



NATIONAL ECONOMIC DEVELOPMENT AND LABOUR COUNCIL

PRESIDENTIAL JOBS SUMMIT

UPDATED REPORT TO THE PRESIDENTIAL WORKING COMMITTEE (PWC)

7 OCTOBER, 2019

1. Introduction

Over the last few weeks, the project coordinating unit (PCU) has been prioritising meetings with project owners to ascertain the progress that has been made against commitments made in the Jobs Summit and the contribution that this has made to job creation. In doing so, the PCU also sought to understand any challenges that may have arisen and, to create spaces where social partners can collectively problem and overcome barriers.

This report provides an overview of the key achievements that have been highlighted during this period and any barriers that still need to be addressed. It is though emphasised that this is not a comprehensive report of all projects but rather highlights those that were prioritised for engagement during the past month and the key achievements that emerged through this process. These projects, and others will be the subject of further engagement in this next month so as to address any remaining barriers and realise concrete results. In addition, a report covering all the projects will be developed for the quarterly report; this report will include annexures such that it is also possible to see the more detailed activities that project owners are undertaking and that are so critical to these achievements.

2. Key achievements: A focus on the prevention of job losses

2.1 *Temporary Employment Relief Scheme (TERS) Task Team*

The TERS Task Team has met twice since the last Presidential Working Committee. While there are still challenges with respect to the effective functioning of the scheme all social partners are now working collectively and on attempting to address challenges as they arise on a case by case basis. This has already yielded results where cases that had not progressed have now been prioritised and progress made.

Challenges

There are multiple cases where workers are vulnerable because the companies are not compliant and so do not meet the conditions of TERS. There is a need to find ways to address this without undermining the importance of compliance.

Further, there is a need to ensure that companies seek assistance as soon as they realise there is a problem so that they are compliant when they make their applications. It has been agreed that it is critical that business takes up this challenge with members and that labour will also create awareness in this regard.

2.2 Rapid Response Team

Business and government have completed their dialogues (as set out in the Framework Agreement) and reported back to the Joint Technical Committee. This has resulted in a clear institutional proposal for this support mechanism as well as an indication of the types of services that need to be offered to companies in distress. Dti has committed to providing this list of services.

2.3 Distressed fund

A key element of this package of services is that of the Distressed Fund. Whilst IDC explains that the grant funding has already been expended they have continued to support companies in distress. To this end, in line with the Jobs Summit Agreement, during the 2018/19 financial year IDC completed 27 transactions for companies in distress. These were concluded at a total cost of R2,6 billion. The following table provides an account of jobs saved through this scheme:

Companies: 27

Client	Rand million: Approved	Employment at application date (jobs already counted in the past)	Sector	Type II employment multiplier	Economy-wide jobs impact
Mpact Polymers (Pty) Ltd	19	62	Manufacture of plastic products	2,862	177
SA Calcium Carbide (SACC) (Pty) Ltd	75	210	Basic chemicals, except fertilizers	9,634	2 023
Basil Read Limited	138	4 863	Construction of buildings	2,917	14 187
Vunene Mining (Pty) Ltd	215	246	Mining of coal and lignite	3,216	791
Liviero Mining (Pty) Ltd	100	432	Mining of coal and lignite	3,216	1 389
Just Refrigeration Products (Pty) Ltd	22	250	Other special purpose machinery	3,023	756
Specpharm Group (Pty) Ltd	35	209	Pharmaceuticals, medicinal chemicals, botanical prod	5,602	1 171
Bukabopa Holdings (Pty) Ltd	53	205	Manufacture of motor parts and accessories	4,901	1 005
Rhino Manufacturing (Pty) Ltd	6	77	Manufacture of plastic products	2,862	220
Itakane Trading (Pty) Ltd	138	60	Tanks, reservoirs and similar containers of metal	3,004	180
R B Merit Investments (Pty) Ltd.	5	27	Hotels, camping sites and other short-stay accom.	1,649	45
Amathole Berries (Pty) Ltd	1	85	Growing of fruit, nuts, beverage and spice crops	1,432	122

Caperay Medical (Pty) Ltd	4	7	Medical & surgical equipment, orthopaedic appliance	2,365	17
Carmello Trading CC	6	26	Preparation, spinning and weaving of textile fibre	4,713	123
Cast Products South Africa (Pty) Ltd Formerly Cast Products Newco	103	944	Casting of iron and steel	11,686	11 031
DCD Wind Towers (Pty) Ltd	21	119	Structural metal products	3,004	357
EC Biomass Fuel Pellets (Pty) Ltd	2	4	Other wood, cork, straw and plaiting material products	4,180	17
Ethembeni Health Care (Pty) Ltd	10	-	Hospital activities	2,251	-
Hashtag Works Group (Pty) Ltd Was Maby Corporate Clothing	17	200	Wearing apparel, except fur apparel	2,290	458
K9 Pet Foods Pty Ltd	20	31	Prepared animal feeds	7,487	232
Kalagadi Manganese (Pty) Ltd	1 547	1 300	Manganese mining	12,337	16 038
Kenako Concrete (Pty) Ltd	20	38	Cement, lime and plaster	2,587	98
New Horizons Waste to Energy (Pty) Ltd	2	4	Production and distribution of electricity	6,932	28
Prilla 2000 (Pty) Ltd	40	287	Preparation, spinning and weaving of textile fibre	4,713	1 353
United Industrial Cables (Pty) Ltd	17	74	Manufacture of insulated wire and cable	5,911	437
Waltex (Pty) Ltd.	9	241	Carpets, rugs and mats	3,474	837
TOTAL gross	2 503	10 001			53 092

It was agreed that the work of IDC could be strengthened if linkages are created across services that are available to companies in distress. For example, companies that receive funding through IDC also accessing TERS.

Further, through this initiative the IDC and the UIF have met to determine ways to ensure that there can also be grant funding available for companies that can successfully be turned around. This includes a focused effort to review the current criteria of UIF funding that has already been made available to IDC and to establish where, in line with global norms, these could be amended to ensure the greater utilisation of these funds. A process has been mapped out to take these proposals further and it is anticipated that there will be clarity in this regard prior to the end of the year.

3. Key Achievements: A sectoral focus

We have been working hard to ensure the acceleration of the sectoral projects, such as those related to manufacturing, agri-processing, BPS and tourism to **generate increased numbers of work opportunities**. To this end we have had meetings with key government departments that are driving these projects (critically this includes dti with respect to manufacturing and with DAFF to address the agricultural sector). We have then engaged with departments and institutions that are critical to enabling the effective implementation of these projects such as DHET with respect to their role in ensuring that new entrants and employees have the skills required. These meetings have involved social partners such that a problem solving approach is adopted which reflects on the respective role of partners to enable this implementation.

In addition, we have had meetings with business project owners in these sectors to ascertain progress and determine what else is required to accelerate the implementation of these projects. This has further strengthened the linkages that are being built across partners in driving job creation. Cutting across this work is a focus on encouraging local procurement and addressing the export environment and again we are supporting efforts being made by business (through the Manufacturing Circle which is, for example, hosting a forum with business and government on the 16th October to strengthen a joint approach to localisation), labour, Proudly SA, and relevant government departments.

3.1 Manufacturing

As part of the Proudly SA membership drive, hundreds of new products have been listed on the online retail portal (www.rsamade.co.za). However, support is still required from the apex business bodies, to help drive up the number of products on

the portal, especially now that the portal has the capability to handle business to business transactions.

Mining equipment and metals

During this period, the Mining Equipment Manufacturers of SA (MEMSA), which is supported by the dti as part of its cluster support programme, saw an increase in its membership from 16 to 35 manufacturers. MEMSA is critical for facilitating the Jobs Summit imperatives of increased localisation and supplier development and we are engaging in meetings to consider the sustainability of this initiative.

Further, dti has been having extensive discussions with industry as part of the development of the masterplan: for example, as part of developing the Steel and Metal Fabrication Plan the dti engaged with over 80 stakeholders. In addition to increase the uptake of the downstream steel competitiveness fund, which is managed by the IDC, the criteria have been recently relaxed.

Clothing, Textiles, Leather and Footwear value chain

Work is continuing on the draft CTLF Masterplan, which was approved by Cabinet Lekgotla. Further, the process to combat illegal imports is underway and the IDC incentive (R821m fund) has been established to assist the industry.

In addition, Proudly SA is working with retailers to engage them on increasing shelf space for locally made products and services that are clearly identified with the Proudly SA logo.

Furniture value-chain

The dti is developing standardised requirements for office furniture that could be procured in government so as to build volumes for manufacturers. Through the private sector, Proudly SA is working with dti and the SA Furniture Initiative to host procurement forums and encourage industry to procure locally.

The Proudly SA retail online shop (www.rsamade.co.za) was and continues to be promoted to all furniture manufacturers registered with the industry body, SA Furniture Industry (SAFI), and those that have benefitted from government's incentives programmes, and a process is underway to sign up the companies in order to register them on the site.

Auto

South Africa's Automotives Masterplan (SAAM) and the post-2020 APDP amendments have been approved by Cabinet in November 2018. Discussions are ongoing regarding the uptake of its implementation. Additional commitments have been made in this sector for R14bn new investments.

Challenges

Overarching

- *There has been a roll out a nation-wide series of workshops to educate public sector procurement officials on the local content requirements as contained in the public sector preferential procurement regulations, in order to drive up compliance with these regulations. However insufficient numbers of procurement officers attend these workshops: this needs to be addressed for the remaining workshops.*
- *A total of 23 letters have been sent to various public entities requesting their support with this, including amongst others, PRASA, ACSA, SAA, SARS and SA Post Office, and to date only CIPC has granted Proudly SA space to advertise on its website.*
- *In addition, there is a need for BUSA to request its members to work with Proudly SA on securing localisation and/or local procurement commitments from its respective industry associations on behalf of the companies they represent.*
- *There is still uncertainty about the incentives*
- *There is a need to update the critical skills list*

Metals

- *A key challenge with respect to the realisation of the intentions of this industry relates to the considerable debates in the finalisation of the export tax on scrap metal. Whilst the technical work has been undertaken by the dti and ITAC and there have been deliberations in a task team with NT, DTI, SARS, ITAC. At this stage there is a need for National Treasury to finalise the legislative process to ensure the implementation of this proposed export tax.*

Clothing and Textile

- *The tender monitoring system is being implemented by Proudly SA, with the support of SACTWU, to monitor compliance with local content regulations on all tenders issued in the public sector (for the designated sectors/items). The system has found that there are still tenders that are non-compliant. It helps the dti intervene and propose corrective measures at the time when the tenders for these designated items are issued. However, there is a need to determine possible punitive measures that could be imposed on entities that continue with the non-compliant procurement processes even after this has been raised with them.*

Furniture:

- *There is a need for a commitment from government to build these standardised requirements into the procurement processes.*
- *In the private sector: whilst contact was made with 88 entities and local procurement commitments were only secured from 6 entities*

3.2 Agriculture

Business, as the owners of many of these projects has focused on the establishment of a platform to unlock regulatory barriers to Public-Private-Community Partnerships (PPCPs) during this period. A number of areas of co-operation have been established during this period and these will form the focus of the work of the Jobs Summit team within the next month.

Notably, business has provided positive feedback about the process that has been put in place to address the Water Use Licences issue.

Further, there was a constructive engagement between social partners about blended finance. DALRRD presented their proposal for blended finance. In this regard it was agreed that the Jobs Summit will work with all relevant stakeholders to convene a meeting before the end of October to agree on the terms of reference for a blended finance system. It is hoped that this allows for the establishment of this mechanism, as outlined in the Jobs Summit Framework Agreement

Challenge

There is still a need to ensure greater cooperation to unlock other regulatory challenges such as permission or lease agreements from the former DRDLR where communities enter into a PPCP with businesses. As indicated this will be addressed as a key priority in this next month.

3.3 Business Process Services

The Business Process Enabling South Africa (BPESA) team is working nationally and then specifically within the EC, WC, KZN and Gauteng. The dti supports this process with marketing, policy, mobilisation and skills related matters and has been actively involved prior to and since the Jobs Summit. The parties have undertaken a number of joint activities to promote the sector and on the 19th, 20th and 21st November 2019 the parties will also host the Global Business Services Investor Conference and Awards for up to 40 international investors combined with approximately 100 South African companies.

Critically, the dti has launched the revised Global Business Services Incentives in December 2018 in London. These have since been communicated directly in the key source markets of Australia, the UK and North America and have been implemented. Business observes that this ensures that SA remains competitive with its key competing locations including India and the Philippines and are a great value add to the country's value proposition.

In addition, the dti, BPESA and Harambee have signed a 5-year MOA that underpins the commitments made in the Jobs Summit and the PPGI sectoral growth plans. This process includes the development of a plan to develop the skills required by the industry such that young people are able to be absorbed into the industry as outlined in the Presidential Youth Employment Intervention.

The jobs impact of the programme is above target:

- 11,450 new jobs have been created since the Jobs Summit in October 2018 and up to June 30, 2019
- 19,000 new since January 2018.

Challenge

Invest SA has established a team with at least one resource dedicated to addressing Global Business Service (GBS) VISA support queries that come through BPESA. Whilst this is providing assistance, however, the changes to the VISA process and a more streamlined and faster model that have been proposed is not yet in place and VISA issues continue to frustrate investors and international operators, placing at risk expansion and new investment.

Of particular concern is that whilst, at the request of the dti, BPESA surveyed its members and compiled a new list of critical skills for submission, there has been no feedback on this list or the overall process of amending the current list of critical skills.

There have also been challenges securing funding from the SETA to implement an outcomes based funding model to enable the implementation of an integrated learning programme as well as to support a skills platform.

Should the identified barriers be addressed on time, the GBS Sector now looks set to create 65,000 new jobs (possibly 100,000) over the five-year period ending December 2023 instead of the 50,000 originally committed in the Jobs Summit. These new jobs will include new digital and ICT jobs as synergies are exploited between the ICT Sector and the GBS sector in the economy. A new strategy has been formulated to underpin this scaled growth.

4. Key Achievements: Transversal (cross cutting) strategic issues

We have made major strides in working with project owners in government and business to drive implementation and working with key departments to address regulatory barriers including those related to water licenses, access to critical skills visas and allocating high demand spectrum.

- 4.1 To date we have had very constructive meetings with the Director Generals of **Water and Sanitation, Home Affairs, Higher Education and Training** and **Telecommunication and Postal Services** to address the constraints raised in the Jobs Summit Framework.
- 4.2 We have also engaged with the Department of Public Enterprises to get an indication as to when the Eskom “Restructuring Paper” will be released for public comments.
- 4.3 The Ministers of the relevant departments are being requested to provide progress updates and next steps related to these issues at the PWC scheduled for the 7th October.
- 4.4 This section will be updated accordingly: However, it is important to note certain high level developments. These include:

Water licensing:

That there has been a meeting between government and business to work through specific challenges with respect to water licensing and other relevant regulatory issues. Progress will be presented at the PWC

Visas:

The Department of Home Affairs have indicated progress with respect to the implementation of relevant measures to make SA more accessible for tourists: this includes visa waivers in the case of some countries, simplifying visa requirements for countries such as China and India, the implementation of the e-visas during October as well as the issuing of 5-year multiple entry visas. The view that there has been progress made in this regard view was shared by industry players.

In addition, with respect to supporting business DHA has provided the contact details of the Provincial OSS Center Managers in Western Cape and Gauteng. These will be shared with social partners to ensure that this mechanism is effectively utilised.

In terms of critical skills (an issue already highlighted in the report). It is noted that there has been a significant delay in the process of updating this list (2 years). DHA reports that they met with DHET on 09 April 2019 to discuss the Occupation in High Demand (OIHD) and the drafting of critical skills list. DHA made input to the Conceptual Framework for Critical Skills that had been developed by DHET by 7 August 2019. DHA report that DHET is working on the critical skills list and is

planning to provide a draft list of critical skills (included in a Technical Report), by the end of March 2020. The Jobs Summit team has since met with DHET to both consider how social partners can provide input into this list (and there is agreement that we will work with BUSA and the department to set up this process) and that DHET will review the timelines to see whether this could be accelerated.

Further progress will be presented at the PWC.

Spectrum:

The Department has indicated that the process of determining the timeframe and process for the allocation of high demand spectrum is now with ICASA. They will follow up directly with ICASA to establish the timelines for allocation of spectrum. The department is also refining the timeline for moving from analogue to digital and will provide an updated at the PWC meeting of the 7th October.

The Department has made progress on SAConnect (a Jobs Summit commitment): currently in 970 sites with plans to expand over the next year. This is seen as central to both small business development as well as to the youth projects (discussed below).

The Department is also supporting the roll out of broadband though indicate that challenges with municipalities have caused certain delays in this regard.

5. Key Achievements: Cross cutting Projects

In terms of the cross cutting projects we have focused efforts on the Jobs Summit commitment to building and expanding the pathway management network. We are also starting discussions with community to ensure progress is made with respect to the township and village economy and youth service projects are made within the next month.

5.1 Pathway Management Network

To ensure the effective implementation of this project officials from DEL have worked closely with Harambee and have played a critical role in this regard. The Project Management Office in Presidency has played a key role in supporting this partnership. PES and Harambee, guided by the PMO developed a “Working vision” for a national Pathway Management Network that:

- Actively supports a diverse (education/geographical location/etc) cohort of young people, who are otherwise excluded from the labour market,
- To build their profile and more effectively transition into, and between, a diverse range of opportunities that are centred on the needs of the young person and

- That are informed by demand so as to enable their continued involvement in the economy.”

The partnership is also exploring ways that young people can seamlessly move across the service offerings provided by PES and Harambee in order to support their progress in the economy. This with the intention of ensuring that young people are more visible, can access more diverse support, services and opportunities and can accumulate their experiences and learning across different platforms. This will be done in a manner that recognises that young people zig-zag in and out of opportunities and need different forms of support to enable them to continue on their journey.

This will therefore take into account the existing service offerings – such as counseling, work readiness preparation, profile development and closing the gap training - as well as the kinds of opportunities that the respective institutions are currently able to access. This includes access to workplace experience, youth service, self-employment and other forms of formal employment opportunities (which are being developed in other interventions within the Jobs Summit and the Presidential Youth Employment Intervention).

To maximise the impact of this project further linkages are being made with other relevant partners. For example, Department of Science and Technology, which is mapping government services so that young people on the pathway network can more easily access these services, the Department of Small Business Development which is strengthening their 73 incubators and the NYDA is supporting youth service activities and so on.

6. In summary

The table below provides a high level summary of achievements, challenges and next steps:

Interventions	Achievements	Challenges	Resolution Expected	Timeframe
1. TERS	Improved implementation of the scheme since increased involvement of CCMA, collective problem solving of partners. and through locating TERS within a wider package of services to companies in distress.	Non-compliance of companies (at point of application) as well as delays in the implementation of the scheme.	Streamlined application process and involvement of Jobs Summit team (with constituents) as well as the active intervention of DHET (where delays with SETA payments) and UIF. within agreed 21-to	End 2019

			reduce turnaround time..	
2. Rapid Response Team	An institutional proposal for a centralized support mechanism that can refer companies to relevant services.	Outstanding list of existing services and a plan to strengthen these services.	Institutional arrangements established with linkages to services.	End 2019
3. Distressed Fund	A key element of the package of support services for companies in distress. IDC has concluded 27 transactions in the 2018/19 financial year. This intervention conservatively saved 10 001 jobs from being lost and had an economy wide job impact of 53 092. A process is in place between IDC and UIF to bolster this capacity.	Increased availability of grant funding for companies in distress.	Availability of the Distressed Fund communicated and aligned with other mechanisms including TERS.	End 2019.
4. Mining equipment and metals	MEMSA membership increased from 16-35 manufacturers. Increased uptake of the downstream steel competitiveness fund.	Need to increase local procurement. The export scrap metal tax has not yet been legislated and no clarity has been provided by NT.	Focused efforts with procurement officers in the public sector/and increased demand from companies. Export Tax on Scrap Metal tax developed and submitted for public comment	On-going 31 October 2019
5. Clothing, Textiles, Leather and Footwear value chain	Draft CTFL Masterplan approved by Cabinet. IDC Fund of R821m established.	Non-compliant tenders remain a challenge.	Punitive measures to be put in place to address non-compliance.	End 2019.

6. Furniture value chain	<p>Development of standardised requirements for office furniture for Govt procurement.</p> <p>PSA online retail shop continues to be promoted across registered furniture manufacturers.</p>	<p>Need standardised furniture specifications.</p> <p>Increased commitment by the private sector to local procurement.</p>	<p>Commitment for standardised requirements to be built into the Govt procurement processes.</p> <p>Increased commitment by private sector to local procurement.</p>	March 2020.
7. Agriculture	<p>Improved cooperation between Govt and Business to address water licenses (reflected below).</p> <p>Stakeholder meeting scheduled for end October to discuss ToR for a blended finance system.</p>	<p>Still challenges with respect to permission or lease agreements from DRDLR.</p>	<p>There will be clear processes in place to address agreements.</p>	<p>As indicated this will be addressed as a key priority in this next month.</p>
8. Business Process Services	<p>11 450 new jobs created between October 2018 - June 2019.</p>	<p>Streamlining the VISA processes. Finalisation of the critical skills list.</p> <p>Securing funding from the SETA.</p>	<p>Clear process for revising critical skills list in place (discussed below).</p> <p>Clear process for funding skills in demand.</p>	End October 2019
9. Water licensing	<p>Improved coordination between Govt and Business to solve problems</p>	<p>Regulatory challenges and the time taken to conclude the WULA applications.</p>	<p>Streamlined application process within agreed 300-day turnaround timeframe.</p>	Already been initiated
10. ViSAs	<p>Improved accessibility for tourists to SA (simplified requirements for China and India and pilot of the e-ViSA platform in 1 country).</p>	<p>Critical Skills list not updated (2-year delay) and uncertainty about mechanisms for stakeholder input.</p>	<p>The process of revising critical skills list, taking stakeholder views into account, is accelerated.</p> <p>Fully operational e-ViSA platform.</p>	December 2019.

11. Spectrum	Progress made in the allocation of high demand spectrum (with ICASA). SAConnect: 970 sites underway with plans to expand.	Delays in the allocations and the shift to digital Challenges with municipalities for broadband roll-out.	Clear timelines and process with reduced data costs.	October 2019
12. Pathway Management Network	Partnership been established between Harambee and DEL.	Need mechanisms to share data	Diverse services on offer (through partnership and wider linkages with other key role players (DST/NYDA/etc).	Movement 2019