



BLACK BUSINESS COUNCIL



BUSA
BUSINESS UNITY SOUTH AFRICA

PRESIDENTIAL BUSINESS WORKING GROUP

THE

INCLUSIVE GROWTH

TASK TEAM presentation

Co chairs: Sandile Zungu & Lionel October
Sherpas: Khanyisile Kweyama & Stephen Hanival

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Introduction

Inclusive growth - Socio-economic context:

- Insufficient economic growth over time
- Commodities super-cycle masked deep, structural contradictions:
 - Services sectors outperforming ‘productive’ sectors
 - 6 million jobs created:
 - ✓ Commendable; but
 - ✓ Notable skills mismatch

Socio-economic context (cont'd)

- Unemployment rising, especially among youth unemployment
- Racial inequalities unabated
- SMME failure rates very high
- Essentially, SA's historical economic growth trajectory is not inclusive
- Further, economic growth constraints as described in the NDP are characterised by market and government failures

Socio-economic context (cont'd)

Why? Notably:

- Investment levels low by global standards
- Apartheid spatial planning remains unchallenged
- Rural-Urban migration undermines efficacy of housing programmes
- Township upgrades focused on social infrastructure and structures
- SMME growth, Agriculture and informal sector constrained by systemic barriers.

Task team priorities

- Task team identified a number of priorities with desired and measurable impact on 3 broad areas:
 - Employment Creation
 - Spatial development
 - Enterprise development

Priority #1:

Revitalising township economies

- Achievements to date
 - Commencement of the ITUP (Informal Traders Upliftment Project), in partnership with W&RSETA (Wholesale and Retail SETA). During the 1st quarter, 373 informal traders were trained
 - The SELF programme (Shared Economic Infrastructure Facility) has received 2 proposals from Limpopo and 1 from E/Cape

Priority #1:

Revitalising township economies (cont'd)

- Shared Economic Infrastructure Facility: 5 additional programmes under consideration
 - Sibanye Gold – Welkom
 - Kwa Mai-Mai Market – City of Johannesburg
 - Loftus Gardens Community – City of Tshwane
 - Leather Fern Growers – Mpumalanga
 - Grobleshoek – Northern Cape

Priority #1:

Revitalising township economies (cont'd)

- 10 Local Industrial Parks have been identified, which are to be revitalised, notably:
 - Dimbaza; Queendustria; Fort Jackson;
 - Isithebe,
 - Botshabelo,
 - Siyabuswa, and
 - Babelegi.
- A further 10 will be prioritised after consultations

Priority #2:

Industrialisation through local procurement

- Government has undertaken further rounds of designations, which includes:
 - Transformers
 - Power-line hardware and structures
 - Steel conveyance pipes
 - Mining and construction vehicles
 - Building and construction materials

Priority #2:

Industrialisation through local procurement

(cont'd)

- National Treasury published for comment a proposed procurement approach, which refines the 90/10 & 80/20 principles to allow for a 50/50 approach for contracts, with a set ceiling value
- Barclays/Absa; Pn'P; Shanduka; Anglo Zimele are intergrating this consideration in their supplier development programmes. Scaling up is happening, albeit slowly

Priority #2:

Industrialisation through local procurement

(cont'd)

- The Black Industrialists Programme has been submitted to Cabinet for approval

Also under urgent consideration:

- A comprehensive Industrial Finance review and strategy is being prepared - to re-calibrate incentive support building on the successes in Autos, Clothing & Textiles, and Agro-processing.

Priority #2:

Industrialisation through local procurement

(cont'd)

- Government sensitive to reduced business confidence, especially as derived from sectors negatively affected by the downturn in mining. Hence, the dti is considering developing a sector-focused incentive programmes to assist the Metals, Engineering and Capital Equipment and the agriculture and agro-processing value chain

Priority #3:

Create institutional capacity for implementation

- Business and Government are at an advanced stage in developing the concept of the Inclusive Growth Implementation Agency (IGIA), to be modelled on the successful Business Trust
- The IGIA will focus on effective implementation. It should comprise a lean executive, including associates, reporting to a Board made of government and business (incl. SOEs)

Priority #3:

Create institutional capacity for implementation (cont'd)

- Initiatives are underway to assist municipalities with accounting & financial management skills, eg, ABASA's. BUSA developing and hosting a database of retired CAs to assist municipalities
- SABTACO has engineers and quantity surveyors on hand. Similarly, BUSA, Anglos, Cogta in partnership with DBSA are implementing a programme of skills and systems development

Case study: Success worth emulating

- Banking sector
 - Funding the developmental-type infrastructure, including taxi ranks, etc.
 - Affordable housing and social housing
 - Black Industrialists development funding
 - Entrepreneurship promotion amongst youth
 - Support for black farmers
- Consumer goods and retail sectors under review

Challenges and mitigation plan

- Collaborative coordination and oversight of programmes and projects critical to replenishing the trust between business and government
- Linking of big and formal business to local industrial parks critical to supply chain development and access to markets, especially for SMMEs

Challenges and mitigation plan (cont'd)

- Capacity building and enhancement through access to critical skills readily available in business, e.g, in municipalities to implement bulk projects such as water and sanitation
- Focus on effective delivery, among others, through locating collaborative projects within an entity for which the thematic area represents a core strength or important area of focus e.g. Supplier Development – Anglo (Zimele).

TO BE CONTINUED

The presentation

ENDS, but

the collaborative effort towards a shared and inclusive economic growth in South Africa continues

We dare not fail!