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## ECONOMY HIGHLIGHTS

<table>
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<tr>
<th>Key Performance Indicators achieved</th>
<th>Number</th>
<th>Period</th>
</tr>
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<tbody>
<tr>
<td>Employment grew by</td>
<td>496 000</td>
<td>March 2013 to March 2014</td>
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<tr>
<td>Total employment</td>
<td>15,1 million</td>
<td>as of March 2014</td>
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<tr>
<td>Growth in women's employment</td>
<td>300 000</td>
<td>March 2013 to March 2014</td>
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<tr>
<td>Jobs held by women</td>
<td>6,6 million</td>
<td>March 2014</td>
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<tr>
<td>Growth in jobs for youth aged 18 to 34</td>
<td>150 000</td>
<td>March 2013 to March 2014</td>
</tr>
<tr>
<td>Jobs held by youth aged 18 to 34</td>
<td>6,0 million</td>
<td>March 2014</td>
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<tr>
<td>GDP annual growth</td>
<td>1,9%</td>
<td>2012/3 to 2013/4</td>
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<tr>
<td>Size of GDP</td>
<td>R3,5 trillion</td>
<td>March 2013 to March 2014</td>
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<tr>
<td>Investment grew by</td>
<td>R73 billion</td>
<td>nominal, year-on-year, 2012/3 to 2013/4</td>
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<tr>
<td>Infrastructure spending</td>
<td>R233 billion</td>
<td>Estimate for 2013 (a)</td>
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<td>Manufacturing production grew by</td>
<td>1,4%</td>
<td>2012/3 to 2013/4</td>
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<td>Agricultural production grew by</td>
<td>0,9%</td>
<td>2012/3 to 2013/4</td>
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<tr>
<td>Employment growth since adoption of New Growth Path in October 2010</td>
<td>1,16 million</td>
<td>October 2010 to March 2014</td>
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a. Only calendar year data available (from South African Reserve Bank).

## EDD HIGHLIGHTS IN NUMBERS

<table>
<thead>
<tr>
<th>Key Performance Indicators achieved</th>
<th>Number</th>
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<tr>
<td>PICC monitored infrastructure projects (value)</td>
<td>R 1 trillion</td>
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<tr>
<td>Jobs on PICC projects</td>
<td>200 000</td>
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<td>IDC funding approvals</td>
<td>R13,8 billion</td>
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<td>IDC funding approvals for BBBEE companies</td>
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<td>IDC funding disbursements</td>
<td>R11,2 billion</td>
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<td>IDC funds set aside for youth over coming 3-5 years</td>
<td>R1,0 billion</td>
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<td>Jobs created/saved through IDC funding</td>
<td>19 593</td>
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<td>sefa facilitated funding approvals</td>
<td>R1,1 billion</td>
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<td>sefa funding set aside for youth over coming 3-5 years</td>
<td>R1,7 billion</td>
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<td>Penalties imposed by the competition authorities</td>
<td>R2,6 billion</td>
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<tr>
<td>Mergers where employment and other public interest conditions imposed by Tribunal</td>
<td>4</td>
</tr>
<tr>
<td>ITAC tariff increases</td>
<td>7</td>
</tr>
<tr>
<td>ITAC tariff rebates</td>
<td>6</td>
</tr>
<tr>
<td>Major youth events facilitated by EDD</td>
<td>2 (Signing of Youth Employment Accord; Presidential Youth Indaba)</td>
</tr>
<tr>
<td>EDD staff numbers</td>
<td>139</td>
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<tr>
<td>EDD budget spent (incl. transfers)</td>
<td>R771,4 million</td>
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<td>Key Performance Indicators achieved</td>
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INTRODUCTION BY THE MINISTER

I am pleased to present this People’s Report on the Economic Development Department (EDD). It gives an overview of the work of the Department in the past Administration, with a focus on the past financial year from March 2013 to March 2014. It also briefly outlines our plans for the coming five years.

The EDD’s core job is to ensure that all state agencies work together to restructure the economy in order to overcome poverty, inequality and joblessness. We work to ensure that more of our people have real economic opportunities.

This is not a short-term task, but it is critical for our economy to grow and for our democracy to thrive. It requires support for new productive investment, market institutions that serve our people across the country, improved infrastructure, and more equal advanced education and skills systems.

In this context, we see investment in infrastructure, from electricity to rail, from public transport to schools and clinics, as key for growth that benefits all our people. The EDD supports the Presidential Infrastructure Coordinating Commission (PICC). The PICC is tasked with driving fulfilment of the National Infrastructure Plan (NIP) across our country. In this report, we discuss our progress.

Other EDD actions for a better economy include backing the dti (Department of Trade and Industry) in implementing the Industrial Policy Action Plan (IPAP) and encouraging economic projects that create jobs and meet the needs of our people and the economy.

We also work to bring together organised business, labour and community representatives to agree on how we can improve our economy. To this end, over the past few years the EDD facilitated a number of social accords, including the Youth Employment Accord, in the past year.

Our economy was deeply deformed under apartheid to limit the opportunities for most of our people. That appears in the backlogs in investment in our communities, unequal education, and the structure of companies and government institutions. It took decades to put these things in place, and we cannot wish them away over night. But if we work together, we can change our economy step by step, so as to meet our long-term vision of a non-racial, non-sexist and prosperous South Africa.

Ebrahim Patel
Minister of Economic Development
The Economic Development Department (EDD) was established in 2009. That is when the fourth Administration of our democratic order came into power.

The EDD has seven main roles.

1. The EDD helps develop strategies and measures to make economic growth more inclusive, so that more of our people benefit as the economy expands. Our top aim is to support and encourage job creation. That is in line with the target of 11 million new jobs by 2030, as set out in the National Development Plan (NDP).

2. The EDD encourages and helps all state agencies to work together to reach this new kind of growth. This role is needed because a host of national, provincial and local departments and agencies affect the economy. They do this through their regulations, investments, purchases, grants and other activities. We need to make sure that all their actions support inclusive growth as far as possible.

3. The EDD provides secretariat and technical support to the Presidential Infrastructure Coordinating Commission. In that role, it convenes meetings, takes minutes, and provides inputs on major decisions. It monitors and assists the work on projects included in the National Infrastructure Plan (NIP), with help from a wide range of state agencies that are in charge of the projects. It also develops cross-cutting guidelines and strategies for infrastructure projects, for instance, on local procurement, job creation and skills.

4. The EDD works with organised business and labour, as the main actors in the economy, as well as other groups to transform the economy. The private sector is responsible for some 80% of production and employment. Government needs to work with interest groups across society to make sure that more of our people benefit from economic growth.

5. The EDD oversees the Industrial Development Corporation (IDC) and the Small Enterprise Finance Agency (sefa). These two agencies finance new activities to support industrialisation, new enterprises and job creation.

6. The EDD also oversees two national regulators – the competition authorities (the Competition Commission and the Competition Tribunal) and the International Trade Administration Commission of South Africa (ITAC). These agencies implement laws and rules on competition and trade in order to create a more competitive, dynamic and job-friendly economy.

The EDD undertakes a range of activities to assist investments and programmes that lead to new kinds of economic activity and job creation. It does not itself provide funding. But it helps by speeding up bureaucratic processes and by assisting businesses and other groups to get services and sites and to find possible sources of funds.
Jobs and growth

The five years after the EDD was founded saw the economy recover from the global financial crisis of 2008/9. This period fell under the fourth Administration of our democratic South Africa.

Today, over 15 million South Africans are employed – the largest number in our history. In 2013/4, employment grew by 500 000.

Following the 2008/9 downturn, the economy lost a million jobs. By mid-2010, employment had fallen to under 14 million. Since then, however, jobs have more than recovered. Now 1,15 million more people are employed in South Africa than before the global financial crisis.

The GDP expanded by R1,1 trillion from 2009 to 2014. It grew 2,2% a year on average. In 2013/4, however, GDP growth slowed to 1,9%. Strike action, energy constraints and a weak global economy meant growth was slower than in the previous two years.

Investment climbed strongly in the fourth Administration, laying the basis for future growth. It rose by R131 billion from 2009 to 2013. In 2013/4, total investment reached 19,7% of the GDP. That was the highest level since 2009, when the global downturn led to a sharp fall in the investment rate.

Both private and public investment increased relative to the GDP. Private investment rose by almost 6% in the 2013/4 financial year compared to 2012/3. It reached 12,4% of the GDP in March 2014. Public investment rose by 2,1% in the same period. It reached 7,3% of the GDP in March 2014, up from a low of 6,9% in March 2011.
Major economic achievements of the fourth Administration, 2009 to 2013

- Job creation and more equally shared growth became the main economic aims for government. We adopted the New Growth Path (NGP). The NGP is a medium-term plan to reach the long-term economic vision set out in the National Development Plan (NDP).

- Government agencies invested just over R1 trillion in infrastructure over the period. In real terms, that is more than twice as high as any other five-year period since government began tracking these data 40 years ago.

- The National Infrastructure Plan and the Presidential Infrastructure Coordinating Commission (PICC) were set up. They drive investment in infrastructure for economic and jobs growth. New infrastructure also supports existing and emerging businesses, rural development and industrialisation.

- The Industrial Policy Action Plan was established as a rolling plan to support industrialisation.

- We expanded industrial financing for new projects to diversify the economy, to save and grow jobs, and to support emerging and smaller enterprises. Increasingly, these funds are helping to put the economy on a new growth path.

- Approvals and disbursements by the Industrial Development Corporation (IDC) doubled compared to the previous administration. The IDC has set up special funds for youth entrepreneurs, smaller and emerging producers, the green economy and agro-processing, among others.

- The Competition Commission and the Competition Tribunal scored major successes in the struggle to end abuse by monopolies and cartels. They imposed fines and remedies worth R5.7 billion over the five years to February 2014, on companies that abused their market power and on mergers. That is ten times as high than in the previous five years.

- Business, labour and community organisations – the NEDLAC constituencies – signed Social Accords to work together on key economic issues. These accords aim to address, amongst others, youth jobs, local procurement, the green economy, skills and basic education, and to improve labour relations in mining.
Amilcar Cabral said we must tell no lies and claim no easy victories. That was true of the liberation struggle. It is also true of the struggle to transform our economy.

For hundreds of years, from the start of colonialism, the economy was shaped to benefit a small group of people. That was done by investing in first-class economic and social infrastructure in some areas while neglecting others; by ensuring world-class education in some schools and universities while others lagged behind; by shaping market institutions and laws on the economy to support big companies in the urban areas but not to serve smaller companies, especially in townships and rural areas; and, through the colour bar, by encouraging employers to pay very high rates at the top and hold down pay at the bottom.

Reversing all of these entrenched systems takes time. That is why we have set up a planning system that can get us to a more equal and job-rich economy over the next five to ten years.

The economic vision of the National Development Plan provides the long-term framework. It will be implemented especially through the New Growth Path, the National Infrastructure Plan and the Industrial Policy Action Plan. These three plans lay down specific strategies and projects for important parts of the economy over the coming three to ten years.

The new Medium Term Strategic Framework (MTSF) for the fifth Administration, from 2014 to 2019, integrates these longer-term plans. For each key area of government work, it sets clear outcomes and activities to reach our longer-term goals. It identifies the practical actions required in the coming five years to create an environment for radical economic transformation. It is available on the DPME website, at http://www.thepresidency-dpme.gov.za.
Through the National Development Plan, the South African government has prioritised inclusive growth, through job creation. But the government itself accounts for only around 20% of employment and production, to provide services and infrastructure. The rest comes from private investment and initiatives.

It follows that government’s main job in encouraging inclusive growth is to create an economic environment that supports investment and job creation by people outside of the state itself. The government’s key levers to support production and job creation are to provide infrastructure, education and training, a supportive regulatory framework, and credit and other forms of financing, especially for new investment.

A central task for the EDD is to ensure that all state agencies work together to provide these services in ways that support inclusive growth. To achieve that end, EDD works both through its own agencies and with other departments.
In the past five years, the government invested a trillion rand in infrastructure in hundreds of different projects. That is the largest amount since record-keeping began in the 1960s.

Infrastructure is central to inclusive growth and jobs in South Africa.

On the one hand, we need to maintain and improve infrastructure in order to sustain the growth of key economic industries like mining, agriculture and manufacturing. Productive business requires efficient and cost-effective energy, water, waste removal, transport and communications. Because of our geography and the structure of our industry, the South African economy depends even more than most on electricity and long-distance transport and communication. The country also has to manage scarce water resources carefully.

On the other hand, apartheid left severe backlogs in public investment in black communities. At the start of the democratic era, most African households did not have electricity, running water, roads or waste removal. As a result, they had a worse quality of life, but it was also harder for them to get and keep good jobs or to start their own production.

In addition, where government buys South African goods and services for its infrastructure, it also promotes industrialisation and job creation. It encourages companies to produce equipment and other inputs locally. That in turn generates new opportunities for jobs and small producers.

Strong planning and coordination across the state is required to meet the many demands for infrastructure as efficiently as possible, in ways that support development and economic growth while meeting the needs of our communities.

1.1 Infrastructure

Government infrastructure over five years, 1963 to 2013, in billions or rand at 2013 values

Source: Calculated from South African Reserve Bank data
Managing the build programme

The build programme includes projects ranging from rural schools to national universities, from the largest coal stations in Africa to solar water heaters on the roofs of new housing developments, from roads to rail to telecommunications to housing.

The fourth Administration set up new systems for planning and managing the infrastructure programme in order to ensure that these hundreds of projects go forward as quickly and efficiently as possible, with consistent support from all state agencies.

In 2011, the Cabinet established the Presidential Infrastructure Coordinating Commission (PICC). The PICC Council is chaired by the President and consists of the Ministers of relevant Departments, Members of Provincial Executive Councils, and municipal representatives. The Minister of Economic Development chairs the political secretariat for the PICC, whose members are Ministers and Deputy Ministers. The EDD gives technical and secretariat support to the PICC.

In 2012, the PICC adopted the National Infrastructure Plan. The Plan includes the following 18 SIP’s (Strategic Integrated Projects).

1. Unlocking the Northern Mineral Belt, with the Waterberg area as the catalyst, combines major electricity plants, coal mines, improved rail and roads, and water supply.

2. The Durban-Free State-Gauteng Logistics and Industrial Corridor centres on improving road and rail links from the coast.

3. The South Eastern node and corridor development brings rail and road improvements to the South East of our country, anchored by a new manganese sinter plant.

4. Unlocking the economic opportunities in North West Province through a number of projects to encourage new investments and activities.

5. The Saldanha-Northern Cape Development Corridor centres on improving the rail line for iron exports and upgrading the port to serve a variety of users, including off-shore oil and gas.

6. The Integrated Municipal Infrastructure Project improves municipal services such as water and electricity in the 23 worst-served municipal districts, which are located mostly in the former so-called “homeland” regions that were deprived under apartheid.

7. The Integrated Urban Space and Public Transport Programme is bringing Bus Rapid Transit (BRT) systems to knit together our metros.

8. Green energy is anchored by a combination of major solar and wind generation projects and the roll out of hundreds of thousands of solar water heaters primarily to low-income households.
9. Electricity generation will support socio-economic development, with major projects to increase the electricity supply managed by Eskom.

10. Electricity transmission and distribution for all is extending electricity to thousands of households and poor communities.

11. Agri-logistics and rural infrastructure will promote rural employment through investments in silos, roads, irrigation and similar projects.

12. Revitalisation of public hospitals and other health facilities has seen a host of new and recapitalised hospitals already completed or underway across the country.

13. The national school build programme is improving school buildings especially in rural districts that have long had mud schools and inadequate facilities.

14. Higher education infrastructure will expand the number of beds and lecture rooms to meet the needs of thousands more students on existing campuses, as well as building two new universities.

15. Expanding access to communication technology will extend broadband to all parts of the country, starting with the main social services.

16. The Square Kilometre Array and MeerKat radio telescopes will provide a huge boost for South African science in collaboration with a range of international partners. It will generate jobs and investment opportunities centred on the Northern Cape.

17. Regional integration for African co-operation and development is focusing on major roads to improve our trade with the most dynamic continent on earth.

18. The Water and Sanitation Infrastructure Master Plan aims to secure adequate water supplies for our people and industry into the future.

Each SIP consists of a number of projects that are managed by different agencies. The PICC has set up co-ordinating structures for the SIPs to ensure that the different agencies co-ordinate their work and co-operate to make sure all the projects go forward smoothly. The PICC does not manage any projects in the SIPs, but it supports all of them as required.
The role of the PICC

The effects of the PICC’s work can be seen in the daily lives of the people of the country.

It ranges from scholars who have access to modern learning facilities, to improved bus transport in our cities, mothballed power stations being returned to service, port upgrades and expansion, new hospitals being built and housing being provided with electricity and hot water for the first time.

This is progress.

The PICC effectively acts as the national planning agency for infrastructure. It does not itself build projects. Rather, it sets priorities under the SIPs and helps state agencies to work together to achieve them. In this context, it monitors progress, identifies and addresses blockages, and comes up with better ways to deal with a range of infrastructure-related issues.

Without ignoring the continuing challenges, we can safely say that the PICC has made great strides in the following areas.

- Co-ordinating public investment across departments and agencies,
- Supporting local procurement for these projects,
- Ensuring new infrastructure supports the growth of both existing and emerging investors,
- Dealing with blockages to construction, and
- Addressing corruption and underspending on infrastructure.

The PICC will continue to accelerate the build programme in ways that are affordable, upgrade living standards and increase economic opportunities for our people, green the economy and support industrialisation.

Infrastructure facts: Water for the people

Under the fourth Administration, the amount of drinkable water available per day for South Africans had increased by 176 million litres, thanks to the completion of new or expanded water treatment works. This is almost equal to a glass of water per day for every person in sub-Saharan Africa.

The capacity to store drinkable water in reservoirs and tank facilities increased by 39 million.

Two new large dams, the De Hoop dam in Limpopo and the Spring Grove dam in KwaZulu Natal, brought 126 million cubic meters of new water into our water systems.

Two water pipelines stretching almost 200 kilometres were completed to transport water from dams to power stations and industrial sites.

The Mzimvubu Scheme will provide water to approximately 224 000 people. It commenced land clearing in 2014.

From June 2012, the upgraded treatment plant at Tweelopiespruit has controlled acidic water discharged from mines in the Western Basin.
EDD support for the PICC

The Minister of Economic Development chairs the PICC’s Political Secretariat. The Secretariat brings together Ministers and Deputy Ministers from departments that manage or support infrastructure investment.

In addition, the EDD provides technical support for the PICC. A central task is to monitor progress on the SIPs so that the PICC can identify and address problems and opportunities as they arise.

In 2013/4, the EDD technical unit mobilised a team of more than 70 people from both the EDD itself and other public agencies to track projects for the PICC. The team is tracking projects worth a total of around one trillion rand.

In addition, the Industrial Development Corporation, which the EDD oversees, has established a localisation office. The office assists the PICC to identify goods that can be built locally, and works with local enterprises to meet the needs of infrastructure projects.

Infrastructure facts: Moving our country forward

To expand road transport, 1 476 kilometres of new roads and lanes were built. More than 25 000 kilometres of roads were maintained and potholes fixed.

Construction has started on the first large new rail line since the 1980s. It is in Mpumalanga, where it will help to shift transport of coal from roads to rail so as to protect the road network.

Over the four years to September 2013, South Africa bought more than 9 880 new train coaches or wagons and more than 329 locomotives. All the new coaches and wagons and 319 of the locomotives were locally assembled, helping to create jobs and expand industrial capacity.

A major construction programme is underway to integrate urban centres through integrated public transport systems. Rea Vaya in Johannesburg and MyCiti in Cape Town have already completed parts of their network. Today, more than 100 000 people use the Rea Vaya system. It reduces their commuting times and cost, makes sure they get to work and school on time, and improves their safety.

Some 333 new buses were assembled locally for the new integrated transport systems for Johannesburg and Cape Town. Of these, 112 had 80% of the inputs for their bodies produced locally.

New factories to assemble minibus taxies were established in eThekwini and Springs. By the end of March 2014, they had assembled some 20 800 new minibus taxies. In contrast, before 2012, all of the taxis in South Africa were fully imported.
Co-ordinating to drive infrastructure investment

Each of the 18 SIPs covers dozens, even hundreds, of projects. For each project, a state agency such as the Department of Education, Eskom or the City of Johannesburg is still responsible. But the PICC has set up structures to help the agencies within each SIP to work together and to overcome blockages such as delays in regulatory approvals or decisions on land use.

The PICC has appointed a state agency, like Transnet, Eskom or the CSIR, to co-ordinate each of the 18 SIPs.

These leading agencies do not take over construction, which remains in the hands of the relevant department, city government or company. Rather, they monitor progress on individual projects in the SIP. They also convene co-ordinating meetings of the relevant state bodies, from municipalities to national and provincial departments to state-owned enterprises.

The agencies provide the staff and resources needed to co-ordinate the SIPs. Their commitment is a pillar of the national build programme. It assists the work of the EDD and the PICC for national development. It is a critical factor in the EDD’s work to integrate, co-ordinate and align the technical work of the PICC.

The SIP co-ordinators provide a quarterly report of progress on each project in their SIP to the PICC, using a common dashboard. The EDD consolidates and audits the reports for the PICC. The PICC then submits the reports to Cabinet.

Based on findings from the reports, the PICC has mobilised experts in the state to address challenges affecting operations, maintenance, funding, procurement and construction.

The PICC has also set up cross-cutting workstreams. These workstreams develop toolkits that support more effective analysis and decision-making by SIP co-ordinators and project holders. Amongst others, they cover funding, industrialisation, infrastructure spending, skills development, maintenance, state capacity, unblocking and more effective authorisations and regulatory approvals.

Infrastructure facts: Universities, hospitals and housing to improve our people’s lives

Existing universities have added 10 700 beds and about 500 new lecture theatres. Two new universities and 12 new campuses for Further Education and Training (FET) colleges are planned or under construction. That constitutes the biggest post-secondary school build in the past 30 years.

Ten new hospitals were completed in five provinces, with 2 770 patient beds. Preliminary estimates suggest more than 630 000 houses were built over the past five years.

One of the largest new housing projects in recent years has started outside eThekwini with the building of 482 houses in Cornubia. They form part of an eventual 24 000-house estate that will accommodate more than 100 000 people.
Visits to project sites by PICC members have proven to be an effective and fast tool for assessing issues on the ground. They have been invaluable in bringing real problems to the table to resolve.

From the end of 2012, the President launched more than 20 PICC projects while Cabinet Ministers launched over 30.

In the past year, the Minister of Economic Development undertook 12 site visits, ranging from power stations and dams, to schools, to mines, renewable energy projects and equipment manufacturers. In addition, the EDD conducted more than 55 technical site visits.

Minister of Economic Development, Mr Ebrahim Patel, (second from the left), Minister Nathi Mthethwa, (left), KZN Premier, Senzo Mchunu, President Jacob Zuma, (right), at the opening of the Spring Grove dam.
Infrastructure facts: Powering South Africa

Just over one million new households were connected to electricity over the past five years. Some four million South Africans benefitted from new electrical connections.

In the 104 years between 1892 and 1996, only five million households were connected to electricity. In the 20 years of democracy, a further seven million households were connected.

Democracy has done more in 20 years than colonialism and apartheid in over a century.

Significant progress has been made with the largest new power-station programme in South African history. The construction of three major power stations will vastly increase the country’s energy supply. In the next five years, these investments will bring 15 000 megawatts of green and traditional energy onto the grid.

Some 3 200 kilometres of new transmission power lines were laid to take energy across the country. They have reached in to rural communities that were left without electricity under apartheid.

We initiated Africa’s largest green energy programme during the fourth Administration. Government approved solar and wind energy plants that will generate roughly twice Johannesburg’s electricity demand. Some 328 megawatts of renewable energy will be brought onto the grid by March 2014. By 2015, the figure will rise to 2 460 megawatts.

More than 400 000 solar water heaters were installed, mostly in poor communities. For the first time, these households got hot running water.

South Africa also signed a treaty with the Democratic Republic of the Congo that gives South Africa an option to purchase 2 500 megawatts of hydro-energy from a major dam on the Congo River, which is known as Inga 3.
The PICC’s localisation office at the IDC has identified many opportunities for local procurement for infrastructure projects. It has facilitated local production and procurement of transmission lines, cables and conductors, grinding elements, metering pumps and valves for Eskom. For Transnet, the products include locomotives, train wagons, port facilities, machinery and pipelines.

Manufacturing this equipment locally will boost investment and employment. It will add to the sophistication of South African industry. It is an important step toward sustained growth and decent work for our future.

The EDD has worked with the Human Resources Development Council of South Africa on a skills plan for infrastructure projects.

The EDD has also collaborated with SALGA, the National Treasury and other departments on ways to overcome under-spending on infrastructure budgets. This is a problem, especially for provincial and local governments. The EDD has worked on more efficient systems to design projects, to contract construction companies to build them, and to manage the necessary authorisations.

**Infrastructure facts: Building communications**

37 000 kilometres of fibre-optic cable for broadband were laid. This investment has provided the basis for a massive expansion in the ICT sector. It offers millions of South Africans significantly better access to the internet through fixed-line and mobile connections, which are key inputs for education, healthcare, and enterprise development.
Unblocking projects

EDD also unblocked and co-ordinated major infrastructure projects on behalf of the PICC.

For instance, in 2013/4, the Presidency directed EDD to help find ways to fix problems with the water supply in the university town of Grahamstown in the Eastern Cape. The EDD worked with the municipality as well as national government departments and state agencies to speed up repairs.

The lessons learned in this process have been taken into a special water and sanitation task team. The task team aims to assist the ten towns with the greatest difficulties around water supply.

Experience shows that major infrastructure projects require greater co-ordination across all of the state's many divisions. Often agencies such as SANRAL, Eskom and Transnet or government departments and municipalities must actively assist each other. Sometimes they can do more to prioritise and align their efforts to finish key programmes on time and to ensure adequate operations and maintenance.

Infrastructure facts: The new pipeline

A new 700-kilometre fuel pipeline from Durban to Gauteng was completed. It can transport four billion cubic litres of petrol, diesel and jet fuel a year. It will ensure that the pumps in Gauteng and other central provinces don't run dry in the coming years.

The Infrastructure Development Act

In the first quarter of 2014, Parliament adopted the Infrastructure Development Act, which establishes the PICC in law. The Act aims to improve co-ordination, reduce delays, and ensure the sustainability of the PICC and the National Infrastructure Plan.

The Act builds on the successes of the PICC to date, especially in identifying key projects for long-run development, co-ordinating state agencies, and speeding up regulatory approvals.

The Act mandates government to maintain the structures of the PICC, from the national Council led by the President to the SIP co-ordinating structures. It requires the PICC to keep up the National Infrastructure Plan, which designates the SIPS. The EDD is charged with convening and supporting meetings of the Council and issuing regulations under the Act.

As in the current system, each project within a SIP remains the responsibility of the relevant state agency. The SIP structures oversee progress, provide support as required, encourage co-ordination between agencies, and report regularly to the PICC.
The Act includes a number of provisions to reduce delays in the build programme while permitting time for extensive public consultation. It sets out processes of co-ordination that require regulators and departments to work closely together through SIP Steering Committees. It determines time frames for key regulatory decisions, for instance, on land use and the impact on the environment. These decisions should be made concurrently wherever possible. The Act thus works to ensure that state agencies work to a common deadline on major projects.

Many infrastructure projects require land. The Act therefore provides the PICC may expropriate land directly in the normal fashion for major public projects. This power is subject to the Constitution and governed by the regulations of the existing laws on expropriation.

**Accounting to the people**

The EDD is responsible for communicating the work of the PICC to the public.

Since December 2013, it has placed some 70 full-page inserts in the press; commissioned 66 billboards; and provided 531 minutes of radio coverage and 397 minutes of TV coverage to report on the PICC’s successes in infrastructure and how they have changes the lives of our citizens.
1.2 Financing industrial investment and job creation

The IDC is central to efforts to diversify the South African economy while supporting long-run growth. It works with other state agencies and departments to start up innovative projects and assists emerging and small enterprise. It also provides resources to help companies adapt to changing economic conditions so as to save jobs and economic capacity.

The IDC has seen extraordinary growth in the past five years. Its credit approvals and disbursements were twice as high as in the previous five years. In 2013/4, IDC approvals reached R13.8 billion - the highest level ever.

IDC investment in 2013/4 was equal to 2% of total annual investment in South Africa. For every rand invested by the IDC, other investors put in another two rand, multiplying the effects of state involvement. That means IDC investments funded an estimated 6% of investment for the year.

IDC disbursements in 2013/4 were R11.2 billion. That is less than in 2012/3, which was a record year, but still 70% above the average for the three years before that (2009/10 to 2011/12).
Industrial financing for development

The IDC continues to direct resources to more job-creating and diversified industrialisation. In 2013/4, the companies it funded created or saved around 20 000 jobs as a result of IDC financing. The IDC also set aside a billion rand for youth enterprise, as discussed in the section on the Youth Employment Accord (page 46).

Creating decent work opportunities in bus manufacturing

Busmark is a South African company that employs 756 people in a Gauteng assembly plant. It successfully completed the manufacture of 221 buses for Cape Town’s MyCiti bus rapid transport system, which is part of SIP 7.

To fulfil the contract, the IDC provided Busmark with R187 million to build a state-of-the-art assembly plant in Blackheath, Cape Town. The new factory will support 200 new jobs over the ten-month construction period. At peak production, it will employ 144 permanent workers.

At the same time, a Workers Trust and a Management Trust were set up, which now own 20% of the company.

Busmark’s new buses will have bodies that are at least 80% locally produced. That means it will increase demand for locally made air-conditioning equipment, fibreglass, finishing products, windows and glass products, lubricants, nuts and bolts, paints and abrasives, rivets, rubbers, safety equipment, seats, steel, timber, tools, upholstery and trimmers. Buying these inputs locally will support many more jobs in the companies that produce them.
Supporting regional development and rural jobs

Treated Timber Products (TTP) is a family-owned business in Mpolweni in the KwaZulu-Natal Midlands. It produces long-lasting timber poles for telecommunications and electricity utilities in South Africa.

The company wanted to increase its exports to the rest of Africa. But it found it hard to handle the long delays in payment that typically come with export sales. It approached the IDC for financial support. In response, the IDC provided it with a revolving credit facility of R22,5 million. The resources went to increase TTP’s exports of treated timber poles to other African countries, while increasing its BEE rating from level 7 to level 4.

As a result of the IDC funding, TTP’s export earnings doubled from 2011 to 2014, and it employed 50 more people. Meanwhile, the higher exports helped the South African economy grow. They also assisted other African countries to develop their electrification and telecommunications infrastructure.

TTP is now investigating additional opportunities in India, China and Sri Lanka. The IDC provided TTP with further support to expand its commercial forestry holdings so that it could increase the supply of wood for its sawmills.

*Treated timber products from TTP destined for Europe.*
Recycling for jobs and the environment

The IDC is working with a number of industrial partners and local authorities on converting waste into a resource that provides jobs as well as inputs for industry. South Africa does not have a longstanding recycling culture, but more and more people now recognise its environmental and economic benefits. A new waste management law has created a more supportive environment.

In this context, the IDC partnered with The Waste Group to establish the Bon Accord Recycling Centre at the Bon Accord land fill site north of Pretoria. The facility can process 6 000 tonnes of waste a month. It will reduce the amount of waste dumped into the land fill, extending its life by several years.

At full capacity, the project will create 406 permanent jobs. Most will be in pre-sorting the waste, but some will be in waste collection and recycling.

The waste that remains after recycling is mostly organic and can be used to generate energy. The energy can be burned in special kilns to produce heat and electricity. It can also be digested through a chemical process to produce biogas that can replace expensive imported diesel and petrol.

Employees of the Waste Group in action at Bon Accord Recycling Centre in which IDC was involved in its establishment.
Support for SMMEs

The National Treasury estimates that the state budgeted R2,2 billion to support small, medium and micro enterprises in 2013/4. The EDD is part of this effort especially through its oversight of sefa, the Small Enterprise Finance Agency.

sefa lends money to micro, small and medium-sized enterprises both directly and through private banks and other financial institutions.

sefa was established in 2012 through the merger of two other national credit agencies for small and micro enterprise. In 2013/4, its lending and other activities expanded rapidly. As a result, it provided growing support to smaller and emerging producers.

sefa more than doubled its lending in 2013/4

sefa’s direct and indirect disbursements climbed to R549 million in 2013/4, up from R198 million in the previous year. It increased its approvals by R626 million.

This steep growth reflected sefa’s organisational development since it was founded.

The strongest growth occurred in direct lending, which is a new area of work for sefa. Direct disbursements grew six-fold to reach R225 million.
Embroidering a business

Belukazi Khanyile approached sefa after countless attempts to secure a loan for an embroidery machine and working capital so that she could start her own business and recruit more staff. Her company, Khanyile Solutions, offers, amongst other things, embroidery, largely labels for apparel, and printing. Based in Selby, Johannesburg, it employs two people permanently and recruits temporary staff during peak periods.

sefa worked with Khanyile to analyse her business needs. It offered a R400 000 business loan in mid-2013 that allowed her to start operations. “I had approached a number of funding agencies and I was never given a chance,” she says. “I decided to contact sefa and after they looked through my documentation, sefa assisted me and I am grateful.”

Khanyile has only used part of the loan. She will draw on the rest of it once the business starts getting more volumes.
In 2013/4, sefa supported over 46 000 enterprises. It disbursed R362 million to women-owned businesses, and R157 million to enterprises owned by young people.

A passion for food

Working for a fast food store inspired Olwethu Nogwebela to start a food business. But the lack of start-up capital stopped him from making his dream a reality. sefa offered him a business loan of R480 000 and he opened ZA’s Butchery Shisanyama.

Born in the rural town of Qumbu, Olwethu holds a Diploma in Mechanical Engineering from a college in Cape Town. He started working as a supervisor for a construction company. His passion for the food business began when he became a manager of a Champion Chicken in Mount Fletcher in 2009. A year later, he joined Zebros Chicken, another fast food franchise, as a manager.

Olwethu’s new business opened its doors in December 2013. Since then, it has grown quickly. “When we started in December the business had about R100 000 monthly profits and now it has gone up to R150 000,” says Olwethu. The business already employs six permanent staff, but the number is expected to increase as turnover grows.
During the financial year, sefa hosted 25 road shows throughout the country to inform smaller businesses about its products and service. It collaborated with other agencies to encourage more holistic support for small and new enterprises.

**sefa Roadshows, 2013/4**

<table>
<thead>
<tr>
<th>Year</th>
<th>Month</th>
<th>Locations</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>April</td>
<td>Alexandra, Johannesburg</td>
</tr>
<tr>
<td></td>
<td>May</td>
<td>Cape Town, Vredendal, Vredenburg</td>
</tr>
<tr>
<td></td>
<td>June</td>
<td>Hammanskraal, Diepkloof, Polokwane, Thohoyandou, Pietermaritzburg</td>
</tr>
<tr>
<td></td>
<td>July</td>
<td>Rustenburg</td>
</tr>
<tr>
<td></td>
<td>August</td>
<td>Kuruman, Kimberley, Umtata, Bizana</td>
</tr>
<tr>
<td></td>
<td>September</td>
<td>East London, Uitenhage</td>
</tr>
<tr>
<td></td>
<td>October</td>
<td>Nelspruit, Bushbuckridge/Ermelo</td>
</tr>
<tr>
<td></td>
<td>November</td>
<td>Bloemfontein/ Mangaung, Welkom, QwaQwa, KwaDukuza, Durban/Umlazi</td>
</tr>
<tr>
<td>2014</td>
<td>February</td>
<td>Koedoespoort</td>
</tr>
<tr>
<td></td>
<td>March</td>
<td>Mitchell’s Plain, Randfontein, Klerksdorp</td>
</tr>
</tbody>
</table>

*sefa road show in the Eastern Cape.*

*sefa road show in the Northern Cape.*
1.3 Strengthening competition

The competition authorities are important for building an inclusive economy. This is because in many industries in South Africa, a fairly small number of companies account for much of total production. This situation arises in part because apartheid effectively shut out many competitors. Moreover, the South African economy is small by world standards.

The Competition Commission and the Competition Tribunal have for several years adopted a strategic approach to the economy. They target sectors that have a strong effect on economic and social development because they provide basic goods for consumers or inputs for producers.

The Competition Act requires that mergers take into account public-interest criteria, including jobs. In the past five years, EDD has worked with the competition authorities to increase the effects of this requirement.
Measuring success

A single number shows the success of the competition authorities’ strategic approach. That number is the value of penalties and fines for collusive behaviour and abuse of market dominance. The value of these penalties and fines came to around R580 million in the third Administration, from 2004 to 2009. They rose to R5,7 billion – almost ten times as high – in the fourth Administration from 2009 to 2014.

In 2010/1, Pioneer Foods paid a R500 million fine for taking part in bread, milling and poultry cartels. Some R180 million of this fine was used to set up an Agro-Processing Competitiveness Fund administered by the IDC, which supports new enterprises. In addition, Pioneer Foods agreed to reduce its prices for flour and bread. This price cut would reduce its gross profit margin by R160 million. It also agreed to increase its capital expenditure by R150 million.

In 2012/3, the U.S. company, Walmart, wanted to take over the South African retailer, Massmart. The EDD and others raised concerns that this takeover could lead to an increase in imports as well as job losses.

The competition authorities ruled that the takeover could go forward if Massmart established a R200-million Supplier Development Fund. The money will be used from 2012 to 2017 to help Massmart to develop South African suppliers.
The Construction Cartel

In 2011, the Competition Commission started a fast-track settlement process to investigate reports of collusion by construction companies on big projects.

Instead of really competing for tenders, these companies would agree which one would get a project and fix the bids accordingly. They planned to create the illusion of competition by having several parties to the cartel submit sham tenders ("cover pricing"). The construction giants also allocated sub-contracts to compensate bidders that agreed to lose the full tender. In other instances, they agreed that whoever won a tender would pay the companies that did not get it a "loser's fee".

This kind of activity affected projects in the government’s build programme, including some of the 2010 World Cup preparations as well as major roads, and in the private sector.

The Commission set up a “fast-track” process that let companies make full and truthful disclosures of bid rigging. The companies agreed to pay penalties lower than the Commission would seek if it had to prosecute them.

The Commission concluded the process in 2013 with settlements with 15 companies including fines that totalled R1,46 billion.

The Competition Commission is still investigating companies that chose not to settle during the fast-track process. In addition, EDD is working to co-ordinate further action on the construction cartel. It is seeking to address the losses suffered by government and the public without reducing the capacity of the construction industry.

<table>
<thead>
<tr>
<th>Company</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Aveng</td>
<td>R306 576 143</td>
</tr>
<tr>
<td>2. Basil Read</td>
<td>R94 936 248</td>
</tr>
<tr>
<td>3. Esorfranki</td>
<td>R155 850</td>
</tr>
<tr>
<td>4. G Livierio</td>
<td>R2 011 078</td>
</tr>
<tr>
<td>5. Giuricich</td>
<td>R3 552 568</td>
</tr>
<tr>
<td>6. Haw &amp; Inglis</td>
<td>R45 314 041</td>
</tr>
<tr>
<td>7. Hochtief</td>
<td>R1 315 719</td>
</tr>
<tr>
<td>8. Murray &amp; Roberts</td>
<td>R309 046 455</td>
</tr>
<tr>
<td>9. Norvo</td>
<td>R714 897</td>
</tr>
<tr>
<td>10. Raubex</td>
<td>R58 826 626</td>
</tr>
<tr>
<td>11. Rumdel</td>
<td>R17 127 465</td>
</tr>
<tr>
<td>12. Stefanutti</td>
<td>R306 892 664</td>
</tr>
<tr>
<td>13. Tubular</td>
<td>R2 634 667</td>
</tr>
<tr>
<td>14. Vlaming</td>
<td>R3 421 662</td>
</tr>
<tr>
<td>15. WBHO</td>
<td>R311 288 311</td>
</tr>
<tr>
<td>Total</td>
<td></td>
</tr>
</tbody>
</table>
The Commission also reached a substantial settlement agreement with Telkom for abusing its dominance of telecommunications. The agreement resolved a series of cases lodged against Telkom from 2005 to 2007. Under it, Telkom must reduce the price of products involved in the case for the three years, from 2014 to 2016. The reductions will have a value of at least R875 million.

The products include internet and cellphone services of various kinds.

The settlement means most South Africans will benefit from lower prices for telecommunications.
The Competition Commission approved the purchase by a foreign investor of AFGRI, an agricultural company, during 2013/4. AFGRI has major storage interests as well as poultry production and other agricultural activities.

The approval included job guarantees for AFGRI's workers. In addition, it led to an agreement between the government and AFGRI that requires AFGRI to expand its help for smallholder farmers. The EDD facilitated the agreement, which was also signed by the Department of Trade and Industry and the Department of Agriculture, Forestry and Fisheries (DAFF).

The agreement provides the following.

- AFGRI will establish a R90-million fund to support small and emerging farmers over the coming four years. The fund will be overseen by an Advisory Board made up of government and Afgri representatives. It will be used to enrol emerging farmers in AFRGI's existing intensive development programme; to pay for veterinarian services to emerging poultry farmers for technical and veterinary services, skills development, and for access to laboratory, technical and nutritional services; and for any other programmes approved by an Advisory Board.

- AFGRI will also take on the bulk of the risk on loan facilities to emerging farmers for a total amount of R125 million secured from the Land Bank.

- AFGRI will provide a 40% discount on grain storage facilities for emerging farmers that store less than 10 tonnes of grain per season in AFGRI's storage facilities.
Badge Skhosana: Building a farm with AFGRI support

Badge Skhosana is an elderly man who has farmed all his life, but never had much education or training. With support from AFGRI and the Department of Agriculture, Forestry and Fisheries (DAFF), he and his wife leased 1 500 hectares of land from government to raise cattle and maize. In addition to Skhosana, his wife, his son and daughter-in-law, the farm now supports 40 workers - six tractor drivers and nine full-time labourers as well as 25 seasonal employees. Around 40% of the workers are women. Most live on nearby farms and in the surrounding townships.

AFGRI assisted the Skhosanas to buy manure, seed and diesel. In a programme with DAFF, it has also appointed a mentor to guide them, and it organises regular training workshops. The Skhosanas deeply appreciate AFGRI's assistance in all stages of the value chain, from buying inputs to market access.

Before AFGRI came into the picture, Skhosana had always struggled to pay his employees and to manage farm operations. Now he feels confident about the new season. Things have been going well since he has had AFGRI's support, and he is happy to see government getting involved.
Patros Masilela benefits from the AFGRI deal

Patros Masilela will be a new beneficiary of the AFGRI deal, starting with the 2014/5 season. He is so excited. He has seen other farmers being helped, but for him it has always been a dream. He is happy to see government partnering with AFGRI to ensure stability and rapid development of farmers.

Masilela leased his 600-hectare farm from government, raising cattle and maize. He has always struggled to buy inputs such as fertiliser, seeds and diesel. Most of his tractors are old and out of service, and his harvest machine is also very old.

Based on the agreement with EDD, AFGRI will assist Masilela with training, fertiliser, seeds and linkage to markets. He feels that the coming season will be very hopeful, and he will now be able to employ more people.

Part of the 600-hectare farm Patros Masilela leased from Government with assistance from AFGRI.
On 1 April 2013, amendments to the Competition Act came into force that empower the Commission to undertake market inquiries. Under the new provisions, the Commission can start investigations into markets where the outcomes indicate a lack of effective competition. It does not have to wait for a complaint from the public.

In its first market inquiry, the Commission appointed a panel to investigate the private healthcare sector. The inquiry is expected to last between 18 and 24 months.

Private healthcare is a key cost factor for the economy as well as for households. If prices for private health services are too high, then the cost of medical aids will also soar. High-cost private care also means more people have to rely on the public health service.

The Commission appointed retired Chief Justice Sandile Ngcobo to chair the panel, with Professor Sharon Fonn, Dr Ntuthuko Bhengu, Dr Lungiswa Nkonki and Mr Cornelis (Cees) van Gent as members.

The panel will oversee research into the sector, manage public hearings, review submissions, draft the inquiry report and make recommendations. It will be supported by a team from the Commission’s economists and lawyers as well as other experts.

Panel appointed by the Competition Commission to investigate the private healthcare sector.

Chairperson: Chief Justice Sandile Ngcobo (retired)  
Panellist: Professor Sharon Fonn  
Panellist: Dr Lungiswa Nkonki  
Panellist: Mr Cornelis (Cees) van Gent  
Panellist: Dr Ntuthuko Bhengu
1.4 Managing trade to support inclusive growth

The EDD oversees the International Trade Administration Commission of South Africa (ITAC), which is responsible for trade remedies, including safeguards, rebates and similar measures.

A central challenge has been to make sure ITAC’s work supports other programmes to strengthen industries and encourage new kinds of production. That would mean trade measures do more to support inclusive growth.

As an example of this approach, ITAC provided temporary tariff protection against a surge of low-cost imports into the poultry industry. The increase in imports threatened local processing capacity and jobs. The poultry industry is critical for rural livelihoods and food security.

While ITAC provided trade protection, the EDD, the Department of Trade and Industry, The Department of Agriculture, Forestry and Fisheries and the Industrial Development Corporation developed a strategy to support longer-term development in the poultry industry. When the trade protection comes to an end, the industry should be able to compete more successfully with imports.

ITAC employees; (from the left), Thinus van Zyl, Rika Theart, Barbara Moeng and Dolly Ngobeni, at Astral conducting plant verification during an investigation which resulted in increase in tariffs on imported chicken meat.
Scrap metal for South Africa's foundries

In the past few years, high international scrap metal prices have led to rapid growth in exports. That has undermined local foundries and made it more profitable for thieves to steal cables, manhole covers and similar equipment.

For this reason, after extensive engagements with stakeholders in the metals industry, the EDD issued a trade policy directive to ITAC on the export of scrap metal. It required the introduction of a price preference system that favoured South African users. Under this system, companies may export scrap metal only after they have first offered it to domestic smelters and other manufacturers at a reasonable price.

EDD successfully defended this policy against legal challenges by scrap exporters.

Scrap metal from a company in Boksburg, Gauteng, which applied for an export permit for exportation of 300 tons of scrap. ITAC’s inspection revealed that there were different grades of scrap that was in the yard and this was in the region of 350 tons.
Tariffs and jobs

The tariff amendments recommended by ITAC in 2013/4 led companies to commit to create over 3 750 jobs and to sustain almost 115 000. Most of the jobs saved were in the sugar industry. ITAC will monitor as to how many jobs the beneficiaries of both tariff increases and rebates actually create.

Company job commitments in response to tariff changes

<table>
<thead>
<tr>
<th>Tariff change</th>
<th>Jobs created</th>
<th>Jobs saved</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Tariff increase</strong></td>
<td><strong>Total: 1 644 net jobs</strong></td>
<td><strong>Total: 111 532 net jobs</strong></td>
</tr>
<tr>
<td></td>
<td>• 1 571 in poultry/chicken processing</td>
<td>• 110 739 in sugar processing</td>
</tr>
<tr>
<td></td>
<td>• 43 in heat exchange unit manufacturing</td>
<td>• 143 in heat exchange unit manufacturing,</td>
</tr>
<tr>
<td></td>
<td>• 30 in wire and nails manufacturing</td>
<td>• 205 in screws, bolts and nuts manufacturing</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• 39 in PTFE Tape manufacturing</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• 406 in coated fine paper production.</td>
</tr>
<tr>
<td><strong>Rebates</strong></td>
<td><strong>Total: 2 120 net jobs</strong></td>
<td><strong>Total: 3391 net jobs</strong></td>
</tr>
<tr>
<td></td>
<td>• 170 rebate on aluminium slugs for aerosol cans</td>
<td>• 115 jobs in aerosol manufacturing</td>
</tr>
<tr>
<td></td>
<td>• 1 880 jobs through amendment of the rebate for IDZ to allow the entities in the CCA to use Schedule 3 rebate provisions</td>
<td>• 536 in production of washing preparations</td>
</tr>
<tr>
<td></td>
<td>• 25 in palm oil processing for oil and fat</td>
<td>• 405 in fluorescent lamp assembly</td>
</tr>
<tr>
<td></td>
<td>• 30 in the fluorescent lamps assembly</td>
<td>• 24 in palm oil processing</td>
</tr>
<tr>
<td></td>
<td>• 15 in dust masks manufacturing</td>
<td>• 130 in dust mask manufacturing</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• 2181 jobs upholstered furniture manufacturing</td>
</tr>
</tbody>
</table>
1.5 Unblocking investment

The EDD works to facilitate major private investment projects especially where they face delayed decisions by agencies of the state. It does not provide any funding itself, but it assists investors in a range of other ways.

Amongst others, in 2013/4, the EDD helped an enterprise to obtain land and leases from government agencies and municipalities in order to expand its operations. It arranged for vacant sefa premises in Mitchells Plain to be used as a training facility. It facilitated water and mining licences for new investors.
Promoting investment in Atlantis

The EDD’s work in Atlantis, near Cape Town, illustrates its approach to supporting and unblocking investment.

Atlantis has about 70,000 residents. It was set up under apartheid as an industrial centre, but in recent years has faced a loss of companies and jobs. To get its manufacturing sector growing again, the EDD worked with the Department of Trade and Industry (the dti) to attract two major new electronic goods companies. The government provided incentives and engaged the Chinese government.

In June 2013, a Chinese company, Hi-Sense, launched a factory that provides 300 jobs. The company makes fridges and TVs. This followed the opening of another factory that makes TVs and decoders, which employs 100 workers, in March 2013.

In addition, the IDC has provided R276 million in loans and equity for five leather, blanket and textile factories in Atlantis. Eight textile factories in Atlantis have also received R58 million in grants from the government’s Production Incentive Fund over the past five years.
Building a new soy industry

In the past few years, the EDD has worked with the Department of Trade and Industry and leading companies to increase local processing of oil seeds such as soya and sunflower seeds. This industry provides important inputs for animal feeds and biofuels. Its growth will establish a market for growers of soybeans and sunflower seeds that in turn will generate thousands of new jobs.

The EDD has worked closely with Noble Resources, a Singapore company, on a R600-million soybean crushing plant in Bronkhorstspruit in Mpumalanga. The new factory opened early in 2014, 18 months after production began. It will convert around 240 000 tons of soya beans annually into high quality oil cake, hulls, and crude soya oil. These products are used for animal feed and in industry.

The Noble plant will provide a market for dry-land cultivation of over 100 000 hectares with soya, with is an important rotational crop. The plant itself provides 48 permanent jobs, but should raise agricultural employment by over a thousand.

EDD assisted the project by working with the municipality to provide reliable supplies of water and electricity; improve the roads to serve the plant; facilitate authorisations; and access land for parking.
A central element of the EDD’s work has been to forge accords between government agencies and organised business and labour in order to achieve developmental aims.

In the past year, its main achievements in this regard have been in reaching and monitoring implementation of the Youth Employment Accord.

The Accord was signed in April 2013 by the NEDLAC constituencies – that is, business, labour and community representatives - and leading youth organisations. It reflects a common commitment to raising the share of young people in employment, training and education.

The six pillars of the accord are education and training; work exposure; youth brigades based on existing public employment programmes; set-asides for youth employment in growing industries; youth entrepreneurship and co-operatives; and private-sector initiatives.

In 2013/4, the EDD provided detailed quarterly reports on progress in implementation to Cabinet as well as to the NEDLAC stakeholders.

Key Stakeholders at the signing ceremony of the Youth Employment Accord on 18 April 2013, at the Hector Pieterson Memorial and Museum in Soweto.
Implementing the Youth Employment Accord

The biggest public-sector commitments in the Youth Employment Accord are to increase the share of young people in public employment schemes and to grow the number of internships. These programmes can provide new opportunities for thousands of young people.

These programmes are also important because young people often find they cannot get employment due to a lack of experience. If they get a chance in a public-sector position, many find it easier to find a private job afterwards.

By March 2014, young people under 35 accounted for around half of all participants in public employment schemes. A total of around 500,000 youth participants took part in public employment schemes the course of 2013/4.

Another 16,000 youth had some form of internship in the public sector in 2013/4. Most of them had a university degree.
The PICC and youth employment

The PICC has also prioritised youth employment, and the national infrastructure build programme has become a significant source of employment for young workers.

For the period ending March 2014, the EDD recorded 27 000 job opportunities for youth in just 22 major infrastructure projects out of the hundreds of projects included in the National Infrastructure Plan. Over half of all workers on Eskom’s Medupi and Kusile construction sites are youth.

Meet the rough diamond turned foreman at Medupi Power Station Project

When Lincoln Mohlaka had to give up his studies in Metallurgy at the University of the Witwatersrand in 2007, he thought his future was doomed and, for months, he was shattered.

Fast forward to 2013, and Mohlaka (then 26 years old) is now a certified artisan boilermaker by trade currently working at the Medupi Power Station Project in Lephalale, the fourth largest coal-powered station in the world which is still under construction.

Mohlaka was part of the first group of apprentices and the youngest at the time to be trained at the Tlhahlong Training Centre, an artisan training centre sponsored by Mitsubishi Hitachi Murray & Roberts (M&R) as part of its AsgiSA obligations; M&R is Medupi’s lead contractor and South Africa’s second-largest construction company. Their intention is to donate this facility to the Lephalale FET once the construction of the Medupi Power Station is complete.

According to the then training centre’s manager, Pieter de Villiers, Tlhahlong is one of the few training facilities in the country that has been granted the license to certify and accredit artisans and a total R24 million was spent to build the facility and purchase all the necessary equipment. To date, the centre has produced approximately 650 qualified artisans and another 74 are currently in training.

“Our intention on this project is to empower the local community – Murray & Roberts wants to leave a lasting legacy in Lephalale and implement a project that will go a long way towards addressing the skills shortage in the area.

Lincoln Mohlaka - Rough-diamond-made artisan.
We want to see young people becoming qualified artisans who will be able to support themselves, their families and contribute meaningfully to the economic growth of this country. For me personally, to see success is my reward and people like Lincoln who I've seen grow from strength to strength are an inspiration,” says de Villiers.

Mohlaka is one of Thlahlong’s major success stories and has witnessed firsthand the construction of the Medupi Power Station almost from the very beginning.

“When I got there, I was a rough diamond and most of us in our group had never worked before. When we started, they were just starting to build the lift shafts for boiler six and others were doing the cementation on the ground. Today, when I walk through site, I can literally point out the things I have had a hand in building and it's an amazing feeling to be part of such big milestones,” says Mohlaka.

Mohlaka has worked his way up to Foreman status quickly. After training at Thlahlong, he went to the Medupi Power Station for on-site training in the piping department, a crucial part of boilermaking. Even at that early stage as an apprentice, his foreman saw great potential and believed in him so much that he let him lead his own team. From there he was sent to the pipe workshop (where the pipes are fabricated) where he mastered the craft. After 18 months on site, he went back to the training centre, completed his trade tests, qualified as an artisan and was promoted to Foreman, after a year of working.

“Critics often said I was young and didn't have experience but I learned fast that out there, when working with people who have been doing this since before you were born, you shouldn't try to act like a boss. To make the best out of the situation and produce the work of the required standard, you have to work with them, listen to them and most importantly, learn from them,” reflects Mohlaka.

The Thlahlong Training Centre is the flagship of the Medupi Legacy Programme which was established in August 2009 to ensure that whilst Eskom is building the power station to keep the lights burning, it leaves a sustainable legacy in the Lephalale Municipality and the Waterberg District, which will contribute to growth of the Limpopo Provincial Gross Domestic Product. Skills development, job creation, enterprise development, education and human resource development are the main focus areas of the programme.

Champion of the programme and Medupi Project Director, Roman Crookes says: “We want to leave behind a skilled workforce in Lephalale that can be recruited and employed elsewhere. Once construction work has concluded, Eskom will not only have boosted the power generation capacity by 4,800 megawatts using the latest power generation technology, it will also have played a significant part in strengthening the local community and boosting job prospects for a considerable section of the population.”

The training centre was started in October 2008 by Murray and Roberts as part of its contractual obligations to Hitachi which is contracted by Eskom to build the supercritical boiler plant and is required to produce 700 artisans as part of the Accelerated and Shared Growth Initiative for South Africa (ASGISA). The candidates are put through what is called an Accelerated Training Programme (ATP) and de Villiers is confident that Mitsubishi Hitachi Murray & Roberts will exceed the target of 700 qualified artisans.
Resources for youth enterprise

The IDC has set aside R1 billion and sefa R1,7 billion for youth-empowered enterprise in the coming three to five years. A youth-empowered enterprise has at least 25% youth ownership.

sefa approved R81 million and disbursed R58 million to youth-owned enterprises in the financial year 2013/4.

The IDC approved R19,5 million for youth-empowered enterprises from a special fund known as Grow-E. An additional R79 million was allocated to youth-empowered enterprises from other sources within the IDC during the year. As a result, the IDC provided a total of almost R100 million in financing to youth-empowered enterprise.

IDC initiatives included:

- Goedgedacht Farm project for Youth: the aim of the programme is to teach personal development skills as part of the Path out of Poverty Programme. The IDC provides R1,6 million.

- Bedford Eagle Hout Cooperative: a 17-member youth cooperative that manufactures solid wood furniture. IDC contributes R2 million.

A manufacturing plant in Midrand to manufacture compressed biomass logs mainly for braaais and fireplaces, started by a young black woman. IDC is providing R49 million for this start-up which will create 45 jobs.

Bedford Eagle Hout Co-operative members.
The Presidential Youth Indaba

In March 2014, the EDD helped organise the Presidential Youth Indaba in partnership with the Presidency, the National Youth Development Agency, the South African Youth Council and various other stakeholders.

The Indaba gave participants a platform to discuss how to strengthen implementation of the Accord. They adopted resolutions to that end. It also included an expo where young participants could find out about job placement, entrepreneurship, education and training opportunities.

The Presidential Youth Indaba was followed by road shows. The first was held in the Western Cape in April 2013.

Additional achievements under the Youth Employment Accord:

In addition to the programmes and policies that EDD supports directly, the Youth Employment Accord has given rise to a number of initiatives across the state.

The Department of Trade and Industry assisted a number of youth entrepreneurs and co-operatives through its new Youth Enterprise Development Strategy. It set a target of 80% youth for future beneficiaries of its Business Process Services support programme.

Government expects a 10% increase in the number of university places by the end of next year, and an even larger expansion in further education and training. Over the past two years, rooms for more than 4 200 students have been completed at universities. A total of 500 lecture theatres, labs and other facilities were built during the fourth Administration. In addition, two new universities and 12 new campuses for Further Education and Training (FET) colleges are under construction - the biggest new university and college build programme in the past 30 years.

In 2013/4, almost 11 000 young people entered artisan programmes, and 13 000 completed their training. According to reports by Sectoral Education and Training Authorities (SETAs), a further 21 000 youth entered learnerships in the fourth quarter of the 2013/4 financial year. Moreover, 12 000 FET and 3700 University of Technology graduates were placed for work experience.

The Department of Higher Education and Training is working with business to help increase workplace experience for both recent graduates and FET lecturers. In February 2014, government launched the Decade of the Artisan.

Young people faced sharper job losses in the 2008/9 financial crisis, and a slower recovery than older workers. This situation has now reversed. In the year to March 2014, youth employment climbed by 140 000, or 2,5%, to just under six million. Largely because of this, the share of youth who are not in employment, education or training fell from 46% to 44%. The main sectors generating employment for young people are construction, retail and business services.
1.7 The Green Economy

The New Growth Path points to the importance of the green economy as a jobs driver. We have already described work around green energy and the IDC’s initiatives.

In addition, the EDD convenes a committee of officials from national departments to engage on policies related to the green economy. These policies include the proposed carbon tax, mitigation strategies and energy issues.

In this context, with the United Nations’ Global Green Growth Institute (GGGi), the EDD initiated a major study on the impact of rising electricity prices on the mineral value chain. The study should be finalised in mid-2014.
The EDD convenes a government task team with Eskom and the Department of Energy that works on providing solar water heaters, particularly to low-income households.

As of March 2014, more than 434 000 solar water heaters had been installed on roof tops throughout the country. Most of the households that received solar water heaters gained access to running hot water for the first time.

The target for supplying solar water heaters has been increased to 1,75 million in the coming five years. This ambitious goal creates an opportunity for local manufacturing. Government has designated 70% of the solar-water heater system for local producers.

Eskom, as the Department of Energy’s agent, will follow a procurement process that ensures solar water heaters will be manufactured locally. They will be installed and maintained by youth cooperatives.
The Minister of Economic Development, Mr Ebrahim Patel, directed the Industrial Development Corporation (IDC) to support the Green Economy. The IDC has focused on renewable energy – that is, energy from natural sources like wind and sun that do not pollute. This is important because South Africa has historically relied on coal-fired energy, which produces high levels of emissions.

The main way that government is supporting clean energy is through the Renewable Energy Independent Power Producer (REIPP) tender process. Under this process, companies can bid to produce solar and wind energy for the national electricity grid that Eskom manages.

In all three rounds of the renewable energy process so far, the IDC has invested in 22 successful projects. In the past year alone, in the third round, it supported bids worth R6 billion. The projects that the IDC supports will generate 1,265 megawatts from solar photovoltaic, wind, hydro power and concentrated solar plants. The IDC's investments in clean energy are worth over R13 billion.

The IDC also increased its funding for small-scale clean energy and energy efficiency projects through the Green Energy Efficiency Fund (GEEF). It focused on helping companies to use energy more efficiently and on projects that convert biomass to energy.
1.8 Co-ordination and improving policy development

The EDD is expected to help government departments and agencies work together to reach government targets for jobs and growth.

Government’s Medium Term Strategic Framework identifies a number of targets for high-level outcomes. The targets for inclusive growth, which include job creation, GDP growth and investment levels, are grouped under Outcome 4.

The EDD worked with the dti and the National Treasury to prepare quarterly reports to Cabinet on progress toward the Outcome 4 targets. It also provided in-depth reviews of economic progress to Cabinet makgotla. These analyses helped to identify what government could do to support growth and job creation.

The Minister of Economic Development convenes the Economic Development MinMEC together with the Minister of Trade and Industry. The MinMEC brings together the provinces' Members of Executive Councils (MECs) for economic development, as well as metro Mayors and the South African Local Government Association (Salga). The MinMEC is supported by senior officials from the relevant departments and municipalities, who prepare the key issues for discussion.

In 2013/4, the Economic Development MinMEC met twice. The technical team met four times. The MinMEC adopted a common strategy on support for small and medium enterprise and on the Special Economic Zones. In the process, it reached agreement on ten Special Economic Zones, stretching across all the provinces.
An important way the EDD supports policy alignment is to set up networks of officials. It also holds various kinds of workshops, seminars and conferences where political leaders, government officials, business and labour leaders and academics can exchange ideas, clarify debates, and find ways to do more to support inclusive growth.

In 2013, together with the United Nations Department of Economic and Social Affairs (UN-DESA), the EDD held a major conference on financialisation. Financialisation means the tendency of the financial sector and financial processes to grow faster than the economy as a whole.

For the conference, the EDD developed an in-depth research paper on financialisation in South Africa. It showed the rapid growth of the financial sector took place in some ways at the cost of industrialisation and job creation.

The Department also hosted other platforms and developed research inputs to help develop stronger policies and measures to promote inclusive growth. Amongst the topics covered in this way in 2013 were broad-based BEE; gender and the New Growth Path; the township economy; and, smallholder development. EDD officials also helped draft the economics chapter of the 20-year review published by the Presidency.

With support from the International Labour Organisation, the EDD has developed a model that can simulate the impact on employment of some kinds of state policies as well as economic developments. The aim is to support evidence-based decision-making around how best to support employment creation. Currently, the model is being used to assess how various options for generating electricity will affect jobs.
The EDD can be proud of its achievements in the past year and in the past Administration. But major challenges remain. Above all, government as a whole must redouble its efforts to achieve the vision of a more equitable, inclusive, dynamic and job-creating economy. The new Medium Term Strategic Framework lays out the key steps and measures to achieve this objective.

In the new Administration, as a main task the EDD will continue to provide support for the PICC. Its most important job is to monitor the SIPs and overcome blockages, and to support meetings of the PICC structures. In addition, it will work more on ensuring that infrastructure supports productive investment and job creation. That means in particular that it must be affordable as well as of higher quality.

The EDD will also work to improve the environment for new investment in other ways, especially where it will support job creation. It will set up more action-oriented monitoring systems for the Jobs Drivers identified in the New Growth Path. These new structures should make sure that government agencies respond faster to emerging economic risks, opportunities and blockages.

The EDD will also continue to work with the agencies it oversees as well as with other state agencies to increase industrial financing, support local procurement and investment, encourage job creation and expanded training, and reduce unnecessary regulatory obstacles and delays.

Finally, as the recent mining strike demonstrated, workplace conflict has become a challenge to inclusive growth. The roots of that conflict lie in the fact that in many workplaces, apartheid entrenched unfair inequalities and poor communication. Often these systems live on today. We need a broader discussion on how to overcome them. In this context, the state should shape its support for families and communities in ways that reduce strains in the workplace. The EDD will work with other departments, organised business and labour to address these challenges.
Like every government agency, the EDD must account to citizens for its use of public resources. We are proud that in the five years of our existence, we have always had unqualified audits. This section reviews our record on management.

2. MANAGING THE EDD: ORGANISATIONAL DEVELOPMENT, HUMAN RESOURCES AND FINANCES

2.1 Organisational development

The EDD is a relatively young department, and it is still developing structures that can meet our aims. The new Medium Term Strategic Framework (MTSF) for 2014 to 2019 lays out a number of key tasks for the EDD. To achieve these ambitious goals, we will undertake a re-organisation in the next few years in order to focus our limited resources on national priorities.

The new MTSF requires continued support for the PICC as well as efforts to facilitate and encourage productive investment; stronger monitoring and support for implementation of the New Growth Path, in particular around the jobs drivers; interventions to improve the regulatory framework, reducing red-tape and avoiding unnecessary increases in administered prices while increasing the effectiveness of the state; continued support for the Youth Employment Accord, the Skills Accord, the Green Economy Accord and the Local Procurement Accord; and work with stakeholders to strengthen social dialogue and reduce workplace conflict.

Achieving these strategic objectives will require some shifts in emphasis in the department. We expect a stronger emphasis on monitoring and evaluation of economic developments at the sectoral level; increased integration of spatial and economic planning; and stronger emphasis on social dialogue geared to addressing the factors behind workplace conflict. All of these activities will require some revision to programme functions as well as on-going collaboration with other state agencies.

2.2 Human resources

Central to organisational development is ensuring skilled and dedicated staff. The EDD's mandate does not include much in the way of routine administration. Instead, it requires high-level professionals and managers who are able;

- to analyse economic developments and propose sustainable and practical responses,
- to work constructively with stakeholders inside and outside the state, and
- to oversee and support the regulatory and development finance institutions overseen by the EDD.
By the end of the 2013/4 financial year, the EDD employed 139 people. It is building up gradually to its total approved post establishment of 166 posts.

Parliament endorsed a target of 146 for staffing in 2013/4 in the EDD’s Annual Performance Plan (APP). The target aimed to allow the Department to progressively achieve its full approved post establishment over a three-year period so as to ensure it could recruit qualified staff.

The EDD did not quite fulfil the APP target for staffing for three main reasons.

To start with, the EDD decided to exercise caution in filling posts since, as discussed above, the Department needs to undergo some restructuring. We do not want to employ permanent staff in positions that may be redefined in the next year or two.

Furthermore, the EDD embarked on a savings drive toward the end of 2013 in order to support a larger transfer of finances to sefa. One of the mechanisms adopted was to fill only very high priority posts in the last quarter of 2013/4.

Finally, the shortage of skills in the market affects the EDD’s ability to fill posts. The line functions of the department are dominated by very high-level professionals and managers with relatively scarce skills such as economics and spatial planning. Good people with these skills cannot be found overnight. Instead, the EDD has been engaged in a slow and painstaking process of looking for the right people for the job.

Because of these realities, in the past few years, the EDD relied to an unusual extent on various forms of secondments and co-ordination with other departments rather than permanent appointments.

Co-operation and secondments

As noted in the previous section, currently around 70 people across the government assist the EDD in supporting the PICC. This approach has mobilised expertise from all spheres of the state.

This has been an important and helpful arrangement. It is not sustainable in the longer run, however. In future, therefore, the EDD will have to allocate more of its own staff to support the PICC.

The EDD was also able to secure short-term secondments of staff from the Independent Development Trust and sefa for special projects. Other departments also seconded experts for activities requiring specific skills over fairly short periods.
Going forward, the EDD will focus on filling the remaining managerial and professional positions. Every senior position that is advertised will be subject to a simultaneous headhunting process. Again, while we need to make haste, the EDD cannot afford to employ placeholders.

### 2.3 The budget

The EDD's budget in the 2013/4 financial year came to R771 million. That sum represented an increase of 11% over 2012/3.

In 2013/4, the EDD spent 99.9% of its budget, with underspending at just R35 000. The ability to utilise resources reflects the organisational development achieved over the past year.

Of EDD's total budget, some 80%, or almost R625 million, was transferred to support the competition authorities, ITAC and sefa. These funds were recorded as part of the budget for the Economic Planning and Co-ordination programme, as reflected in the table below.

All agencies and entities that received transfer payments from the EDD complied with s38 of the PFMA, which lays down the requirements for accountability and reliability in utilising transferred funds. The necessary checks and balances were established to ensure that money was used effectively for its intended purposes.

#### The EDD Budget, 2013/4 compared to 2012/3

<table>
<thead>
<tr>
<th>Programme Name</th>
<th>2013/4</th>
<th>2012/13</th>
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<tbody>
<tr>
<td></td>
<td>Final Appropriation</td>
<td>Actual Expenditure</td>
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<tr>
<td>Administration</td>
<td>91,342</td>
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<td>Economic Policy Development</td>
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<td>Economic Planning and co-ordination</td>
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<td>Social Dialogue</td>
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<td>11,697</td>
</tr>
<tr>
<td>Total</td>
<td>771,466</td>
<td>771,431</td>
</tr>
</tbody>
</table>
Rollovers and virements

EDD did not request rollovers to the 2014/15 financial year from the National Treasury.

Virements refer to the re-direction of resources among divisions of the budget vote. In the year under review, the National Treasury approved a total of R15,5 million virements at EDD’s request. The bulk of this sum resulted from an additional transfer payment to sefa in order to offset a budget cut by the National Treasury in 2014/5.

This virement required stringent savings in other parts of the department’s work, including leaving non-critical posts vacant and eliminating some large-scale research, as well as continuing to rely on secondments and outside support for the PICC. These savings are not sustainable over the longer run, however, and cannot be replicated in the coming year.

Procurement

The EDD has continued to improve its systems and procedures for supply chain management. It uses the standard operating procedures provided to ensure compliance to the legislative framework. A check list is used by officials when processing transactions.

Irregular expenditure means that goods and services were procured without fully complying with the National Treasury and Public Service requirements. That may mean a failure to abide by the rules but does not necessarily point to corruption.

In the event, the EDD had eight instances of irregular expenditure amounting to R498 000 in 2013/4. In every case, however, the EDD actually received value for money even though officials did not abide by the required procurement procedures. Where irregular expenditure incurred, an investigation was undertaken and the transgressing officials were disciplined in line with the recommendations approved by the Accounting Officer.

There were no unsolicited bids in the EDD for the past financial year.

The Department has functioning Bid Committees – that is, the Bid Adjudication Committee, Bid Evaluation Committee and Bid Specification Committee. This system complies with the National Treasury, procurement laws and regulations for all procurement needs that amount to R500 000 and above.

Procurement needs below R500 000 are processed after the budget manager has considered competitive quotations. Deviations from normal procurement procedures were undertaken for urgent and unforeseeable requests that did not allow for sufficient time to test the market.
Approvals and disbursements by financial institutions – Financial institutions put applicants for resources through a process to decide to whom they will grant credit or investment finance. The figures for approvals in the text refer to the value of all applications approved. Disbursements reflect the actual transfer of resources to approved applicants. They vary from approvals for a variety of reasons, including phasing and unanticipated problems or needs arising in projects.

Competition authorities – The competition authorities in South Africa comprise the Competition Commission and the Competition Tribunal. They are charged with enforcing the Competition Act, which aims to deal with abuse of power by companies as well as ensuring that mergers between companies do not lead to monopoly power. The Competition Commission investigates industries to see if companies are abusing their power and makes recommendations to the Competition Tribunal. The Tribunal then reviewed the evidence and adjudicates the final decision, which may include imposing fines and requiring companies to support a more competitive outcome.

Concentration in markets – Concentration in markets refers to how much of the production in an industry is controlled by a few companies. If just one company controls an industry, it is called a monopoly. Where market concentration is high, the big companies that control most of the production in the industry may have the power to produce less in order to charge a higher price for the little that they do produce. The result is slower growth and job creation as well as higher costs to households and businesses.

Further Education and Training (FET) – Further Education and Training refers to occupational training following secondary school.

GDP – The Gross Domestic Product, or GDP, is the total of goods and services produced for sale in a year in a country. It is generally used as a measure of economic growth.

Industrial financing – Industrial financing refers to the funding provided by the state to support new economic activities. In addition to financing by the Industrial Development Corporation and sefa, industrial financing is provided through special funds from the Department of Trade and Industry.

Industrialisation – Industrialisation refers to the development of manufacturing as a key to broader economic development. This is because manufacturing requires inputs from a host of other sectors; supports on-going improvements in knowledge and innovation across the economy; and provides relatively good pay, which creates further demand to support economic growth.

Infrastructure - in economics, infrastructure refers the provision of roads, railroads, water, sanitation, electricity and telecommunications as well as schools, health facilities and other buildings for social services. In addition, other network inputs and state services may be included in some cases.

Investment – In economic discussions, an investment is the development of new capacity for production of goods and services that will lead to an increase in the GDP and employment in the future. Investment in this way means that consumption today is reduced in order to increase production later. Most economists think that investment should equal 20% to 25% of the GDP to ensure sustained growth. Investment by the state, which is mostly for infrastructure, should equal around 8% of the GDP.

Stakeholder – Stakeholders are people or groups who have a major interest – a stake – in a process. In the economy, the main stakeholders are business, labour and the state.

New Growth Path – The New Growth Path is an economic strategy that identifies key Jobs Drivers for the coming decade. It also defines strategies to ensure that they generate more jobs. The New Growth Path can be downloaded from www.economic.gov.za
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