



09 October 2015

THE SUMMARY AND ANALYSIS OF THE DEPARTMENT OF ECONOMIC DEVELOPMENT'S 2014/15 ANNUAL PERFORMANCE REPORT (NON-FINANCIALS)

1. INTRODUCTION

The Economic Development Department (EDD) was established in July 2009. Its vision is to create decent work through meaningful economic transformation and inclusive growth. EDD's mandate is rooted in ensuring that the country focuses on employment creation¹. *The Department states that unlike other national Departments that deliver services directly to the citizens and so can monitor the number of citizens/clients served, the EDD coordinates and facilitates the integration and alignment of the economic efforts of other National Departments and SOEs, provincial economic departments and municipalities.*²

In this regard, the Department formulated the country's economic framework called the New Growth Path (NGP) and it also signed Outcome 4 of the Service Delivery Agreement. The NGP identifies key 'jobs drivers', with high employment creation potential and the implementation of supporting policies to take advantage of this potential. The key 'jobs drivers' include agriculture and agro-processing, mining and beneficiation, manufacturing, the 'green economy' as well as tourism."

The New Growth Path (NGP) sets a target of 5 million new jobs by 2020, which requires employment to increase at an estimated 3.4 per cent per year, on average, over the next ten years. In terms of Outcome 4 of the Service Delivery Agreement, some of the important indicators for outcomes for the Department of Economic Development as mentioned earlier are:

1. Number of jobs created / reducing unemployment.
2. GDP growth.
3. Employment ratio or absorption rate³.
4. Distribution of earned income.

The country's long term vision on economic development is contained in the National Development Plan (NDP) which aims at eliminating poverty and reducing inequality by 2030. The plan addresses the need to grow an inclusive economy, build capabilities, enhance the capacity of the state, and promote leadership and partnerships throughout society.

According to the NDP By 2030, unemployment should fall from 24.9 per cent to 14 per cent, which will require an additional 11 million jobs, and the proportion of national income earned by the lowest earning 40 per cent should increase from 6 per cent to 10 per cent. To achieve this, the plan proposes accelerating progress by focusing on job creation across government

¹ Portfolio Committee on Economic Development (2014)

² Economic Development Department (2014a)

³ Employment as a percentage of the working age population



and society, improving education, addressing regional inequality, reducing dependence on resources, and improving service delivery and governance. The Department's new growth path strategy is in alignment with these goals and aims to provide concrete programmes for growth, employment creation and equity in line with government's commitment to prioritise employment creation in its economic policies. The Department's mission is to:

- Coordinate the contributions of government departments, state owned entities and civil society on economic development.
- Contribute to efforts that ensure alignment between the economic policies and plans of the state and its agencies and government's political and economic objectives and mandate.
- Promote government's goals of advancing economic development with decent work opportunities.

There are five entities which report to the Department and they are:

- Three Economic Regulatory Bodies namely, the Competition Commission, Competition Tribunal and the International Trade Administration Commission (ITAC).
- Two Development Finance Institutions (DFIs), namely the Industrial Development Corporation (IDC), and Small Enterprise Finance Agency (sefa) – the new subsidiary of the IDC.

Accords that the Department facilitated and monitors are the following;

1. Basic Education Accord
2. National Skills Accord
3. Local Procurement Accord
4. Green Economy Accord
5. Social Accord
6. Youth Employment Accord

Issue for consideration

How does the Department then measure and evaluate the effectiveness of its efforts as a coordinating and facilitating Department?

2. STRATEGIC OBJECTIVES

The Department's strategic objectives are to support increasingly labour absorbing and equitable growth, as foreseen in the new growth path and the National Development Plan, the Department's strategic goals over the medium term are to:

1. Provide technical and administrative support to the Presidential Infrastructure Coordinating Commission in facilitating the implementation of the national infrastructure plan
2. Align the programmes of departmental agencies and institutions with the new growth path, while ensuring that their operations are efficient and effective



3. Support alignment around core economic strategies across all spheres and agencies of the state
4. Promote social dialogue and the implementation of the major accords reached over the past two years, particularly the accords on the basic education, national skills, the green economy, local procurement, youth employment, and the framework agreements reached in October 2012 and June 2013, which aim to enhance the national response to uncertainties in the global economy and workplace conflict in the mining belt.

The EDD's strategic oriented goals are:

- a) Promote decent work through meaningful economic transformation and inclusive growth.
- b) Provide participatory, coherent and coordinated economic planning and dialogue for the benefit of all South Africans.

The Department reports that these goals have been expressed in greater detail through the various Service Delivery Agreement Outcomes, namely;

- Outcome 4: Decent employment through inclusive growth.
- Outcome 5: A skilled and capable workforce to support
- Outcome 6: Efficient competitive economic infrastructure network
- Outcome 7: Vibrant equitable sustainable rural communities

3. ECONOMIC PERFORMANCE

3.1 Highlights

The Department reported the following;

Employment grew by	1 405 000
Total employment	15.5 million (March 2015)
Growth in women's employment	1 111 000
Jobs held by women	6.8 million (March 2015)
Growth in jobs for youth aged 18 – 34	1 233 000
Jobs held by youth aged 18 – 34	6.2 million (March 2015)
GDP annual growth	1.6%
Size of GDP (Annual)	R3.8 trillion
Investment grew by	R47 billion
Infrastructure spending (estimate)	R254 billion
Manufacturing value add declined by	R1.1 billion or 0.3%
Agricultural value add grew by	R5 billion or 7.5%
Since New Growth Path in October 2010	1.8 million

See appendix A, page 11 of this paper for discussion on the aforementioned highlights.



3.2 Performance against Outcome 4 indicators

Table 1: 1st Quarter Employment Indicators for 2010 and 2015 (Quarterly Labour Force Surveys)

Employment category	2010	2014	2015	Change between 2010 & 2015
Employed	13.0	15	15.5	2.5 ↑
Unemployed	4.4	5	5.5	1.1 ↑
Discouraged	1.9	2.3	2.4	0.5 ↑
unemployment rate	25.2%	25.2%	26.4%	1.2% ↑
Employment absorption rate	41.1%	42.8%	43.2%	2.1% ↑

Adapted from Statistics South Africa (2010, 2015)

NGP Targets (2010-2020)

5 million jobs

15 per cent unemployment

Employment **increased**
 The absorption rate has **improved**
 Both not enough to offset **increased unemployment**
 – **still far from target**

- **Economic Growth rate**

Table 2: Gross Domestic Product performance

GDP	2010	2014	2015
Nominal (billions)	627	874	965
Ist Quarter Growth (year on year)	↑1.6%	↑1.6%	↑2.1%

Adapted from Statistics South Africa (2015)

As indicated in the Table above, the South African economy grew, with GDP figures increasing by about R338 billion between the 1st quarter 2010 and that of 2015. The rate at which the economy has been growing improved in March 2015 compared to March 2014. Therefore like the employment figures, GDP figures portrayed a positive picture in the given time periods. The only challenge is that the gap between the actual performance and NDP's 5.4 per cent growth target is still relatively wide.



Issues for consideration

Are government's efforts sufficient to reach set targets or should government begin to set targets according to scenario planning particularly because economic cycles can be unpredictable?

- **Distribution of earned income**

Statistics South Africa reports that, the Gini Co-efficient which measures inequality decreased from 0.67 in 2006 to about 0.65 in 2011. "These scores reflect the high levels of inequality that persist in South Africa⁴."

According to economist Gavin Keeton, South Africa is not the most unequal country in the world but is one of them. Keeton adds that countries such as "Namibia and Seychelles, have higher gini-coefficients than does South Africa." There are a number of other countries that are clearly very unequal - some major oil producers for example - but, according to Keeton these countries do not need to measure their inequality levels⁵.

Keeton states that the country's income inequality did not really change despite government initiatives of providing social transfers to about 16 million poor South Africans. Keeton blames the high inequality levels partly because the number of jobs created over the past 20 years have "barely kept pace with growth in the labour force". "As a result, unemployment remains between 25 percent and 35 percent depending on whether one counts as being unemployed discouraged workers who have given up on looking for a job."

Keeton adds that "our transfers system provides only for children from poor households, the elderly and the disabled. No provision is made for the unemployed." Consequently, high wage inequalities within the workplace as well as the wide gap between those who are employed and those who are unemployed.

Keeton's suggestion could strain the already overburdened fiscus, but is evoking a discussion on what measures, over and above current interventions, can the Department put in place for the millions of unemployed citizens to ensure that the economy is more inclusive and reduce the income gap in the country. (See discussions on skills mismatch in Appendix A)

⁴ Statistics South Africa (2014)

⁵ Keeton (2014)



4. DEPARTMENT'S PERFORMANCE BY PROGRAMMES

The Department performed well against its predetermined goals. See Table below.

Table 3: Departmental KPIs and targets

Programme	KPIs	Planned Targets	Actual Targets	Performance against targets
Administration	none	none	none	none
Economic Policy Development	4	18	22	exceeded by 4
Economic Planning and Coordination	13	122	172	exceeded by 50
Economic Development and Social Dialogue	5	14	15	exceeded by 1
Total	22	154	209	exceeded by 55

Source: Adapted from the EDD 2014/15 Annual Report

All the Department's targets were exceeded. The Department over-achieved the most in the Economic Planning and Coordination Programme. This is an improvement compared to the previous financial year where the Department performed well and managed to achieve 95 per cent of its targets. See the details below.

PROGRAMME 1: ADMINISTRATION

PURPOSE: Coordinate and render effective, efficient and administrative service to the Minister, the deputy Minister Director General, the Department and its agencies.

Sub-programmes - Ministry, Office of the Director General and General Management Services.

In its 2014/15 Annual Performance Plan (APP), the Department did not set key performance area targets for this programme. The rationale was that "the regulatory frameworks are clear and reporting against these frameworks is a predetermined requirement." In the previous financial year (2013/14), the Department had four KPIs under this programme and all were met except for the percentage of posts to be filled. For the current financial year 2015/16, the Department set two KPIs in its APP and posts to be filled was omitted as a target.

Could the Department please expand on the reason for not setting KPIs for the Administration Programme during the year under review, especially given that that KPIs were set for the outer years?

PROGRAMME 2: ECONOMIC POLICY DEVELOPMENT



PURPOSE: Strengthen the economic development policy capacity of government; review develop and propose the alignment of economic policies; and develop policies aimed at broadening participation in the economy and creating decent work opportunities.

Subprogrammes – Growth Path and Creation of Decent Work, Economic Policy, Broad-based Black Economic Empowerment and Second Economy.

This programme had four performance indicators and 18 products. The Department reports that it met all its targets and exceeded targets in two of its KPIs.

PROGRAMME 3: ECONOMIC PLANNING AND COORDINATION

PURPOSE: Promote economic planning and coordination through developing economic planning proposals; provide oversight and policy coordination of identified development finance institutions and economic regulatory bodies; and contribute to the development of the green economy.

Subprogrammes – Spatial Sector Planning, Investment for Economic Development, Competitiveness and Trade for Decent Work; and Green Economy.

For this programme, the Department had 13 Key Performance Indicators and 122 products and it achieved all its targets and even exceeded targets in 8 KPIs.

PROGRAMME 4: ECONOMIC DEVELOPMENT AND DIALOGUE

PURPOSE: Promote social dialogue; implement strategic frameworks; build capacity among social partners; and promote productivity, entrepreneurship and innovation in the workplace.

Subprogrammes – National Social Dialogue and Strategic Frameworks, Sector and Workplace Social Dialogue, Capacity Building for Economic Development and Productivity Entrepreneurship Innovation.

For this programme, there were, 5 KPIs and 14 products and all targets were met and one was exceeded.

Issues for consideration

In light of the Department's mandate and performance, how does EDD measure its impact on the economy for the year under review given the 25% narrow unemployment rates?

5. AUDITOR GENERAL'S REPORT

According to the Auditor General's (AG's) report, the Department obtained an unqualified audit opinion for the fourth consecutive time. Furthermore, for the first time after three financial years there were no material misstatements in the financial statements that were submitted for auditing in 2014/15 and the Department also reports that there was no fruitless



and wasteful expenditure. This indicates an improvement in the Department's financial reporting and performance.

The AG, however, did make the following findings;

- Employees were appointed without following a proper process to verify the claims made in their applications. The AG reports that in this instance, the Department did not comply with the Public Service Regulation 1/VII/D.8 which states that;

*"Before making a decision on an appointment or the filling of a post, an executing authority shall - (a) satisfy herself or himself that the candidate qualifies in all respects for the post and that her or his claims in her or his application for the post have been verified; and (b) record in writing that verification"*⁶.

This is a repeat finding as it was also identified by the AG in the previous financial year's report when the Department verified details using a service providers whose term had lapsed.

- An action plan was formulated to address external audit findings, however management did not take sufficient monitoring measures to avoid non-compliance with legislation.

6. HUMAN RESOURCE MANAGEMENT

According to the Internal Audit Committee, Human Resource controls were found wanting. The Department's vacancy rate went up but the turnover rate fell as the staff compliment shrank during the year under review. See details below.

Vacancies

The Department started the 2014/15 year with a staff compliment of 136. The target was to fill 164 posts. By the end of the financial year 121 positions were filled thus, more people were employed at the beginning than at the end of the financial year.

Table 4: 2014/15 posts by programme

Programme	Posts on approved establishment	Posts filled	Vacancy rate (%)	Employees additional to the establishment
Administration	81	69	14.8	0
Economic Policy Development	22	15	31.8	3
Economic Planning and Coordination	44	24	45.4	0

⁶Department of Public Service and Administration (2004)



Economic Development and Social Dialogue	17	13	23.5	0
Total	164	121	26.2	3

Source: Adopted from EDD 2014/15 Annual Report

The Department had a high vacancy rate of 26.2 per cent which was worse than the previous financial year's 22.06 per cent. See Table 5 below.

Table 5: Posts, terminations and turnover from March 2011 to March 2015

Year	Total funded posts	Filled posts	Vacant posts	Vacancy rate in per cent	Terminations & transfer	Turnover rate in per cent
31-Mar-11	124	75	49	39.5	13	68.4
31-Mar-12	124	107	17	13.7	25	27.5
31-Mar -13	142	131	11	4.2	16	13.91
31 Mar -14	166	136	30	22.06	43	32.08
31 Mar-15	164	121	43	26.2	30	22.1

Adapted from EDD's 2011, 2012, 2013, 2014 and 2015 Annual Reports

The Department reports that there were 11 resignations, 9 transfers to other departments, 1 death, 1 retirement, 1 abscondment, and 7 contracts that expired during the year under review.

EDD's turnover rate was 22.1 per cent which is an improvement from the previous financial year's 32.08 per cent. By critical occupation, the legal services had the highest turnover rate at 50 per cent (there were two employees and one left), followed by senior management and information technology at 34.6 per cent and 33.3 per cent respectively. Financial and related services had the lowest turnover rate at 7.1 per cent. By salary band, the highest turnover rate was in the highly skilled supervision (level 9-12) followed by the senior management service (level 13-16).

The Department has been attributing the vacancy rate to a shortage of relevant skills in the market, and offers that were being rejected by candidates. Meanwhile the Department has not been able to retain the critical skills that are in the Department. It is only in 2012/13 that the Department reported a vacancy rate of less than 5 per cent. The Department acknowledges that the shortage of critical skills, especially economic and statistical analysts, has been a risk to the Department as it has been dependent on external supply for these skills.

In the 2013 Annual Performance Plan the Department had to revise down its 166 funded posts target to 146. Again in the 2015/16 financial year the number of funded posts has



been reduced from 164 to 149. The highest number of filled posts that the Department has been able to achieve at the end of a financial year has been 136.

The Portfolio Committee has engaged the Department on several occasions about staffing challenges and EDD's retention strategy and feedback from the exit interviews. Nonetheless, the Department is able to achieve all its performance target despite the high vacancy rate.

Issues for consideration

Given that the Department has been able to achieve its targets with fewer than planned for employees what is the impact on staff wellness and burnout levels.

What is EDD's Employee Wellness Strategy?

In the year under review, for the Presidential Infrastructure Coordinating Commission (PICC) programme an additional 60 staff (nearly half of the Department's 2014/15 staff compliment) from various government entities were utilised without any expense being incurred. In 2013/14 the Department sourced 70 people across government to assist in overseeing the build programme.

Issues for consideration

Could the Department please provide a breakdown of the additional staff for the PICC, including the Departments they come from and how many of the current group were utilised in the previous financial year?

Although there are no financial implications for EDD, what is the impact on the Departments from which the additional staff is taken?

Women were well represented and men were slightly under represented in the Department's senior management level. About 54 per cent of employees in senior management position were women, during the 2014/15 financial year. In addition 19 interns enrolled during the 2013/14 financial year on a year-long internship programme. Of the entire staff compliment the Department employed only 2 people or 1.6 per cent were living with disabilities.

Issue for consideration

What are the challenges confronting the Department regarding the recruitment and retention of people living with disabilities?

Office space

The Department is located on the dti campus. EDD reports that, the total space occupied on the dti campus is 3 329 square metres. EDD utilises the dti's Information and Communications Technology (ICT) services and infrastructure. The dti provides EDD with ICT services such as network, e-mail system, backup, ICT security, telephony, etc. However,



EDD “is responsible for its own information technology desktop support services and has developed an Information Management Plan.

When the Portfolio Committee of Economic Development visited the Department and its entities on the campus, it discovered that there was still inadequate space challenges especially for the entities such as the Competition Commission and the Tribunal.

Issues for consideration

Could the Department please update the Committee on the strategy for solving the space challenges faced by the entities?

7. CONCLUSION

The Department has improved in many respects on operational matters. The question however is how the good performance can be translated into good unemployment figures.

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APPENDIX A

DISCUSSING HIGHLIGHTS

Employment growth since adoption of the New Growth Path in October 2010 1.8 million

Since the adoption of the New Growth Path, the Department reports that employment grew by 1.8 million. The target is to reach 5 million by 2020. This implies that in the next 5 years, about 3.2 million jobs should be created to meet the NGP target. The goal looks ambitious particularly given that the United Nations' World Economic Situation and Prospects 2015, notes that six years after the 2008/09 global economic crisis, the economic growth for many world economies has shifted to a lower growth path compared to pre-crisis levels. However as indicated earlier and with optimism and favourable global economic conditions this target could be reached.

The Department reports that in 2014/15;

- Infrastructure spending was R254 billion (estimate).
- Manufacturing value add declined by R1.1 billion or 0.3 per cent
- Agricultural value add grew by R5 billion or 7.5 per cent

Could the Department please provide a breakdown of the 1.8 million jobs, by demographics, sector, province including the number of permanent and temporary (if they are part of the 1.8m).

Issues for consideration

Could the Department report on how the country is performing against the IPAP, NDP and NGP targets, in particular, for each jobs driver (See appendix B below)?

What are the consequence and or implications of meeting or not meeting the targets?

Jobs held by women – 6.8 million (March 2015)

In summing up women's position in the labour force, Economist Tania Ajam states that **“black women are over-represented among the unemployed, and under-represented within (the) skilled, professional and managerial occupations.”**



Approximately 51 per cent of the South African population is female⁷. Yet less than 50 per cent of the 15.5 million jobs as at March 2015 were held by women. Jobs for youth aged 18-34 grew by 233 000 over the period under review. Stats SA adds that across all population groups, the proportion of black African, coloured, and Indian/Asian workers within the skilled workforce increased between from 1994 to 2014.

However, “within black African employment the growth in skills, as a proportion, was much lower than in the other population groups.” Stats SA reports that, within the 25-34 age group, the skilled proportion of employment increased by about 10 per cent for the coloured, over 20 per cent for the Indian and white populations but for the black population, the skilled proportion of employment decreased by about 2 per cent over the 20 year period.

The Department of Women in the Presidency, notes that there is a correlation between higher levels of education and lower rates of unemployment. The Department states that amongst degree-holders, the unemployment rate is 6.6 per cent, on average it is higher for people with certificates and diplomas at 16.7 per cent and 27 per cent for those with matric. Therefore, education has to play a very significant role in efforts to create jobs⁸.

Statistics South Africa agrees stating that “Education remains an important tool in the fight against poverty – while two-thirds (66.0%) of adults with no formal education were found to be poor, this was true for only 5.5% of those with a post-matric qualification”

Unemployment

The results for the first quarter of 2015 showed that the working age population (WAP) was 35.8 million – 15.5 million employed; 5.5 million unemployed and 14.8 million not economically active. Thus resulting in an unemployment rate of 26.4%. For the second quarter of 2015 the unemployment rate improved at 25 per cent⁹.

A group that is increasingly receiving attention is the Not Employed or in Education or Training (‘NEETs’). This group, which is neither engaged in the labour market nor preparing for engagement in the labour market, is regarded as an “important threat to social stability in South Africa”. About 7.7 million people are NEETs. Young women constitute over 50 per cent of this group. In 2015, statistics South Africa reported that “54 per cent of NEETs aged 15 to 24 years was female, rising slightly to 56 percent amongst 25 to 34 year olds”¹⁰.

In explaining the importance of employment, the UN states that “for the poor, labour is often the only asset they can use to improve their well-being. Hence the creation of productive employment opportunities is essential for achieving poverty reduction and sustainable

⁷ Statistics South Africa (2014)

⁸ Department of Women (2015)

⁹ Statistics South Africa (2015)

¹⁰ Orr and van Meelis (2014)



economic and social development. It is crucial to provide decent jobs that both secure income and empowerment for the poor, especially women and younger people¹¹.”

The Department of Labour reports that the number of work seekers registered at labour centre for the year under review was 618 570, a total of 74 056 employment opportunities were registered. Of those work opportunities, 24 056 were from the Strategic Infrastructure Projects. In total 14 634 work-seekers were placed. In its 2014/15 Annual Report, the Department of Labour reports that more than 60 000 matched registered work-seekers were referred to employers for potential employment. That means only 9.7 per cent of the number of work seekers who were registered at labour centre level were matched to a job opportunity. This situation provides a glimpse of the skills mismatch problem in South Africa.

According to economists Borat, Hirsch, Kanbur and Ncube, “We are in a middle income trap, too few skills to compete with advanced economies and too high cost structure to compete with developing countries.” They state that the South African economy has shifted away from the primary sector towards a knowledge-based economy, with a greater focus on technology, e-commerce and financial and other services.

The sectoral shifts mean that employment is shifting towards high skilled jobs. They add that sectors e.g. manufacturing employing low skilled people have been shedding jobs and sectors e.g. financial services which have been employing high skilled people have seen significant job growth. Skills demanded by employers are not produced by the education system. Mathematics is critical for the financial services sector and only a small number of suitable graduates emerge from vocational and technical training colleges. It is difficult to compete in low-skills manufacturing because of South Africa’s high cost structure.

They note that the quality of education especially mathematics and science, was historically poor for black people during apartheid and that recent studies show little improvement despite government intervention efforts.

Issues for consideration

In terms of the Basic Education Accord¹², one of the interventions “aims to produce fully functional schools in which the “Triple T” foundations of a good school are in place: effective leadership and management; teachers in class, on time, teaching; and the availability and use of learning and teaching support materials.”

During the year under review, was the performance of schools on the “Triple T” initiative measured? What were the outcomes? If not why?

During the year under review, what was the situation across the country in respect of the availability and use of learning and teaching support materials?

¹¹United Nations Department of Social and Economic Affairs (n.d)

¹² Basic Education Accord



At least how many mathematics and science learners does the country need to produce in order to leverage on the growing high skilled employment sectors?

What initiatives is the Department undertaking to improve the mathematics and science performance in the short to medium term?

Investment grew by R47 billion

According to an Ernest and Young survey cited by the IDC¹³, South Africa was rated as the most attractive destination for doing business in Africa. Factors making South Africa the most attractive investment destination in the country include the following

- South Africa's highly developed first world economic infrastructure and its vibrant emerging market economy;
- Sectors that are open to foreign investors;
- Incentives available for exporters;
- Investment incentives offered for the production of goods and services;
- The country has sound economic and investor friendly policies;
- A large scale investment infrastructure development programme is being rolled out;
- Small business, skills development and targeted sector interventions are under way in all sectors of the economy; and,
- The country has a favourable legal and banking environment.

Nonetheless, when tabling the 2014 Medium Term Budget Policy Statement (MTBPS), the Minister of Finance highlighted that more investments by both the private and the public sectors are required for economic growth and fiscal sustainability. The Finance Minister stated that "the National Development Plan calls for private and public sector investment to reach 30 per cent of GDP. Progress has been made: public sector spending on infrastructure has doubled over the past five years. But there is still a long way to go if we are to achieve investment-led growth, which is the centrepiece of our development strategy¹⁴.

One of the two investment challenges identified in the 2014 MTBPS is the private sector investment which has remained subdued since the global crisis. It is noted that the "burden of development cannot be carried by the fiscus alone. Removing obstacles to private investment must be a priority for government at all levels."¹⁵

Another challenge relates to the state's capacity to plan, manage and maintain its programmes and infrastructure. "Recent supply failures in electricity, water and postal

¹³ Industrial Development Corporation (2014)

¹⁴ National Treasury (2014a)

¹⁵ National Treasury (2014b)



services, for example, hurt the economy and wear down public confidence. Greater state capacity and efficiency are prerequisites for more rapid development.”¹⁶

Issues for consideration

- What do policy makers need to do to achieve investment-led growth that the Finance Minister referred to?
- What is the institutional or financial capacity to implement the investment plans needed to finance infrastructure on the required scale?

APPENDIX B

Table: Targets for jobs drivers

NEW GROWTH PATH	TARGETS
Infrastructure	250 000 jobs a year through to 2015
Agricultural value chain	145 000 jobs in agro-processing by 2020, Create opportunities for 300 000 households in agricultural smallholder schemes, Upgrade conditions for 660 000 farmworkers
Mining value chain	Mining can add 140 000 additional jobs by 2020
Green economy	300 000 additional direct jobs by 2020 to green the economy, with 80 000 in manufacturing and the rest in construction, operations and maintenance of new environmentally friendly infrastructure
Manufacturing sectors, which are included in IPAP	IPAP2 target of 350 000 jobs by 2020
Tourism and certain high-level services.	Tourism 225 000 by 2015 and business services 50 000 by 2020; also cultural industries especially film, music and theatre.

Source: Adopted from New Growth Path (2010)

¹⁶Ibid