).

Small Enterprise Finance Agency (SEFA)

The SEFA was established in 2012 and combines the operations of Khula Enterprise Finance, the South African Micro-Finance Apex Fund and the IDC's small business operations.

The SEFA 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.

New Growth Path

The NGP is government's vision to place jobs and decent work at the centre of economic policy. It sets a target of five million new jobs to be created by 2020.

It sets out the key jobs drivers and the priority sectors that we will focus on over the next few years. It is based on strong and sustained, inclusive economic growth and the rebuilding of the productive sectors of the economy.

Infrastructure development in particular is a foundation for more jobs and addressing rural underdevelopment.

Green economy

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

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.

The Green Fund is budgeted for in the Environmental Programmes programme, receiving 3,8% or R290,5 million of the programme's budget over the medium term.

Established in 2011, the Green Fund is a national fund providing catalytic finance for investment in green initiatives that will support South Africa's transition towards a green economy.

The fund is additional and complementary to existing fiscal allocations, focusing on innovative projects that need to cover a funding or financing gap. The fund is managed by the Development Bank of Southern Africa on behalf of the Department of Environmental Affairs. In the 2017/18 financial year, the fund had a portfolio of 20 active and two completed investment projects, representing investment of R679.8 million since the fund's inception

Over the medium term, the Green Fund is expected to receive additional allocations from the economic competitiveness and support package of R95 million in 2018/19, R111 million in 2019/20 and R117.1 million in 2020/21.

Direct investment into projects, including co-investments and additional support realised thus far, amount to R285 million, with contributions from the private sector amounting to R91 million.

Drawing investment from the private sector is one of the key mandates of the fund. As investments begin to show favourable returns, it is expected that private sector investors will invest without any state involvement.

As a result, direct investment is expected to exceed R500 million over the medium term.

Department of Trade and Industry (the dti)

The mission of the dti is to promote structural transformation towards a dynamic industrial and globally competitive economy; provide a predictable, competitive, equitable and socially responsible environment, conducive to investment, trade and enterprise development; broaden participation in the economy to strengthen economic development; and continually improve the skills and capabilities of the dti to effectively deliver on its mandate and respond to the needs of South Africa's economic citizens.

The department's strategic objectives are to: facilitate transformation of the economy to promote industrial development, investment, competitiveness and employment creation; build mutually beneficial regional and global relations to advance South Africa's trade, industrial policy and economic development objectives; facilitate broad-based economic participation through targeted interventions to achieve more inclusive growth; create a fair regulatory environment that enables investment, trade and enterprise development in an equitable and socially responsible manner; and promote a professional, ethical, dynamic, competitive and customer-focused working environment that ensures effective and efficient service delivery.

The work of the dti supports Outcome 4 (decent employment through inclusive growth), Outcome 7 (comprehensive rural development and land reform) and Outcome 11 (create a better South Africa, a better Africa and a better world) of government's 2014 – 2019 MTSF.

Key products and services

Economic Empowerment

The dti provides strategic direction in the development of policies and strategies that promote enterprise growth, empowerment and equity in the economy.

Industrial development

The Industrial Policy Action Plan (IPAP) provides a working outline of the National Programme of Action that has been put in place to implement the country's industrial policy objectives.

Trade, Exports and Investment

The dti plays a critical role in the promotion of economic development and meaningful participation in the global economic and trade environment. It achieves this by working to build an equitable multilateral trading system that facilitates development, strengthens trade and investment links with key economies. The dti recognises the importance of promoting trade and inward investment, and building trade and investment relations. It focuses on encouraging exports, to leverage global growth for the development of the South African economy, through the establishment of collaborative agreements with existing trading partners and dynamic fast-growing emerging markets. The dti, in partnership with the Provincial Investment Promotion Agencies, undertakes investment and export promotion activities in targeted markets that are aligned to South Africa's international relations and co-operation agreements.

- Financial Assistance (incentives): the dti provides financial support to qualifying companies in various sectors of the economy. Financial support is offered for various economic activities, including manufacturing, business competitiveness, export development and market access, as well as foreign direct investment.
- Legislation and Business Regulation: 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 dti in providing competitive and socially responsible business and consumer regulations, for easy access to redress and efficient markets.

Priority areas

Industrial development

The Industrial Policy Action Plan (IPAP) is firmly entrenched in government's overall policy and plans to address the key challenges of economic and industrial growth and race based poverty, inequality and unemployment. It is a key component of the President's Nine Point Plan and is aligned to the policy perspective of Radical Economic Transformation. It is guided by the vision of the National Development Plan. IPAP 2017 is aligned to the Medium Term Expenditure Framework (MTEF) as well as the Medium Term Strategic Framework (MTSF).

The IPAP is a product of the Economic Sectors, Employment and Infrastructure Development (ESEID) cluster. The responsibility for its implementation lies with government as a whole and a wide range of entities, including SOCs.

IPAP 2017/18 – 2019/20

Key focus area:

- The need to raise aggregate domestic demand
- The national Buy Back SA campaign which must be energetically implemented, with the full support of the public sector, led by Proudly South African, the State Owned Enterprises and the private sector
- The need to ensure a much stronger on-going focus on labour intensity across the value chains
- A stepped-up export effort - because of the strong economic and employment multipliers which result - with a focus on key existing exporters, emerging and export-ready firms and supporting new black-owned entrants
- Continuing efforts to achieve a well-regulated, integrated, development-friendly investment framework to raise levels of productive (non-portfolio) capital inflows into the economy
- Strengthening of on-going efforts to build a less concentrated, more competitive economic and manufacturing structure in which barriers to entry for new entrants are lowered across key sectors of the economy
- An understanding that the Fourth Industrial Revolution and disruptive technologies do constitute a clear and present threat to the competitiveness of South African industry and employment; and, therefore, that a concerted, integrated government approach to the issue is imperative.

Investment promotion

The dti plays a critical role in the promotion of economic development and meaningful participation in the global economic and trade environment. It achieves this by working to build an equitable multilateral trading system that facilitates development, strengthens trade and investment links with key economies. A significant feature of the dti's international engagement also involves work to support African regional economic integration and development co-operation.

The dti recognises the importance of promoting trade and inward investment, and building trade and investment relations. It focuses on encouraging exports, to leverage global growth for the development of the South African economy, through the establishment of collaborative agreements with existing trading partners and dynamic fast-growing emerging markets.

The dti, in partnership with the Provincial Investment Promotion Agencies (PIPAs), undertakes investment and export promotion activities in targeted markets that are aligned to South Africa's international relations and co-operation agreements.

Invest SA is a division of the dti which provides a One-Stop-Shop service to investors. It provides investment promotion, facilitation and aftercare services which are geared towards fast-tracking projects and reducing government red tape.

Industrial parks/special economic zones (SEZs)

SEZs are geographically designated areas of a country set aside for specifically targeted economic activities, supported through special arrangements (that may include laws) and systems that are often different from those that apply in the rest of the country.

The 2017/18 – 2019/20 Industrial Policy Action Plan - IPAP identifies SEZs as key contributors to economic development. They are growth engines towards government's strategic objectives of industrialisation, regional development and employment creation.

A number of incentives are available to ensure SEZs growth, revenue generation, creation of jobs, attraction of Foreign Direct Investment (FDI) and international competitiveness.

These SEZ incentives include:

Preferential 15% Corporate Tax:

Businesses (prescribed in section 24(4) of the SEZ Act) that are located in a Special Economic Zone may be eligible for tax relief, including the reduced rate of corporate income taxation. In addition to satisfying the requirements of the SEZ Act, further criteria for some of the available tax incentives are stipulated in the Income Tax Act, 1962 (Act No. 58 of 1962.)

Building Allowance:

Businesses and Operators (prescribed in section 1of the SEZ Act) operating within a Special Economic Zone may be eligible for tax relief, including the building allowance, subject to requirements contained in the Income Tax Act.

Employment Incentive:

Businesses and Operators operating within a Special Economic Zone may be eligible for tax relief, including the employment tax incentive subject to requirements contained in the Employment Tax Incentive Act, 2013 (Act No. 26 of 2013).

Customs Controlled Area:

Businesses and Operators located within a customs controlled area of a Special Economic Zone will be eligible for tax relief as per the Value-Added Tax Act, 1991 (Act No. 89 of 1991), the Customs and Excise Act, 1964 (Act No. 91 of 1964), the Customs Duty Act 2014 (Act No. 30 of 2014) and the Customs Control Act, 2014 (Act No.31 of 2014).

12i Tax Allowance:

The 12i Tax Incentive is designed to support Greenfield investments (i.e. new industrial projects that utilise only new and unused manufacturing assets), as well as Brownfield investments (i.e. expansions or upgrades of existing industrial projects). The new incentive offers support for both capital investment and training.

Black Industrialists

The Black Industrialists Policy aims to leverage the Government's capacity to unlock the industrial potential that exists within black-owned and managed businesses that operate within the South African economy through deliberate, targeted and well-defined financial and non-financial interventions as described in the IPAP and other government policies.

This policy targets entities that should have extensive experience, operations and track record in their respective or envisaged industrial sectors and value chains. It is expected that the entities supported will:

- Expand their current operations or businesses to become major players in the domestic and/or global markets within 10 years of being in the programme;
- Start a new operation or business that can enable them to become major players in the domestic and/or global markets within 10 years of being in the programme; and
- Acquire an existing or new business that can enable them to become major players in the domestic and/or global markets within a specified period.
- Such entities should be operating in the manufacturing sectors of the economy in line with the industrialisation path as articulated in the IPAP.

By January 2018, a total of 78 black industrialists had been supported. The programme is expected to support 100 industrailists by March 2018.

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:

- The BBBEE Act, 2003 (Act 53 of 2003)
- The Consumer Protection Act, 2008 (Act 68 of 2008)
- The Co-Operatives Amendment Act, 2013 (Act 6 of 2013), which amended the Co-Operatives Act, 2005 (Act 14 of 2005)
- The Copyright Act, 1978 (Act 98 of 1978)
- The Intellectual Property Laws Rationalisation Act, 1996 (Act 107 of 1996)
- The Liquor Act, 2003 (Act 59 of 2003)
- The Patents Act, 1978 (Act 57 of 1978)
- The Small Business Development Act, 1981 (Act 112 of 1981)
- The Trade Marks Act, 1993 (Act 194 of 1993).
- The Preferential Procurement Policy Framework Act, 2000 (Act 5 of 2000) as amended
- The BBBEE Amendment Act of 2013 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.

The latter 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 BBBEE Amendment Act of 2013 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
- setting 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

Budget

The dti was allocated R9.3 billion for the 2017/18 financial year, of which 98.98% was spent over the period.

During the period under review, the department collected R106.6 million as compared to R98 million in 2016/17.

Role players

Presidential Infrastructure Coordinating Commission

The PICC has the following 18 SIPs:

- Durban-Free State-Gauteng Logistics and Industrial Corridor
- South Eastern node and corridor development
- Unlocking the economic opportunities in North West
- Saldanha-Northern Cape Development Corridor
- Integrated Municipal Infrastructure Project
- Integrated Urban Space and Public Transport Programme
- Green Energy in support of the South African economy
- Electricity Generation to support socio-economic development
- Electricity Transmission and Distribution for all
- Agri-Logistics and Rural Infrastructure
- revitalisation of public hospitals and other health facilities
- rational school build programme
- Higher Education Infrastructure
- rxpanding access to communication technology
- SKA and MeerKat
- regional integration for African cooperation and development
- Water and Sanitation Infrastructure Master Plan.

The main objective of the PICC awareness campaign is to promote infrastructure development initiatives across the country, whilst showcasing the tangible benefits in terms of job creation and mainstreaming access to social services.

Business Partners Limited

Business Partners Limited is a specialist risk-finance company that provides customised financial solutions, technical assistance, 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 about funding, supporting and mentoring entrepreneurs.

Business Partners Limited considers financing applications up to R50 million in all sectors of the economy — with the exception of on-lending activities, direct farming operations, underground mining and non-profit organisations — to those formal small and medium businesses whose gross assets are under R100 million, where annual turnover does not exceed R200 million and/or employees are less than 500 in number.

Applications for financing below R500 000 are usually not considered; and the company does not operate in the informal or micro enterprise sectors.

National Empowerment Fund (NEF)

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

The NEF 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.

The fund has five core divisions: small and medium enterprises, rural development, venture capital, corporate finance, and women empowerment funds.

South African Women Entrepreneurs' Network (SAWEN)

SAWEN is a South African national network that facilitates and monitors the socio-economic advancement of women entrepreneurs and their positive impact on the country's economy.

The objectives of SAWEN are to:

- provide a national vehicle that brings women and women's groups together to address the challenges faced by them
- lobby government, public and private institutions on such issues, but not limited to policy, legislation and/or proposed legislation affecting either directly and indirectly the trade and commerce activities of women entrepreneurs
- align SAWEN with other bodies or organisations with similar business interests at both national and international level, and to leverage the relationships arising out of these alignments for the benefit of its members
- facilitate access to business resources, information and opportunities for South African women entrepreneurs in a way that promotes their effective participation in the global economy
- profile and affirm women in business leadership positions in both public and private sectors.

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

IWF is an exclusive fund that aims to accelerate women's economic empowerment by providing more affordable, usable and responsive finance than is currently available. The IWF assists with support services to enhance the success of businesses. It pursues deals involving start-up funding, business expansion, business rehabilitation, franchising and bridging finance.

The fund is managed by the IDC on behalf of the dti through a development fund manager.

IDF Managers is an SME financier aimed at supporting the creation of self-sustaining black-owned and women-owned businesses in South Africa by providing primarily financial and non-financial support to its investee companies.

The IDF Managers is responsible for reviewing eligible business plans requiring funding of R30 000 to R2 million.

The women-owned enterprises have to meet the following criteria:

- at least six months in operation
- requires early stage, expansions and growth capital
- 50% plus one share owned and managed by women
- have potential for growth and commercial sustainability
- improved social impact in the form of job creation.

Small Business Finance Agency

The Sefa was established on 1 April 2012 following the merger of South African Micro Apex Fund, Khula Enterprise Finance Ltd and the small business activities of the IDC.

Sefa's mandate is to foster the establishment, survival and growth of small, medium and micro enterprises (SMMEs) and contribute towards poverty alleviation and job creation.

Sefa has a regional footprint of nine offices around the country and it lends between R500 and R5 million to SMMEs.

The target market is survivalists, SMMEs, including co-operatives falling in the following funding gap:

- Survivalists and microenterprises – loans between R500 and R50 000
- Small enterprises – loans between R50 000 and R1 million
- Medium enterprises – loans between R1 million and R5 million.

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 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 Policy Action Plan

The IPAP 2016/17 – 2018/19 is informed by the vision set out for South Africa's development provided by the NDP. The IPAP is a key pillar of the Nine-Point Plan, which seeks to ignite economic growth and create much-needed jobs.

Automotives

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

The automotives sector has performed exceptionally well. The dti has established a team of technical experts to develop a post-2020 Automotives Master Plan.

The mandate of the team is to examine the entire automotive sector and not just the existing Automotive Policy Development Plan, which will include light, medium and heavy vehicles and motorcycles.

The purpose is to ensure that in the context of long-term policy certainty, a post-2020 Master Plan will create a framework to secure even higher levels of investment and production, higher exports, deepening localisation and expanding employment.

The dti initiated the Medium and Heavy Commercial Vehicles Automotive Investment Scheme (MHCV-AIS), a subcomponent of the Automotive Investment Scheme (AIS), an incentive designed to grow and develop the automotive sector through investment in new and/or replacement models and components that will increase plant production volumes, sustain employment and/or strengthen the automotive value chain.

The MHCV-AIS provides for a non-taxable cash grant of 20% of the value of qualifying investment in productive assets by medium and heavy commercial vehicle manufactures and 25% of the value of qualifying investment in productive assets by component manufactures and tooling companies for MHCV's as approved by the dti.

Some of the conditions are that the applicant must:

- be a registered legal entity in South Africa in terms of the Companies Act, 2008 (Act 71 of 2008 (as amended); Companies Act, 1973 (as amended); or the Close Corporations Act, 1994 (as amended), and must undertake manufacturing in South Africa
- be a taxpayer in good standing and must, in this regard, provide a valid tax clearance certificate before the MHCV-AIS grant is disbursed; the grant will only be applicable to investment in assets that will be used in the entity's South African operations
- submit a business plan with a detailed marketing and sales plan, a production plan, budget and projected financial income statement, cash-flow statement and balance sheet, for a period of at least three years for the project submit a B-BBEE certificate, ITAC Registration certificate, projected financial income statement, cash-flow statement and balance sheet for a period of at least three years of the relevant division, cost centre or branch where the project is located, if applicable submit a cost benefit analysis for the project in cases where it cannot provide information in respect of a cost centre.

Clothing and textiles

After government set a 100% local content requirement, the clothing, textiles, leather and footwear sector saw the reintroduction of products where local production had been discontinued.

These include technical fabrics, protective footwear, protective fabrics and chambray fabrics.

This intervention, supported also by the Clothing and Textile Competitiveness Improvement Programme, has contributed to turning the sector around. In response to the flood of cheap clothing imports, government has increased the import duty on clothing to 45% in line with World Trade Organisation regulations.

Business process services (BPS)

South Africa's BPS sector continued to maintain its status as a leading global outsourcing destination, while steadily moving up the value chain in terms of service offerings.

BPS already accounts for 200 000 jobs nationally and is one of the country's fastest-growing sectors, with double digit growth over the past five years.

Special Economic Zones

The South African Government, in an effort to reposition itself in the world economy, established the Industrial Development Zones (IDZ) programme.

SEZs are geographically designated areas of a country set aside for specifically targeted economic activities, supported through special arrangements (that may include laws) and systems that are often different from those that apply in the rest of the country.

The purpose of the SEZ programme is to:

- expand the strategic industrialisation focus to cover diverse regional development needs and context
- provide a clear, predictable and systemic planning framework for the development of a wider array of SEZs to support industrial policy objectives, the IPAP and the NGP
- clarify and strengthen governance arrangements, expand the range and quality of support measure beyond provision of infrastructure
- provide a framework for a predictable financing framework to enable long-term planning.

There are currently five operating IDZs in South Africa, namely:

- The Coega IDZ is the largest IDZ in southern Africa. It was designated in 2001 and became South Africa's first IDZ. It lies in the Nelson Mandela Bay Metropolitan Municipality in the Eastern Cape, which is strategically located on the east-west trade route to service both world and African markets. The Coega IDZ leverages public sector investment to attract foreign and domestic direct investment in the manufacturing sector with an export orientation. The IDZ has attracted investment in the agro-processing, automotive, aquaculture, energy, metals logistics and business process services sectors. This has advanced socio-economic development in the Eastern Cape region through skills development, technology transfer and job creation.
- The Richards Bay IDZ is a purpose-built and secure industrial estate on the north-eastern South African coast. The N2 business corridor links the province's two major ports, Durban and Richards Bay, and connects with Maputo in Mozambique and, ultimately, areas of East Africa. It is linked to an international sea port of Richards Bay, tailored for manufacturing and storage of minerals and products to boost beneficiation, investment, economic growth and, most importantly, the development of skills and employment. First-world infrastructure allows for the full exploitation of the areas' natural and strategic advantages. Through the superb industrial infrastructure, well-established network of shipments, tax and duty-free incentives, the IDZ aims to encourage international competitiveness and the attraction of export-orientated manufacturing investment.
- The East London IDZ has become a prime industrial park in South Africa, renowned for its customised solutions for various industries including automotive, agro-processing and aqua-culture. The IDZ offers growth-oriented companies a specialised manufacturing platform, innovative industrial and business solutions access to new markets and strategic industry networks. The IDZ, one of the country's leading specialised industrial parks, is located in Buffalo City, the municipal area which also incorporates Bhisho, the province's capital and King William's Town. It was one of the first IDZs in South Africa to become operational and represents an ideal choice for the location of exported manufacturing and processing. Its location provides investors with connections to major markets both locally and across the globe.
- The Saldanha Bay IDZ in the Western Cape is expected to serve as the primary oil, gas and Marine Repair engineering and logistics services complex in Africa, servicing the needs of the upstream Oil Exploration Industry and Production service companies operating in the oil and gas fields off sub-Saharan Africa. Situated approximately two hours north of Cape Town, the IDZ will include logistics, repairs and maintenance, as well as fabrication activities.
- The Dube TradePort is a catalyst for global trade and a portal between KwaZulu-Natal and the world. It is the only facility in Africa that brings together an international airport, a cargo terminal, warehousing, offices, a retail sector, hotels and an agricultural area. Located 30 km north of Durban, Dube TradePort is positioned between the two biggest sea ports in southern Africa, and linked to the rest of Africa by road and rail. The following two areas have been designated as comprising the IDZ: the Dube TradeZone and the Dube AgriZone. The Dube TradeZone aims to focus on manufacturing and value-addition primarily for automotive, electronics and fashion garments. The facility involves warehousing, manufacturing, assembling real estate resource, complete with a single facility in which all freight forwarders and shippers are located (Dube TradeHouse), which enjoys a direct link to the adjacent Dube Cargo Terminal via an elevated cargo conveyor system. The Dube AgriZone – a high-tech, future farming facility and host to the continent's largest climate-controlled growing area under glass – will focus on high-value, niche agricultural and horticultural products. The AgriLab will look into specialised tissue culture, greenhouses, flowers and plants, all of which require swift air transportation.

South African Emerging Black Filmmakers Incentive Scheme

The South African Emerging Black Filmmakers Incentive is available to South African black-owned qualifying productions. It aims to nurture and capacitate emerging black filmmakers to take up big productions and contribute towards employment opportunities.

The dti expected to spend R100 million to support emerging black filmmakers by the end of March 2018.

By July 2017, the incentive scheme had managed to support 40 projects of emerging filmmakers as part of the R100 million budget.

World Economic Forum 2018 (WEF)

Deputy President Cyril Ramaphosa led a South African delegation to the WEF in Switzerland from 23 – 28 January 2018. The team reached out to international partners as part of efforts to position the country favourably to the rest of the globe. They participated in a range of public forums and bilateral meetings as part of positioning South Africa's attractiveness as an investment destination, trade partner and member of the international community.

Government also utilised the WEF Davos 2018 platform to bring attention to the significant centenary celebrations of the iconic global leader and late South African President Nelson Rolihlahla Mandela.

The Deputy President also held bilateral meetings with President Paul Kagame of Rwanda; President João Lourenco of Angola; Prime Minister Hassan Ali Khayre of Somalia; Deputy Prime Minister Tharman Shanmugaratnam of Singapore and Foreign Minister Mohammed bin Abdulrahman bin Jassim Al Thani of Qatar.

He also held bilateral meetings with WEF Founder and Executive Director Prof Klaus Schwab, Danish Prime Minister Lars Løkke Rassmussen and British Prime Minister Theresa May.

The four-day meeting was held under the theme: "Creating a Shared Future in a Fractured World".

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.

South African Premier Business Awards

The South African Premier Business Awards is hosted annually by the the dti in partnership with Proudly South African and Brand South Africa. The awards recognise business excellence and honours enterprises that promote the spirit of success and innovation as well as job creation, good business ethics and quality. These awards bring together all single sectored awards, among others technology, manufacturing and women in business.

The 2018 awards were held on 30 January 2018 at the Sandton Convention Centre in Johannesburg under the theme "Rewarding Business Excellence".

The winners were as follows:

- **Black Industrialist Award:** Thata Ubeke Manufacturing (Pty) Ltd.
- **Enterprise Development Award:** Sumitomo Rubber South Africa.
- **Exporter Award:** Aerosud Aviation (Pty) Ltd.
- **Investor Award:** Sumitomo Rubbers South Africa
- **Manufacturer Award:** Thata Ubeke Manufacturing (Pty) Ltd.
- **Play Your Part Award:** Clover Mama Afrika Trust.
- **Proudly South African Member Company Award:** La Van Skin and Body Excellence System.
- **SMME Award:** Memeza Shout (Pty) Ltd.
- **Women-Owned Business Award:** BBD Steel Supplies.
- **Young Entrepreneur Award:** Gridbow Engineers and Technical Services.

Old Mutual, Tsogo Sun, Wits Business School and the Johannesburg Stock Exchange sponsored the awards.

International cooperation

The Investment and Trade Initiative (ITI) is part of the dti's objective to create market penetration for South African value-added products and services, and to promote South Africa as a trade and investment destination.

IThe ITI focuses on showcasing South Africa's diverse range of capabilities to produce world-class products and services in the targeted sectors, which include agro-processing (rooibos tea, dried fruits, spices, sauces, frozen fish and sparkling 100% fruit juice), industrial chemicals and automotive components.

South African companies have developed highly specialised skills and products and there are various opportunities for South African companies to market their expertise and collaborate in projects with their Brazilian counterparts.

The programme of the ITI includes trade and investment seminar, business-to-business meetings and sector-specific business site visits to companies in São Paulo and Porto Alegre.

Department of Public Enterprises (DPE)

The mandate of the DPE is to ensure that the state-owned companies (SOCs) in its portfolio are directed to serve government's strategic objectives, as articulated in the NDP, the NGP and the IPAP.

In the current economic climate, SOCs have emerged as key instruments for the State to drive its developmental objectives of creating jobs, and for enhancing equity and transformation.

The SOCs in the DPE's portfolio form the cornerstone of the economy and their capacity would be strategically used to support the delivery of the NDP's outcomes, making the strengthening of oversight tools for the SOCs crucial to socio-economic transformation.

The department does not directly execute programmes but seeks to leverage off state ownership in the economy to support the delivery of key outcomes outlined in the NDP and government's 2014 – 2019 MTSF.

The DPE oversees the six SOCs in its portfolio: Alexkor, Denel, Eskom, the South African Forestry Company (SAFCOL), South African Express Airways and Transnet. The DPE aims to ensure that they are financially sound and pursuing government's national development objectives, in particular Outcome 6 (an efficient, competitive and responsive economic infrastructure network) of the 2014 – 2019 MTSF.

Over the medium term, the department is expected to focus on strengthening its oversight functions, increasing the public sector's investment in the economy, reducing SOCs' reliance on the fiscus, and ensuring their financial sustainability.

Budget

The department's budget for the 2017/18 financial year was R266.7 million. It spent 93.9% of its total budget for the 2017/18 financial year.

Role players

Alexkor

Alexkor was established in terms of the Alexkor Limited Act, 1992 (Act 116 of 1992) to mine marine and land diamonds in Alexander Bay. In line with Outcome 6 (an efficient, competitive and responsive economic infrastructure network) of government's 2014 – 2019 MTSF, the company is exploring opportunities in energy through coal and limestone mining opportunities, which will require the organisation to expand its operations beyond the Northern Cape.

Alexkor has further commissioned and started a study into non-mining activities in the Northern Cape which the Richtersveld community could pursue from the proceeds of the pooling and sharing joint venture.

The land-mining rights and 49% of the mining operations were ceded to the Richtersveld community following the conclusion of the land restitution agreement with government in 2007. Alexkor remains the owner of the sea-mining rights and 51% of the mining operations.

The mining operations with the land and sea-mining rights have been pooled into an unincorporated entity called the Alexkor Pooling and Sharing Joint Venture. The mining operations employ 250 people.

The settlement agreement included, among other things, the restoration of land and mineral rights, the formation of the pooling and sharing joint venture, environmental rehabilitation, and the establishment and development of the town at Alexander Bay.

As a result, since November 2013, the town has been made official and now forms part of the Richtersveld Municipality. Progress to date includes the upgrade of residential properties' electrical and water reticulation systems, and the transfer of the mine operations restored with the land mining rights to the Richtersveld Mining Company. The implementation of the plan to rehabilitate mining areas has also begun.

The company has also undertaken an initial study to explore alternative revenue streams to improve its financial position. Alexkor will continue to work towards improved sustainability over the medium term.

South African Forestry Company

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

The company also contributes to education and healthcare infrastructure through maintaining its commitment to support the growth and transformation of the communities in which it operates and promoting socio-economic development.

It provides almost 5 000 permanent and contractual jobs in rural areas in Mpumalanga, Limpopo and KwaZulu-Natal.

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 Southern African Development Community region and on the west coast of Africa.

Broadband Infraco fibre optic network currently comprises approximately 14 000 km of fibre and 158 Points of Presence countrywide.

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 subsystems 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

Eskom's mandate is to generate, transmit and distribute electricity to industrial, mining, commercial, agricultural and residential customers and redistributors.

It contributes to the realisation of Outcome 6 (an efficient, competitive and responsive economic infrastructure network) of government's 2014 – 2019 MTSF.

Eskom generates 95% of the electricity used in South Africa and 45% of the electricity used in Africa.

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 38 destinations worldwide and provides a competitive, quality air transport service within South Africa and to major cities worldwide.

South African Express

South African Express Airways was established in 1994 as a regional carrier operating domestic and regional flights, serving secondary routes in South Africa and the continent, including regional routes to Botswana, Namibia, Democratic Republic of the Congo, Zimbabwe and Zambia.

It also provides feeder air services that connect with the South African Airways network.

Transnet

Transnet's mandate is to contribute to lowering the cost of doing business in South Africa, enable economic growth, and ensure security of supply through providing appropriate port, rail and pipeline infrastructure in a cost-effective and efficient manner.

This is in line with Outcome 6 (an efficient, competitive and responsive economic infrastructure network) of government's 2014 – 2019 MTSF.

Considering the economic climate, the company is reviewing its investment programme to ensure that it is optimised and remains affordable, which may necessitate an extension in planned capital programme expenditure from seven to 10 years, due to a decrease in export demand for commodities.

Notwithstanding these challenges, over the medium term and beyond, Transnet will continue with a number of key infrastructure and equipment projects.

These include the rollout of the manganese expansion project, the berth-deepening and reconstruction of Durban Container Terminal Pier 2, the doubling in size of the Overvaal Tunnel, the delivery of the 1 064 locomotives, and delivery on Operation Phakisa initiatives, which relate to the oceans economy.

Government Employees Pension Fund (GEPF)

The GEPF is Africa's largest pension fund, with more than 1,2 million active members, in excess of 400 000 pensioners and beneficiaries, and assets worth more than R1,6 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 (DSBD)

The mission of the DSBD is to create a conducive environment for the development and growth of small businesses and co-operatives through the provision of enhanced financial and non-financial support services.

The DSBD creates a conducive environment for the development and growth of small businesses and co-operatives 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.

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

Budget

The department was allocated R1.5 billion for the 2017/18 financial year..

Department of Public Works (DPW)

The DPW is mandated to be the custodian and portfolio manager of national government's immovable assets.

Following the operationalisation of the Property Management Trading Entity in 2015/16, the DPW's role will now be policy formulation, coordination, regulation and oversight relating to the provision of accommodation and expert built environment services to client departments at the national government level; as well as, through the Property Management Trading Entity, the planning, acquiring, managing and disposing of immovable assets in the department's custody.

The DPW is further mandated to coordinate and provide strategic leadership in job creation initiatives through the implementation of the EPWP. The DPW is constitutionally designated as a concurrent function exercised by both the national and provincial spheres of government.

As articulated in government's 2014 – 2019 MTSF and the NDP, slow economic growth and the associated unemployment are expected to characterise South Africa's economic performance over the medium term.

Against this background, the DPW is expected to contribute to providing labour-intensive work opportunities and income support to low-skilled or unskilled unemployed people by coordinating the EPWP.

The DPW enables participating government and non-government bodies to identify and bring into the programme labour-intensive projects with a significant capacity to absorb low-skilled work seekers.

Legislation and policies

The DPW is governed by the following legislation:

- The State Land Disposal Act, 1961 (Act 48 of 1961).
- The Occupational Health and Safety (OHS) Act, 1993 (Act 85 of 1993), compels the DPW 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).

Budget

The department's budget allocation for the 2017/18 financial year was R7 billion.

Role players

Construction Industry Development Board (CIDB)

The CIDB provides leadership to stakeholders; stimulates the growth, reform and improvement of the construction sector; and enhances the industry's role in the South African economy. The board's total budget for 2016/17 was R126 million.

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

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.

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, by:

- increasing the labour intensity of government-funded infrastructure projects
- creating work opportunities through the Non-Profit Organisation programme and Community Work Programme
- 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 subprogramme level.

Since 2012/13, the EPWP has created 4 185 426 work opportunities, and targets creating an additional 4 205 730 work opportunities by the end of 2018/19.

As the coordinator of the programme, the DPW will monitor the quality of the programme's delivery of infrastructure and services to the poor (including training), and it will encourage greater participation in the programme and community ownership of it.

Spending on transfers and subsidies for the EPWP was set to increase from R1,7 billion in 2015/16 to R2,3 billion in 2018/19, at an average annual rate of 11%.

For coordinating the programme, the department projects spending R1 billion over the medium term, specifically on compensation of employees and goods and services; including R622 million for personnel providing support at the provincial level for administering the programme grants.

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
- facilitating decent employment creation
- promoting labour standards and fundamental rights at work
- providing adequate social safety nets to protect vulnerable workers
- promoting and enforcing 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 of 1993 provides and regulates health and safety at the workplace for all workers.
- The 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.
- The Employment Services Act, 2014 (Act 4 of 2014), promotes employment, growth and workplace productivity.

In February 2018, South Africa, as chair of the Southern African Development Community (SADC), hosted a two-day workshop on youth unemployment in the region.

The workshop was held under the theme "Addressing Youth Employment in the SADC Region". Youth unemployment is defined by the United Nations as unemployed young people between the ages of 15-25 years of age, who do not have a job but are actively seeking work.

However, youth unemployment within the SADC region includes unemployed persons between the ages of 15-35 years old.

An estimated 71 million youth in the SADC region are said to be unemployed. SADC Labour Ministers have been mandated to come up with solutions to the growing problem.

The objective of the workshop is to establish a forum for employment services practitioners within the SADC Member States to share experiences and challenges, as well as come up with best practices on how to approach youth unemployment.

The workshop was held at Birchwood Conference Centre in Ekhurhuleni, Gauteng.

Budget

The department was allocated R3.1 billion for the 2017/18 financial year.

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 of Labour'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 of 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.

The Labour Policy and Industrial Relations programme receives R9,1 million in 2017/18 and R9,7 million in 2018/19 to establish a national minimum wage fixing mechanism, to adjust the level of the wage periodically, and to review the impact of the national minimum wage.

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).

The fund is financed through contributions from employees and employers, as legislated in the Unemployment Insurance Contributions Act of 2002, as well as return on investments.

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.

The fund's mandate and job-creation initiatives contribute to three core elements identified in the NDP (social protection through the provision of unemployment insurance to all workers in the country; employment through investment in job creation projects; and quality education and skills development through training initiatives) that aim to provide unemployed beneficiaries with various artisan skills.

In addition to improving benefits, the fund aims to improve its efficiency by improving the rate at which claims are processed and paid from five weeks to four weeks by 2017/18, and three weeks in 2018/19.

The fund also aimed to save an estimated 35 000 jobs over the medium term by assisting distressed companies through an allocation of R229,1 million to Productivity South Africa's turnaround solutions programme.

The training lay-off scheme is an alternative to retrenchment for companies in distress. Participation in this scheme will ensure that beneficiaries of the fund do not lose their jobs, and are reskilled to remain active in the labour market.

Employment figures

The total number of people employed in South Africa, as measured by the Quarterly Labour Force Survey (QLFS) of Stats SA, increased by 92 000 from the second to the third quarter of 2018, and by 188 000 (or 1.2%) over four quarters, increasing the level of total employment to approximately 16.38 million.

The informal sector created a notable 327 000 jobs in the year to the third quarter of 2018, while the formal non-agricultural sector shed 125 000 jobs. Annual employment gains occurred in the construction (137 000), community and social services (59 000), finance (38 000), agriculture (32 000), trade (20 000), transport (8 000) and electricity (3 000) sectors. However, job losses were observed in private households (46 000), mining (40 000) and manufacturing (30 000).

Annual job creation took place only in the unspecified contract category, with approximately 84 000 job gains. Discouragingly, there were 163 000 permanent jobs lost and a further 29 000 part-time contracts terminated in the year to the third quarter of 2018.

The number of unemployed South Africans increased by 127 000 from the second quarter of 2018 to approximately 6.21 million in the third quarter, while decreasing marginally by 1 000 from a year earlier.

The number of discouraged work seekers increased markedly by 297 000 (or 12.2%) to around 2.73 million in the year to the third quarter of 2018, but decreased by 88 000 from the second to the third quarter.

The increase in the number of new entrants to the labour force – 179 000 (or 7.8%) – in the third quarter of 2018 resulted in part from more discouraged work seekers engaging in renewed job searching activity, lifting the official unemployment rate. Within this context, the official unemployment rate increased from 27.2% in the second quarter of 2018 to 27.5% in the third quarter, marginally lower than the 27.7% recorded a year earlier.

Similarly, the seasonally adjusted unemployment rate increased from 27.0% in the second quarter of 2018 to 27.3% in the third quarter. The youth unemployment rate (for people aged 15 to 24 years) decreased from 53.7% in the second quarter of 2018 to 52.8% in the third quarter, marginally up from 52.2% a year earlier.

Constructive engagements between business, organised labour, the community and government at the 2018 Jobs Summit – prioritising the need to protect and create jobs – are encouraging to address South Africa's high unemployment rate.

Youth Employment Service

In March 2018, President Cyril Ramaphosa launched the Youth Employment Service (YES). The initiative aims to see more than one million young South Africans being offered paid work experience over the next three years, as part of placing the needs of and opportunities for young people at the

The initiative is a collaborative effort between government, business, labour and civil society. The initiative is informed by research, which has shown that one year of work experience, coupled with a curriculum vitae and reference letter, increases a young person's chances of finding employment by three times.

The programme has three channels through which employment opportunities can occur:

- Corporate work experiences: businesses that participate in the programme create one-year paid positions for youth aged between 18 and 35, in addition to these organisations' current employment numbers, YES is an additive
- SMME host placements: businesses that do not have the capacity to place more people in their organisations, have the option of sponsoring the salary for a one-year placement in small and medium enterprises (In year one for seven to 10 months)
- SMME development: young people are empowered to start and grow their own businesses, with support from YES in the form of training, seed funding and value-chain integration.

Compensation Fund (CF)

The Department of Labour 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 of 1993 were extended and are rendered at provincial level.

To further strengthen social protection, the fund is working on amendments to the Compensation for Occupational Injuries and Diseases Act of 1993 to include domestic workers as beneficiaries; develop a rehabilitation, reintegration and return to work policy for injured and diseased workers; and increase benefits.

The CF will work towards the continual enhancement and improvement of its claims registration, payments and automated adjudication systems to improve service delivery, and the marketing and promotion of its online claims registration portal.

These initiatives are expected to lead to an increase in spending over the medium term in the administration programme reaching R1,1 billion in 2018/19.

The Umehluko integrated claims management enables employers and medical service providers to report accidents and submit medical reports online. Using this system, the fund's clients can track the status of their claims at any time, and it is set to improve the percentage of medical claims finalised per year within a three-month period from 60% or 199 476 in 2015/16 to 80% or 313 783 in 2018/19.

In an effort to strengthen social protection and alleviate poverty, the fund's board reviewed the existing compensation and pension benefits, and increased the minimum payout by 7% from R3 878 to R4 151 per month. The fund also planned to increase the number of employers registered with the fund from 592 972 in 2015/16 to 719 126 in 2018/19 to increase the number of workers covered.

The fund's main source of revenue is the levies payable by employers based on a determined percentage of the annual earnings of their employees and the risk category of the employer.

Total revenue collected is estimated to grow to R20,3 billion in 2018/19. It is being used to pay benefits and cover the cost of administering the fund.

National Economic Development and Labour Council

NEDLAC requires organised labour, organised business, community-based organisations and government to work as a collective to promote the goals of economic growth, and social and economic equity.

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.