



Media Briefing

Economic Sectors, Employment and Infrastructure Development Cluster

Media Briefing

Ladies and gentlemen of the media, we are pleased to present to you the first progress report on the performance of the ESEID Cluster in this, the fifth Administration.

In 2013, government adopted the National Development Plan (NDP) as a long term vision through 2030 for accelerating GDP growth so that unemployment, poverty and inequality could be reduced; and, a more inclusive society created. It also provides an overarching framework that informs the Medium Term Strategic Framework (MTSF) priorities over the next 5 years. These priorities will be achieved through a diligent implementation of plans and programmes, such as the jobs drivers of the New Growth Path (NGP) and the Industrial Policy Action Plan (IPAP). Outstanding among the jobs drivers is the government’s National Infrastructure Build Programme.

The Economic Sectors, Employment and Infrastructure Development (ESEID) Cluster has particular responsibility over Outcomes 4, 5, 6, 7 and 10 of the MTSF (in that order), which account for:

| OUTCOME | | KEY NDP CHAPTER |
|---------|--|---|
| 4 | Decent employment through inclusive economic growth | Chapter 3: Economy and Employment |
| 5 | Skilled and capable workforce to support inclusive growth path | Chapter 9: Improving education, training and innovation |
| 6 | An efficient, competitive and responsive economic infrastructure network | Chapter 4: Economic infrastructure |
| 7 | Vibrant, equitable, sustainable rural communities contributing towards food security for all | Chapter 6: Inclusive rural economy |
| 10 | Protect and enhance our environmental assets and natural resources | Chapter 5: Environmental sustainability and resilience |

The focus is on fewer multi-sectoral interventions that will have a high impact on addressing the structural impediments to growth and employment creation.

Implementation of the Industrial Policy Action Plan: Special Economic Zones

The Special Economic Zones (SEZs) are key to the implementation of the Industrial Policy Action Plan (IPAP). In this regard the Dube Tradeport has been designated as an Industrial Development Zone (IDZ). This IDZ will focus on high-value, niche

agricultural and horticultural products, as well as manufacturing and value-addition primarily for automotive, electronics and fashion garments sectors. The Department of Trade and Industry is currently finalising the SEZ regulations, which will be gazetted for public comment. Passage of these regulations will facilitate the establishment of the SEZ Advisory Board.

Implementation of the Agricultural Policy Action Plan

During the fourth Administration, the government adopted the Agricultural Policy Action Plan, which charts the way for an integrated agricultural value-chain. In this regard significant progress has been made towards the finalisation of the commodity value-chain mapping exercise, which will enable us to specify where and how each commodity value chain will manifest. We have made progress in terms of integrated planning and action between DAFF and DRDLR. This will ensure that the allocation of land is informed by land capability and soil potential for targeted commodities. In order to ensure access to land for production, just above one hundred and three thousand (103,325) hectares of land were acquired and distributed to emerging or “Transitional” farmers, of which 7,960 hectares were allocated to people living and/or working on farms, as part of creating tenure security for farm dwellers. A total of 16,808 smallholder producers were supported through various interventions. This strategic and tactical alignment between DAFF and DRDLR will contribute to continued production on the acquired land; and, the creation of 1 million jobs in line with the target set out in the National Development Plan.

Development of the Mineral Beneficiation Action Plan (MBAP)

The MBAP is being developed to advance local value-addition across five mineral value-chains, namely, iron-ore and steel, platinum group metals, polymers, titanium and mining inputs.

Government’s Commitment to Local Procurement

The Industrial Development Corporation (IDC) facilitated new production capacity to supply build programmes, amongst others, through investments in expanding a steel pipe factory in Krugersdorp to manufacture steel piping for water infrastructure for Rand Water and municipalities. Furthermore, the IDC supported a R600m

investment in a new bus factory in Tshwane in support of the Bus Rapid Transport system (BRT). The facility will also assemble heavy-duty vehicles for construction and mining, and will create almost 1,000 permanent jobs on completion, or, during the operational phase.

Unlocking the Potential for Shale Gas

Since the publication of draft regulations on shale gas development, substantive inputs have been received from interested and affected stakeholders. The regulations to guide shale gas exploration are at consultation stage.

Government's Support to Youth Programmes

We are making strides in providing the youth with the skills that are required by the economy. Government facilitated the placement of 3,159 youth by end of March 2014. A total of 100 learners were recruited for mentoring on the Environmental Practice Learnership programme and 5 335 youth including those registered under the National Rural Youth Service Corps (NARYSEC) were enrolled in skills development programmes. In addition 1562 graduates and students are receiving structured workplace training and 6097 artisans are registered for 2014. Through the Youth Brigades and public sector internship programmes we assisted 3,648 second-chance matric learners with tuition and tutoring services.

The White Paper for Post-School Education and Training provides for the establishment of Community Education and Training Colleges that will primarily target youth and adults who for various reasons did not complete schooling or who never attended school. The process of identifying nine Community Education and Training Colleges for piloting in 2015 has been completed. Offerings will be in collaboration with local authorities, Sector Education and Training Authorities, community organisations and other government departments, as well as industry.

The Department of Small Business Development (DSBD) is currently working with five (5) Youth Co-operatives in the renewable energy sector in collaboration with the Department of Energy. The Department is also providing technical support for the development of the Rural Incubation Centers in Four (4) provinces (KZN, NW, EC and Limpopo) in collaboration with the Netherlands Project Group Academy.

A total of 386 enterprises and industries were supported through rural development, agriculture and tourism initiatives. The services of 920 SMMEs were utilised in the implementation of the environmental programmes.

Expanded Public Works Programme (EPWP)

The implementation of the third phase of the Expanded Public Works Programme (EPWP) has created more than Four Hundred and Twenty Three Thousand (423,387) work opportunities in the first quarter of the 14/15 financial year against the annual target of over One Million (1,045,520) work opportunities. This represents an achievement of 40% of the annual target. In terms of Full Time Equivalents 59,705 Full Time Equivalents (FTEs) were created in the first quarter of the 14/15 financial year against the annual target of 420,952 Full Time Equivalents (FTEs).

Infrastructure

Energy

Addressing the country's current electricity constraints remains a priority in line with the President's State of the Nation Address, which echoed the NDP. Interventions that have been introduced include improving the financial sustainability of Eskom, roll-out of the Renewable Energy Independent Power Producers (IPPs) to augment state investments in generation capacity and the creation of a regulatory environment that will encourage investments. The process to amend the National Energy Regulator Act, 2004, and the Electricity Regulation Act, 2006, to ensure a more efficient and predictable regulatory environment, has commenced.

As part of the package to support Eskom towards sustainability, approval was granted to allow migration towards cost-effective tariffs to ensure a sustainable electricity industry, while ensuring affordability on the part of poor households.

On Renewable Energy (solar and wind), the Department of Energy (DoE) has procured over 3 900 Mega Watts (MW) of renewable energy with about 1 000MW already in operation and 1 400MW planned to come online during 2016. Work is underway to procure the remaining megawatts in line with the Integrated Resource

Plan (IRP) 2010. About 2 500MW has been allocated for coal programme procurement from IPPs.

Government has through the Integrated Electrification Programme (INEP) achieved 5 667 non-grid connections and 93 462 grid connections for the period April to September 2014.

Work on the Grand Inga Project to secure 2500MW is continuing. An Energy Agreement between South Africa and the Democratic Republic of Congo, that provides a legal framework for cooperation between the two countries, was signed on 9 September 2014. The phase 1 Inga III project will generate 4800MW. South Africa has committed to purchasing 2500 MW in this phase.

The Medupi Power Station Unit 6 synchronization is on track for the end of December 2014, with grid connection and full operation will only be possible around June 2015.

Logistics and transport infrastructure ensured

A draft Integrated Freight Corridor Plan was completed for the Durban-Free State-Gauteng Logistics and Industrial Corridor. This is aimed at improving the capacity, efficiency and sustainability of the Durban-Gauteng freight corridor as well as coal-transport corridors. Regarding Coal Basin expansion, R39 billion was spent on expansion of the coal line to 81 million ton per annum. This was aimed at strengthening transport infrastructure to central coal basin and to expand export capacity in the line to Richards Bay Container Terminal.

Stakeholder consultation towards the establishment of a Single Transport Economic Regulator (STER), which will manage issues of competition, accessibility and price/tariff regime, has commenced. The Ministers of Transport and of Public Enterprises have signed an MOU on the implementation of an Interim Rail Economic Regulatory Capacity for an opportunity to be created for private sector participation in the rail environment.

Through the Passenger Rail Agency of South Africa (PRASA), the Department of Transport has started a strategic intervention on the Moloto Road, through looking

into constructing a new 120 km rail line, linking Gauteng and Mpumalanga Provinces.

Tshwane recently launched its Inception Service (*A Re Yeng*) between the CBD and Hatfield. The Nelson Mandela municipality *Libhongo Lethu* will run a new Phase 1 service on its upgraded network in July 2015. George Local Municipality (*Go George*) will be launching its full network of services in December 2014.

Maintenance and supply availability of our bulk water resources ensured

Projects to improve water supply within the Waterberg area are reaching critical milestones. The Mokolo and Crocodile River Water Augmentation Project (Phase 1) is at construction phase. De-bottlenecking to improving operational efficiency by linking existing and new pipes has been achieved thus increasing delivery by an additional 57% of water. This will enable Eskom to commission four of its Medupi units and meet the forecasted high water demand scenarios until December 2015.

In order to expand land under irrigation and ensure access to water for agricultural purposes, 13 of the 78 authorised water use licenses were allocated to historically disadvantaged individuals and entities, amounting to 258 323 m³/a (cubic meters) volume of water. A total of 105.68 hectares of land will be irrigated through the authorised licenses. A total of 83 rivers were monitored for compliance with Water Use License conditions out of the targeted 98 rivers. Six Hundred and Forty One (641) resource poor farmers were assisted with access to water.

We are also rolling out the Water Administration System (WAS) aimed at improving operational efficiency of the Water User Associations in managing the following irrigation schemes: Sandvet, Vaalharts, Oranje Riet and Hartbeespoort Poort Irrigation Board. Five bulk water scheme projects are at the construction phase in four provinces in the rural areas, which are: Sundays River Bulk Water Scheme, Mandlakazi KZN, Hlabisa Bulk Water Supply, Niekerkshoop Groundwater (NC); and, Thembelihle.

During the period under review, 454 Environmental Impact Assessment (EIA) applications were received and as at the end of September 2014, a total of 306 were finalised by the 10 Competent Authorities. A single Strategic Environmental

Assessment has been finalised as an intervention to streamline the environmental authorisation process for Strategic Infrastructure Projects (SIPs).

Expansion, modernisation, access and affordability of our information and communications infrastructure ensured

The Business Case for Digital Development has been developed. This will contribute towards increasing public and private ICT investment in network upgrades and expansion as well as development of applications and local content. The Draft Digital Readiness implementation plan has been developed. This plan is aimed at the creation of an enabling regulatory and institutional environment that facilitates broadband rollout, whilst preserving the broader public interest.

Skills required by the economy

The National Development Plan highlights that by 2030, South Africa should have access to education and training of the highest quality, leading to significantly improved learning and training outcomes.

A report on the anticipated skills shortages for Strategic Integrated Projects was launched in September 2014 identifying the skills required for the National Infrastructure Build Programme, as a central pillar of the National Development Plan. It also identifies the specific steps that are needed to overcome identified blockages and makes proposals on skills at the required levels.

In order to increase access to high-level occupationally directed programmes in needed areas, the University of Mpumalanga (UMP) and Sol Plaatje University (SPU) form part of the Strategic Integrated Projects that have been prioritised by the Presidential Infrastructure Coordinating Committee (PICC). Work is continuing at both universities on the renovation, upgrading and extension of existing facilities to accommodate the planned enrolment for the 2015 academic year.

In order to increase access to programmes leading to intermediate and high level learning, sixteen sites have been secured for both the construction of 12 new Technical and Vocational Education and Training (TVET) College campuses and the refurbishment of 2 existing campuses. These colleges are central to addressing the

skills shortages and advancing economic growth in South Africa as well as to equipping our young people with the technical, business, administrative and other skills to run a modern economy.