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Department:
Government Communication & Information System
REPUBLIC OF SOUTH AFRICA

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Newsletter

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Current economic context

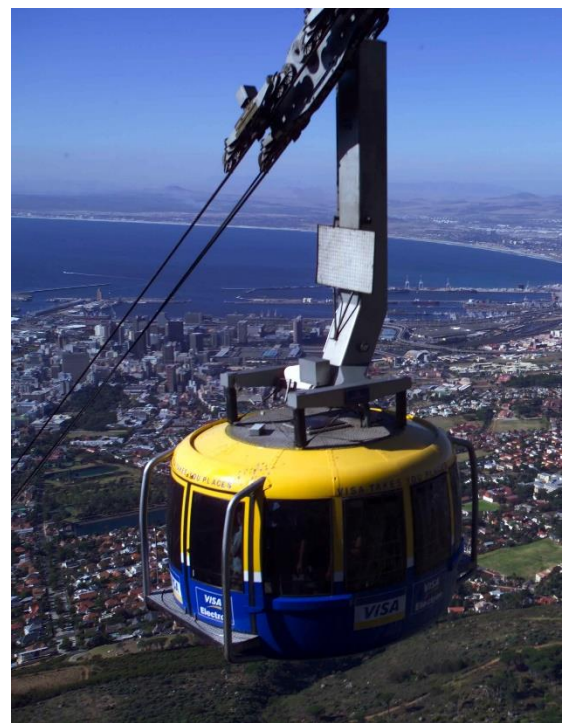
The economic conditions in the country are changing, however, government is determined to work with all social partners to seize the opportunities that are opening up for greater investment and faster growth; Government will host the Investment Conference in October 2018. The Investment Conference will involve domestic and international investors in equal measure, is not intended merely as a forum to discuss the investment climate.

President Cyril Ramaphosa appointed four special envoys on investment to engage both domestic and foreign investors around economic opportunities in South Africa. The envoys are mandated to attract investment in a focused and cost-effective manner. The investment drive will culminate in a major investment conference towards

The government will continue to roll-out the One Stop Shop centres in various provinces with the aim to provide strategic guidance, reduce regulatory inefficiencies, and red tapes for all investors looking to invest in South Africa.

There is a new growing sense of hope and optimism from the people and business confidence is showing signs of improvement. The World economy is on a strong recovery trajectory, growing by 3.8% in 2017 and estimated to reach 3.9 growth rate in 2018. This global economic recovery is driven by: strength of investment recovery in advanced economies, continued strong growth in emerging Market and developing economies and sign of recovery in several commodity exporting economies.

The World Bank raised South Africa's 2018 growth forecast to 1.4%. The IMF's forecast for economic growth in South Africa is aligned to the National Treasury's growth forecast of 1.5% in 2018 and 1.7% in 2019. Government remains committed to improving and assuring investors that South Africa is open for business. Improving business confidence will boost investment, job creation and economic growth.



South Africa has a massive tourism potential due to its rich cultural heritage and natural beauty: Table Mountain cable car, Cape Town.

Job creation and youth employment

The Industrial Policy Action Plan (IPAP) marked 10 years of implementation this year. South Africa has maintained a world-class automotive production capability, with support from government. The automotive sector contributes 33% to manufacturing GDP, exports over R120 billion per year and supports 130 000 jobs.

South Africa has seen over R45,6 billion worth of investments by leading global vehicle manufactures – Mercedes Benz (R5-billion investment), Toyota (R6,1-billion investment), and VW (R4,5-billion investment), BMW (R6-billion investment) and Ford (R5,5-billion investment). Investments announcements also made by new entrants into the South African market are the Beijing Automobile Works (R446 million) and Beijing Automobile International Corporation (R11 billion).

A total of 102 Black industrialists projects have been funded by the Department of Trade and Industry and other government funding agencies with a total investment of R8.3 billion. This has created over 18,000 direct jobs and 18,000 indirect jobs. The recently launched the 1 billion rand Yekani Information and Communication Technology (ICT) electronics and manufacturing factory in the East London Special Economic Zone is a good example of how the Black industrialist programme can grow the economy.

On Mineral beneficiation, significant progress has been made in the areas of titanium, energy storage and fuel cells value chains. On titanium beneficiation, the Nyanza project is progressing well with demonstrations planned for the Richards Bay Industrial Development Zone.

The establishment of 23 Agri-Parks is in progress, revitalisation of 5 Industrial Parks phase 1 has been completed. The first phase of revitalisation of 6 industrial parks has been completed in Botshabelo, Seshego, Isithebe, Komani, Babelegi and Vulindlela.

President Ramaphosa has launched the Youth Employment Service (YES). The YES initiative is a collaboration with the private sector that is aimed to empower one million young people over the next five years to become economically active, either as a member of the workforce, running their own businesses, or finding their passion for further study.



Government and all sectors of society must work together to open up economic opportunities for the youth.

Further job growth and expansion of tourism services is intertwined with growth in tourist numbers. This growth is encouraged by improved ease of travel to destination South Africa which is facilitated through a wholesome government approach in partnership with the private sector. Central to this partnership will be our collective efforts around visa facilitation, tourism related licensing requirements, visitor safety and support, increased aviation capacity and ground transport capacity for accessibility and connectivity to our various attractions for international and domestic tourists.

The tourism sector sustains 726 000 direct jobs which are created within tourism attractions, tour operating services, car rentals, food and beverage, visitor accommodation, air passenger transport, tourist guiding, travel agencies and reservation services.

A total of 160 954 people were employed through various initiatives implemented in rural areas, 221 309 work opportunities and 105 466 full time equivalent jobs were created through the Expanded Public Works Programme.

The Environment and Culture Sector under the Expanded Public Works Programme (EPWP) created a total of 195 193 Work Opportunities.



This year, South Africa and the world celebrates the Centenary of former struggle hero and first democratically-elected President of South Africa.

Promoting Climate Smart Approaches

Climate change poses a serious threat to our natural resources and livelihoods of many of the people especially the rural and under resourced communities. In the face of changing climate, concrete climate smart actions and interventions are required to respond to the increasing frequencies and severe meteorological hazards such as drought.

Agriculture, Forestry and other land use sectors (AFOLU) contribute about 7% of the greenhouse gas emissions in South Africa. The department has prioritized actions and interventions that will reduce greenhouse gas emissions and increase the adaptive capacity, and resilience of the food production systems against climate change.

DAFF's Climate Smart Agriculture (CSA) strategy, and Climate Change Adaptation and Mitigation Plan, were developed as policy measures to mitigate against the impact of extreme environmental changes. The strategy speaks to renewable energy projects through the production of biogas for cooking and lighting for the smallholder farmers. To date, over 30 smallholders' farmers have benefited in the Free State, Limpopo, North West and Eastern Cape provinces.



Implementation of the climate change programme on crop suitability benefited over 70 beneficiaries over a period of 3-5 years: Mpumalanga

Land reform, agriculture and rural development

National Assembly has adopted the motion to expropriate land without compensation. The matter has since been referred to the Constitutional Review Committee which must report back to Parliament by August 30.

A series of public hearings are currently being held by the Constitutional Review Committee. We urge all South Africans to make their voices heard during the public hearings. Accelerated land reform will unfold within a clear legal framework and without negatively affecting economic growth, agricultural production and food security. South Africans are urged to be patient and trust the parliamentary processes to address land dispossession, rural development and food security.

In order to accelerate land reform the President has establishes an Inter-Ministerial Committee (IMC) that will be led by the Deputy President consisting of the Departments of Rural Development and Land Reform, Agriculture Fisheries and Forestry, Public Works, Women, Planning Monitoring and Evaluation, Human Settlements and Environmental Affairs. The departments will have to assign technical officials to support the IMC. The President has set up a high level panel on land. The Portfolio Committee on Rural Development and Land Reform is also currently conducting public hearings on the redrafted restitution of land right amendment bill.

Government has made progress to ensuring that land is the hands of the historically disadvantaged, an additional 50 839 hectares of strategically located land were acquired of which 15 000 hectares were allocated to smallholder producers and 7 815 hectares to people living and working on farms in the last six months.

The quarterly labour survey showed that the largest contributor to growth to the Gross Domestic Product in Quarter 4 of 2017 was Agriculture, Forestry and Fisheries that increased by 37.5%.



Agriculture is the backbone of our economy – it contributes towards economic growth, employment and food security.

96 721 underutilized hectares of land were cultivated for production in communal areas and land reform farms. In order to ensure that the allocated land is productive 96721 hectares of under-utilised land were cultivated for production and 20923 small holder producers were supported through various initiatives.

A total of 702233 women, 468643 youth and 18820 people living with disabilities benefited from various initiatives implemented in rural areas in this period.

With regards to Land Claims 504 land claims were settled of which 279 were in rural areas benefiting 10 543 people. In addition 9 5634 hectares of state land and 4593.9892 hectares of privately owned land were approved for restoration.

To expand land under irrigation, 270 applications for Water Use License Authorizations (WULA) were finalized and allocated to historically disadvantaged individuals. This amounts to 12.56 million m3 volume of water that can be used for irrigation. A total of 96% waste licenses applications were finalised within legislated timeframes.



Infrastructure development programme

South Africa's Renewable Energy Independent Power Producer Procurement Programme (REIPPPP) is now back on track. Government signed agreements with preferred bidders of the REIPPP Window 3.5 and 4 covering 27 projects, which combined, have attracted an investment of about R58 billion. The 27 renewable energy projects will provide 61 600 full time jobs mostly during the construction phase with a specific focus on youth.

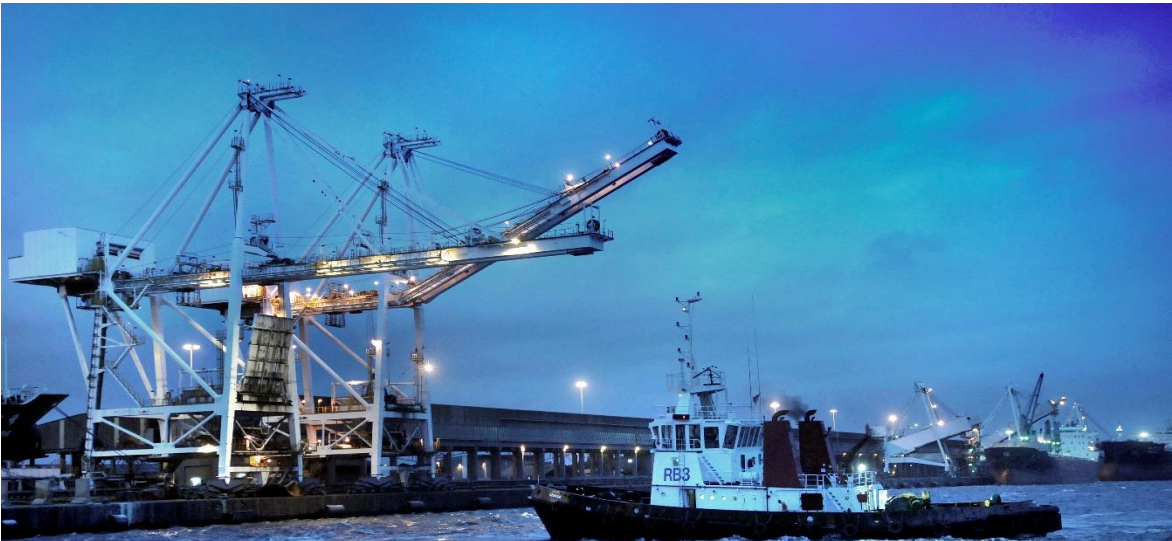
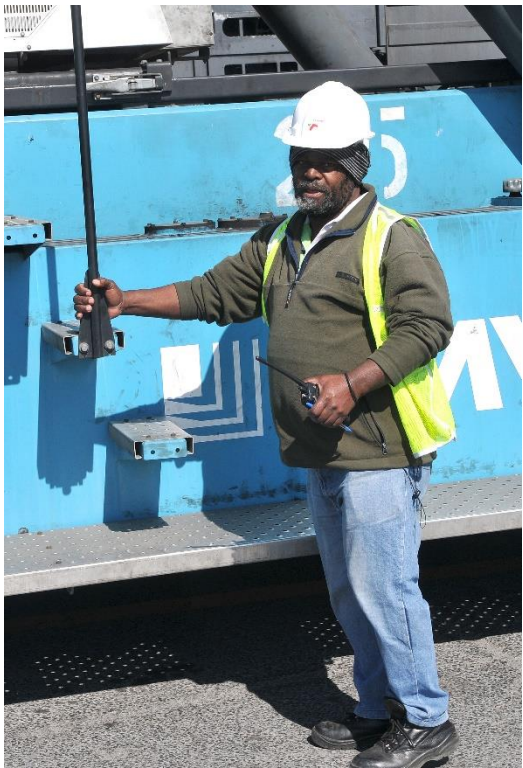
The country through Eskom and Independent Power Producers program has succeeded to stabilise the electricity supply and also obtain an excess supply which is channelled to neighbouring countries to contribute to regional integration agenda.

In the semi-annual period October 2017 to March 2018, Eskom has successfully reached commercial operation for Unit 4 in Medupi Power Station on 28 November 2017. This is in addition to commissioning to commercial operation of Medupi Unit 5 on 3 April 2017 and the 800MW in Kusile Unit 1 on the 31st August 2017, indicating that the electricity supply is stable and reliable.



In order to ensure access to water for household usage and production 6 bulk water scheme projects were completed, 15 larger water and wastewater services projects were completed during the period under review. 7 Bulk Infrastructure Water Scheme projects are in progress in the rural areas. 122 060 households were connected to grid or micro scheme (electricity) and 12 978 households were connected to off grid technology in the 44 districts municipalities – this will have a positive impact on establishing small businesses in the rural areas.

Improving ports productivity remains an important part of improving the competitiveness of industrial sectors and driving down the cost of doing business. Transnet has completed a detailed upgrade and expansion infrastructure plan for South African ports.

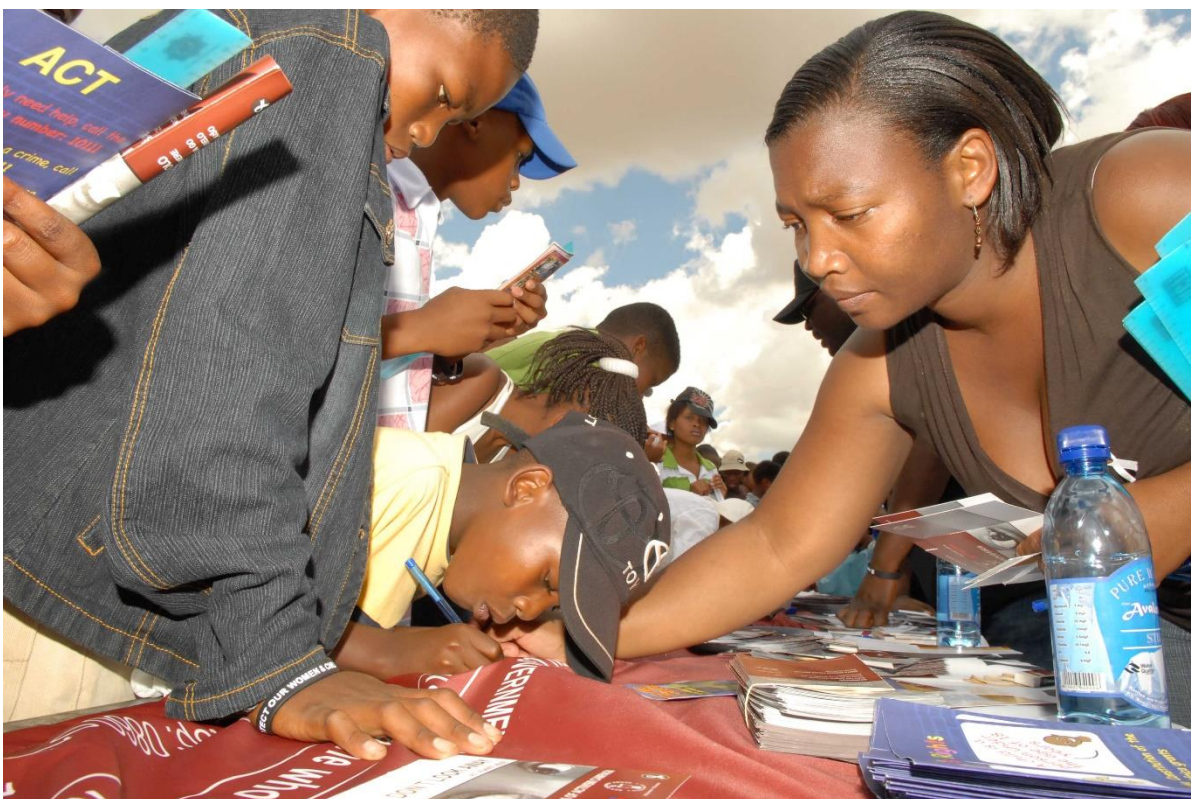


Skills development especially for the youth

Government remains committed to ensure access of higher education and training, a total of 200 339 TVET college students received financial assistance for academic year from NSFAS. NSFAS also provided financial assistance to 260 002 to University students. The National Artisan Moderation Body has certificated 23 128 Artisans with critical skills that our economy need.

Department of Higher Education and Training (DHET) has kicked off the campaign for the launch of 26 Centres of Specialisation (COS) aimed at prioritising 13 occupational trades in high demand to curb trade skills shortages as well as reduce unemployment and poverty in the country. The selected colleges will be provided with resources to upgrade workshops and equipment to deliver effectively on these much needed skills. The Centres are also positioned to prepare students for the workplace or self-employment through the maintenance of close working relationships with employers in their areas of study.

Government has trained 19 754 young people in different skills development programmes in the rural areas, and Higher Education is working with various higher learning institutions trained and certificated 41 819 learners from rural areas through the National Skills Fund.



The rate of unemployment is highest amongst the youth. We must invest in education and skills development – it has the power to change lives.

#MandelaDay

“Everyone can rise above their circumstances and achieve success if they are dedicated to and passionate about what they do”

We have a moral duty to ensure that no child is denied the right to education; and that once they are in school, we must create a conducive environment for our children to succeed and fully realise their potential.

- President Ramaphosa

Advancement of SMMEs

Government is committed to using of public procurement as a tool to accelerate the development of SMMEs, cooperatives, township and rural enterprises through the allocation of 30% of the public procurement spend to these enterprises.

This has been enabled by the 2017 revision of the Preferential Procurement Policy Framework Act, 2000 (Act 5 of 2000) regulations, mandating government departments to designate 30% of their procurement spend to SMMEs, cooperatives, township and rural enterprises. To ensure that this is effected across all spheres of government, the Department of Small Business Development (DSBD) has established national and provincial coordinating committees to monitor the implementation of the set-asides. Already the data suggests that some provinces such as Gauteng, Free State and the Western Cape exceeded the 30% target in the 2016/17 financial year.

A total of 2 006 Small, Medium and Micro-sized Enterprises (SMMEs) were used in the period under review for the implementation of the Environment and Culture Sector under the Expanded Public Works Programme

Government has supported 156 new agricultural enterprises were supported, 8 commodity based cooperatives were established. In addition 171 cooperatives accessing SEDA services and 249 new cooperatives supported through various initiatives. The Department of Social Development continues to procure locally produced food from cooperatives and SMMEs to supply food distribution centres under the social relief of distress programme



Small business is big business – we must do more to unlock the potential of SMMEs, cooperatives as well as township and rural enterprises so that they are part of the mainstream economy..

Join the conversation:

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