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PARLIAMENT

OF THE

REPUBLIC OF SOUTH AFRICA

**ANNOUNCEMENTS,
TABLINGS AND
COMMITTEE REPORTS**

THURSDAY, 25 JULY 2024

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ANNOUNCEMENTS

National Assembly

The Speaker

1. Referral to Committees of Bills introduced

- (1) The following Bill is referred to the **Portfolio Committee on Planning, Monitoring and Evaluation** for consideration and report:
 - (a) **National State Enterprises Bill** [B1–2024] (National Assembly – sec 75).

National Council of Provinces

The Chairperson

1. Bills passed by Assembly and transmitted to Council for concurrence

- (1) Bill passed by National Assembly and transmitted for concurrence on 25 July 2024:
 - (a) **Appropriation Bill** [B5–2024] (National Assembly – sec 77).

The Bill has been referred to the **Select Committee on Appropriations** of the National Council of Provinces.

TABLINGS

National Assembly and National Council of Provinces

1. The Minister of Finance

- (a) Prudential Authority’s proposed budget, estimates of expenditure, fees and levies for 2024/25, tabled in terms of section 103(1) of the Financial Sector Regulation Act, 2017 (Act No. 9 of 2017).
- (b) Report to Parliament on the authorisation of the use of funds from the National Revenue Fund for the Department of Defence by the Minister of Finance in terms of section 16(1) of the Public Finance Management Act, 1999 (PFMA) for the

South African Development Community Mission in the Democratic Republic of Congo.

2. The Minister of Transport

- (a) Updated (Revised) Annual Performance Plan of the Road Traffic Management Corporation (RTMC for 2023/24.
- (b) Corporate Plan of the Passenger Rail Agency of South Africa (PRASA) for 2024/25 – 2026/27.

COMMITTEE REPORTS

National Council of Provinces

1. REPORT OF THE SELECT COMMITTEE ON ECONOMIC DEVELOPMENT, AND TRADE ON BUDGET VOTE 39, STRATEGIC PLAN, 2024/2025 ANNUAL PERFORMANCE PLAN OF THE DEPARTMENT OF TRADE, INDUSTRY AND COMPETITION, DATED 24 JULY 2024

Report of the *Select Committee on Economic Development and Trade* (Committee) on Budget Vote and Annual Performance Plan 2024/25 of the *Department of Trade, Industry and Competition* – Budget Vote No 39, dated 24 July 2024.

The Committee having considered *Budget Vote: 39* and the 2024/25 Annual Performance Plan of the *Department of Trade, Industry and Competition* (Dtic) reports that the committee met with the department on 17 July 2024, wherein the Department outlined the *Budget and Spending Plans*.

The Committee noted the policy intention of the *2024/25 Departmental Spending Plans and Budget* expressing the intent to review and accelerate implementation of the *Industrialisation Policy and Strategy* to promote jobs and rising incomes. Further, the policy intention seeks to *Accelerate Economic Transformation* in order to build an inclusive economy, and to build a capable state. There is a renewed focus to build greater capacity to ensure that national objectives are achieved through the ability to plan and develop strategies and creating stability across the Department's portfolio. Further, enhance alignment across the state, solve systemic inefficiencies and filling strategic vacancies to boost capacity and capability to deliver.

The National Development Plan (NDP) remains the government's policy blueprint which seeks to tackle South Africa's grand socio-economic challenges- unemployment, inequality and poverty. To realise the NDP policy goals, varied medium-term policy initiatives need to be implemented. To this end, the Committee noted the Department's commitment to infuse the high-level policy priorities that the *Government of National Unity* is expected to release to shape the *Medium-Term Strategic Development Plan* that will inform the new spending plans, going forward. The Department advanced that it is still committed to drive its development programmes towards

achieving *Transformation, Industrialisation and Job Creation*. This is the policy issue that has been reiterated in the recent *Cabinet Legotla*.

The 2024, May 29 national and provincial government elections results gave birth to Government of National Unity (GNU). The period marked the end of the 2019-2024 medium term paving the way for the new medium term. In the *2019-2024 Strategic Medium Term (2019 MSTF)*, the government made a commitment to create development initiatives to realise one of the policy priorities which seeks to obtain *Economic Growth and Job Creation*. The 2019 MTSF put more emphasis on jump-starting the economy and creation of much needed jobs. Some of the outcomes covered areas such as:

- Investing for accelerated inclusive growth;
- Industrialisation, localisation and exports;
- Reduced concentration and monopolies and expand the small business sector;
- Focus on creation of sustainable decent jobs, with more emphasis to cover youth, women and persons with disabilities;
- Improve competitiveness through ICT adoption, and investing research and innovation; and
- Further to accelerate infrastructure investment to support growth and job creation including investing energy infrastructure to fuel the economy and improve the wellbeing of Nation.

The Committee recognise that the *2024 Spending Plans and Budget* are tabled in an environment where the Country is grappling with low economic growth, high unemployment, widening inequality, entrenched poverty, poor and failing infrastructure. Further, the Committee emphasised the need for the Department to accelerate execution of policy commitments. The Committee noted that the *2024 Spending Plans and Budget* attempts to ensure that the funding and financing offered by the Department and its development finance institutions attempts to reconfigure the economic structure and boost industrial transformation. The Committee noted that industrial financing, should take into consideration the need to relentlessly transform the economic structure to realise inclusive economic and sustainable development imperatives.

It was highlighted that there is a need for a substantial sustained growth in foreign direct investment and increased exports. South Africa manufacturing industry is not doing well, and this has been the case pre-Covid-19. This point had been articulated in various government economic policy strategic documents.

Further, it was underscored that the geopolitics relating to the *Russian-Ukraine War*, and the conflict in the *Middle East* could elevate risks in relation to South Africa's trade performance. Further, it was highlighted that South Africa in terms of trade is heavily depended on the major economies such as China, Germany (EU), UK and USA. Hence it is important that foreign policy and international trade and investment policy must be coordinated and complement each other. South Africa should pursue trade relations in the interest of the South African economy, and the broader African development goals.

It was highlighted that investment in research and development is critical to boost economic competitiveness. Including investment in skills to boost industrial capacity and capability.

Although largely not in direct control of the Department, major infrastructure development projects need to find expression in regional economies (both provincial and local government economic space), as it can play a major role in influencing policy direction and execution. Investment in transport and logistics, energy, water and ICT should be accelerated. The significance of these investment initiatives to the economy has been highlighted in various government strategic policy documents. Inadequate implementation of policy remains the biggest challenge.

The *World Bank* and *National Treasury* advanced that the widespread criminal activity poses a threat to economic growth and national security. Crime fighting efforts should be elevated. In addition, cutting red tape and supporting small businesses, remains a priority. Again, execution remains a challenge. Investing in small business is a critical priority. Not only businesses in urban economies, but also rural and township economies.

The 5th and 6th government administrations' economic policy strategy documents highlighted that persistent structural constraints remain a challenge. It is advanced that economic policy reforms need to be implemented faster in order to create necessary jobs and encourage investment over the medium term.

Box 1: identified Economic Opportunities

- The implementation of the Economic Reconstruction and Recovery Programme (ERRP) and structural reforms such as; private sector electricity generation; third-party access to rail network; red-tape removal on licensing and approvals; e-Visa scaling up; spectrum digital access and reduced data costs; new mining rights system; etc.
- Infrastructure delivery, supported by effective project preparation and blended, innovative financing models.
- Multilateral structures such as the BRICS, provide an opportunity for expansion of trade, investment and industrialization.
- The African Continental Free Trade Area (AfCFTA) outcomes for industrialization and infrastructure development.
- Beneficiation of strategic minerals.
- The Petroleum Resources Development Bill to enable upstream oil and gas industrialisation.
- SMME development.
- Spatial economic development using the SEZ/ IDZ as key driver.
- Automotive investment, production, exports and linkages to local component suppliers, electric vehicles (EVs) value chain.
- South African music industry has transcended traditional barriers in reaching global markets – with South Africa making the bulk of Sub-Saharan Africa's revenue growth on streaming platforms. The genre called "Amapiano", in particular, has taken its space globally.

Source: Government 30 Years Review Report, 2024

Budget Policy Area

The Department reported it will continue to develop and implement various sectoral master plans over the MTEF period. These are the key components of the *Re-Imagined Industrial Strategy*, which presents a multi-pronged approach to industrial development, with an emphasis on building partnerships with the private sector to secure investment to create jobs. Over the period ahead, this entails focussing on supporting the implementation of key interventions outlined by the *Economic*

Reconstruction and Recovery Plan (ERRP), particularly by providing industrial finance, developing industrial infrastructure and enhancing competitiveness and localisation.

The Committee noted that in *2024/25 Spending Plans and Budget* highlighted 10 critical outputs that the Department has set to be executed, which are as follows:

- R350 billion in investment pledges secured across the state;
- R60 billion in additional local output committed or achieved;
- R900 billion in manufacturing exports;
- R400 billion in manufacturing exports to other African countries;
- R9 billion in exports of Global Business Services (GBS);
- R200 billion in Black Industrialist Output Achieved;
- 1 million jobs supported or covered by the Dtic group and/ or master plans;
- 100 000 jobs to be created (50 000 social economy fund part-time or temporary job opportunities and 50 000 full-time jobs)
- 160 000 jobs in Black Industrialists firms retained; and
- 20 000 additional workers with shares in their companies.

Table 1 shows the functional policy structure of the Department. The mission, policy priorities and resource allocation of the Department are aligned in accordance to the functional policy structure. It includes directing resources in terms of the economic composition.

Table 1: 2024 Departmental Spending Outlook

Programme	Audited outcome				Adjusted appropriation	Average growth rate (%)	Average Expenditure/ Total (%)	Medium-term expenditure estimate			Average growth rate (%)	Average Expenditure/ Total (%)
	2020/21	2021/22	2022/23	2023/24				2024/25	2025/26	2026/27		
R million												
Administration	844.1	721.3	759.9	859.1	18%	7.5%	881.0	971.9	1015.5	5.7%	9.1%	
Trade	199.2	217.8	222.7	261.6	9.5%	2.1%	241.6	251.3	261.2	0.0%	2.5%	
Investment and Spatial Industrial Development Sectors	143.9	127.5	152.1	140.5	-0.8%	13%	167.1	174.6	181.3	8.9%	16%	
Regulation	1626.3	1638.1	1730.5	1592.9	-0.7%	15.6%	1431.5	1673.9	1760.0	3.4%	15.8%	
Incentives	288.5	323.4	331.5	349.3	6.6%	3.1%	346.1	357.4	371.9	2.1%	3.5%	
Export	4 898.5	6 465.9	5 363.1	5 413.6	3.4%	52.5%	4 034.5	5 199.8	5 447.0	0.2%	49.2%	
Transformation and Competition Research	377.8	399.0	397.8	388.3	0.9%	3.7%	388.0	407.8	426.8	3.2%	3.9%	
	658.6	1683.2	1792.6	1645.0	35.7%	13.7%	2 047.1	919.8	953.7	-15.6%	13.6%	
	32.9	38.0	48.2	59.1	215%	0.4%	63.3	67.2	69.8	5.7%	0.6%	
Subtotal	9 039.7	11 614.1	10 798.4	10 709.5	5.8%	100.0%	9 600.2	10 023.8	10 487.3	-0.7%	100.0%	
Total	9 039.7	11 614.1	10 798.4	10 709.5	5.8%	100.0%	9 600.2	10 023.8	10 487.3	-0.7%	100.0%	
Change to 2023 Budget estimate				-			(988.5)	(1038.2)	(1081.4)			

Source: 2024 National Treasury Estimates of National Expenditure

From an adjusted appropriation perspective, the departmental spending declined from R10,7 billion in 2023 to R9,6 billion in 2024. The spending decline mostly affected incentives development programmes. The incentives development programmes, which are mainly responsible for providing industrial financial assistance to businesses, accounts for an estimated 49.2 per cent (R14.7 billion) of the department's total budget over the next 3 years. Table 1 further shows that the Department's expenditure is expected to decrease at an average annual rate of 0.7 per cent, from R10.7 billion in 2023/24 to R10.5 billion in 2026/27. It is indicated that the decline is mainly driven by the *Social Employment Fund* in the *Transformation and Competition* programme only being funded until 2024/25. The Departmental Spending has recorded a sharp decline since 2021/22 (R11,6 billion) financial year. Further, the 2024 Estimates of National Expenditure indicate that the Department's budget amounting to R3.1 billion over the MTEF period was cut due to government wide reprioritisation. This process includes a R2.2 billion reduction in funding for incentive schemes and a R649.3 million reduction on transfers to entities. As a result, the value of investment the Department expects to facilitate is set to decrease from R200 billion in 2023/24 to R180 billion in 2026/27, which is expected to have a direct effect on the number of beneficiaries these schemes will reach.

The funding decline and/or possible elimination of the *Social Employment Fund* could have an effect on job creation initiative programmes. The Transformation and Competition programme is anticipated to spend R3,9 billion over the 2024 medium term. However, in the 2 outer years the spending is anticipated to decline.

The Department's expenditure is expected to decrease nominally at an average annual rate of 0.7 per cent, from R10.7 billion in 2023/24 to R10.5 billion in 2026/27. This is mainly driven by the Social Empowerment Fund in the *Transformation and Competition Programme* only being funded until 2024/25. The *Incentives Programme*, which is mainly responsible for providing industrial finance assistance to businesses, accounts for an estimated 49.2 per cent (R14.7 billion) of the Department's total budget over the next three years.

As a result, the value of investment the Department expects to facilitate is set to decrease from R200 billion in 2023/24 to R180 billion in 2026/27, which is expected to have a direct effect on the number of beneficiaries these schemes will reach. However, to support social economic activities in the communities through the Presidential Employment Stimulus, R1.1 billion in 2024/25 is reprioritised towards the *Social Empowerment Fund*, which aims to create 50 000-part time employment opportunities through work for the common good.

Programme 1: Administration its purpose is Offering strategic leadership, management, and support services to the Department. For the 2024/25 financial year, this functional policy programme is expected to spend approximately R881 million. Over the medium term, spending for this programme is anticipated to reach approximately R2,9 billion.

Since 2021/22, the Department has been unable to fill close to 200 post reflected to the approved organisational structure. Organisational health and capability should be one of the key priorities that the Department should prioritise. There is a need over the 2024 medium term period for the Department to fill critical posts in order to realise government and departmental policy priorities.

Programme 2: Trade, its purpose is cultivating a fair global trading system to enhance development by reinforcing trade and investment connections with pivotal economies.

Additionally, fostering African development, regional and continental integration, and cooperative development in accordance with the African Union Agenda 2063. From an adjusted appropriation perspective, the spending declined from R261,6 million in 2023 to R241.7 million in the 2024 financial year.

Programme 3: Investment & Spatial Industrial Development its purpose is facilitating foreign direct investment and encouraging domestic investment by providing a comprehensive platform for investment promotion, investor facilitation, and aftercare support. This programme also aims to bolster participation in industrialisation efforts. Over the 2024 medium term, the functional policy programme is anticipated to spend R523 million. Through the *Investment Promotion Programme*, the Department planned to facilitate the investment mobilisation drive of R2 trillion over 5 years (2023-2028). The *2024 Estimates of National Expenditure* state that as part of part of the economic reconstruction and recovery plan the Department would catalyse investment through infrastructure development.

Over the period ahead, the Department plans to subsidise bulk infrastructure and factories in special economic zones and revitalise a targeted 16 industrial parks. These subsidies are provided mainly through the *Infrastructure Investment Support* subprogramme in the *Incentives* programme, in which R2.3 billion is allocated for special economic zones, R156.3 million for industrial parks and R417.6 million for critical bulk infrastructure such as water, electricity and sewerage connections.

It was emphasised that what is vital is to have Parks including SEZs aligned with growth opportunities within the region and its linkages to other regions. SEZs and *Industrial Park Revitalisation* initiatives, if properly planned, funded, developed, managed and marketed, can be growth engines supporting industrialisation, regional development, export promotion and job creation. It can also enhance the attractiveness of South Africa for foreign direct investments, emphasising the *Trade and Industrial Policy Strategies*. *Trade and Industrial Policy Strategies* also advances that public-private sector partnerships are essential for the success of SEZs (including Industrial Parks-our emphasis). This present an opportunity that South Africa could

leverage on to attract investments, skills transfer and technology transfer and advancement. Further, SEZs programme should find expression to the rural development strategy.

The *Trade Industry Strategies* emphasised the success of SEZs, and the extension of the Industrial Parks which should expand exports and replace imports; and create backward and forward linkages (demand for intermediate inputs from domestic economy and supply of intermediate inputs for domestic enterprise). In addition, SEZs should create employment both directly and indirectly and develop the surrounding communities. Firms located in the Industrial Parks should be exposed to various government incentives schemes. The Department of Trade, Industry and Competition has several incentives schemes such as the manufacturing investment schemes, competitive investment scheme, service investment, industrial innovation investment cluster competitive investment, and infrastructure investment schemes.

Programme 4: Sectors, the purpose of this programme is the crafting and executing policies, strategies, and programs to fortify the manufacturing and other economic sectors' capacity to generate quality employment, promote inclusivity, and enhance value addition and competitiveness in both domestic and international markets. For the 2024/25 financial year, this programme is expected to spend R1.6 billion. Over the 2024 medium term, the Department is anticipated to spend approximately R4,9 billion. The functional policy programme is expected to develop the Masterplan covering Medical Devices sector, and further continue to focus on the implementation of Masterplans, notably the Automotives, Poultry, Sugar, Steel & Metal Fabrication, Clothing & Textiles and Furniture Masterplans.

Programme 5: Regulation, the purpose of this programme is formulating and implementing consistent, transparent regulatory solutions to facilitate easy access to redress and efficient regulation for economic stakeholders. For the 2024/25 financial year, this functional policy programme is anticipated to spend R346.2 million which is decrease of 0.89 per cent from the previous financial year. Over the 2024 medium term, the Department is anticipated to spend over R1 billion under this programme. The bulk of the funds are directed to the regulatory agencies.

Programme 6: Incentives, its purpose is to promote the development of sustainable and competitive enterprises by offering efficient and accessible incentive measures that align with national priorities. For the 2024/25 financial year, this functional policy programme is expected to spend approximately R4.03 billion. It was indicated in this report that over the 2024 medium term, the Department will continue to provide financial support to the automotive incentive scheme, the black industrialist programme, the agro-processing support scheme, the strategic partnership programme, and the aquaculture development and enhancement programme. Spending in the *Manufacturing Incentives Development* programme accounts for an estimated 51 per cent (R8.8 billion) of the Incentives programme's development, over the medium term.

It was noted that the reduction of the funds geared to boost industrialisation needs to be re-considered. Again, it should be emphasised that funding and financing should respond to the need to actually reconfigure the economic structure and boost industrial transformation. The industrial financing should take into consideration the need to relentlessly transform the economic structure to realise inclusive economic and sustainable development imperatives. In the 2024/25 financial year, the programme and its industrial financing partners, the Industrial Development Corporation (IDC) and the National Empowerment Fund (NEF) will seek to provide support in the form of grants, loans and equity.

Over the period ahead, the Department plans to subsidise bulk infrastructure and factories in special economic zones and revitalise a targeted 16 industrial parks. These subsidies are provided mainly through the Infrastructure Investment Support subprogramme in the Incentives programme, in which R2.3 billion is allocated for special economic zones, R156.3 million for industrial parks and R417.6 million for critical bulk infrastructure such as water, electricity and sewerage connections.

Programme 7: Exports, its purpose is boosting export capacity and facilitating direct investment flows through targeted strategies and a well-managed network of foreign trade and investment offices. For the 2024/25 financial year, this programme is anticipated to spend approximately R388.1 million. Over the medium-term spending is expected to reach R1,2 billion. Substantial sustained growth in foreign direct investment and increased exports remains government priority.

The Department indicated that this policy functional programme will continue to further support firms to reach strategic export markets, through a more concentrated focus on those markets. The focus will be to unlock the opportunities presented by the implementation of the *African Continental Free Trade Area (AfCFTA)* and to obtain opportunities in markets in the United States, Asia, Europe, the Middle East and Latin America. The Department has underscored that it will diversify the composition of South Africa's export basket by providing structured support to priority sectors and markets; through the development of Export Action Plans for Master Plans focusing on AfCFTA, AGOA, Asia and Europe.

South Africa in terms of trade is very depended on the major economies such as China, Germany (EU), UK and USA. Hence it important that foreign policy and international trade and investment policy must be coordinated and complement each other.

Over the medium-term closer working relationship amongst development institutions such as IDC, NEF and Export Credit Insurance Corporation of South Africa (ECIC) is expected to improve. South African companies driving investments and exports in the African continent might need finance assistance. The financing programme should also respond to this outward investment drive. There is a need for a strong agenda to enhance the support of Development Finance Institutions (DFIs) to drive inclusive growth initiative in partnership with the private sector institutions.

Programme 8: Transformation and Competition, the purpose of this functional policy programme is introducing policy interventions that foster transformation and competition through effective economic planning and aligned investment and development policy tools. For the 2024/25 financial year, the Department through the programme is expected to spend over R2 billion. A significant portion of the funds will be directed towards the Industrial Development Corporation's *Social Employment Fund* and R271.7 million is anticipated to be allocated to the *Small Enterprise Finance Agency*. Over the medium term, the functional policy programme is expected to spend approximately R3,9 billion.

Programme 9: Research, the purpose of this functional policy programme is conducting research and implementing policy interventions to address transformation and competition issues through

effective economic planning and aligned investment and development policy tools. For the 2024/25 financial year, the programme is anticipated to R63.3 million. Over the medium term, the programme is expected to spend approximately R200 million.

Trade & Industrial Policy Strategies advances that one of the key challenges of the *Department of Trade, Industry and Competition* is to recognise that the implementation of the industrial strategy does not solely depend on the department. Alignment of economic policies such as trade facilitation, competition policy, small business development, investment promotion and facilitation, higher education and innovation, infrastructure development and macroeconomic policy, should be prioritised. This should include alignment with provincial and local economic growth strategies.

Investment in water, roads, port and energy infrastructure is pivotal to the recovery and growth of the economy. Provincial and municipal capital spending should be scaled up. Lack of sub-national capital spending would have a direct impact to the success of the SEZs and Industrial Parks. Local government capacity and capability should be geared-up. This would need crucial investment facilitation and cluster-oriented management capabilities.

As already highlighted, South Africa's investment climate need to be improved and enhanced to support the economic recovery and growth. More coordinated work needs to be done at all levels of government to translate investment commitments to actual outcomes (operationalise investment commitments).

Issues arising from engagement:

The following are the key issues raised by Members and responses from the Department during the deliberations:

1. The Committee welcomed the presentation and congratulated the Minister, and the Deputy Ministers on their appointment.

2. Members highlighted the importance of job creation and urged government to leverage public funds to crowd-in private sector participation in the economy. It was further noted that there is a need for large companies to invest in the productive economy to create needed jobs. Government needs to create a conducive business environment while creating appropriate regulation to direct investments in the economy. It was pointed that corporate cash holding need to be addressed. Relationship amongst economic actors - government, private sector and labour need to be improved.
3. Members raised concerns regarding the number of acting positions within the Department highlighting that this created a lack of continuity and stability and queried the measures in place to address this.
4. In responding to concerns relating to vacancies, the Department reported that it is working towards filling critical vacancies and that the budget will be reprioritised to fund the critical vacancies. The implementation of the cost-of-living adjustment had an effect on recruitment and filling funded posts.
5. Concerns were raised regarding the lack of progress regarding the *Special Economic Zones*, in particular the Lephalale and Nkomazi SEZs. It was noted that SEZs are critical for investors and private companies are ready to come on board however, they are waiting for the SEZs to be gazetted. The Department was urged to work closely with the *Mpumalanga Economic Growth Agency* towards unlocking the job creation potential the Nkomazi SEZ has, in that region.
6. Furthermore, in respect of SEZs Members queried whether it has been established in each municipality in the country; the degree of specialisation of each SEZ; the number of job opportunities created at each SEZ, and how many companies owned by women, youth, persons with disabilities, and military veterans had benefitted.
7. With regards to the *District Development Plan*, it was noted that there was some hesitation from local municipalities who feared losing budget allocations. Members queried what work was being done to practically improve and strengthen relationships particularly with respect to Local Economic Development.
8. In respect of South Africa's biggest trade partners, Members queried what was being done to improve these relationships.

9. In responding to queries regarding the current state of trade relations, the Department submitted that in the coming weeks, delegations would be going to one of South Africa's biggest markets, the United States of America to engage on the *African Growth Opportunity Act* (AGOA). Furthermore, the Department is working closely with the *Department of International Relations and Cooperation* to strengthen bilateral relations. It was noted that South Africa is willing to trade with any country with buying power for South African products, and the Country engages in international trade to pursue its economic interest and broadly the country's national interests.
10. It was highlighted that the illegal scrap metal issue needs to be tackled. For the country to build manufacturing capacity and capability it must address the illegal scrap metal industry. This would require a multipronged approach including working closely with law enforcement agencies and crime intelligence to address this challenge. It was highlighted that there needs to be greater monitoring and regulation of the scrap metal industry. It was highlighted that a possible option is to completely ban scrap metal activity to remove the incentives for thieves to steal and strip public infrastructure.
11. Members queried what was practically being done to reduce red tape, since in practice there is little improvement.
12. Members noted the report of manufacturing decline and queried the root causes of that decline.
13. It was noted that the recent incident at the Department of Public Works highlighted the threat of cybercrime and Members queried which mitigation measures were in place within the Department and its entities to protect its data.
14. Members queried that measures were in place to create an enabling environment for independent power producers to contribute towards renewable energy and the nation's power grid. Furthermore, they asked what is being done to protect the local energy industry.
15. In respect of the implementation of *Re-Imagined Industrial Strategy*, Members queried how the Department has been fostering partnerships with the private sector. Members emphasised that partnership across government will need to be enhanced, and these should include collaboration with industry players.

Recommendations

The GNU is expected to deliver higher levels of economic growth, attract needed investments, and tackle grand socio-economic challenges - inequality, poverty and unemployment. To this end, after the engagements with the Department, the Committee proposed the following recommendations to the Minister to be implemented over the 2024 medium term:

1. Over the 2024 medium term, the Committee urged the Minister with the support of Minister of Finance in collaboration with the Minister Cooperative and Traditional Affairs to establish the *National Regional Economic Development Fund* to support economic growth, investment, enterprise development and employment in provinces that lag behind in terms of economic development.
2. The Minister should over the medium term ensure that all planned SEZs including the identified *Industrial Parks* in other provinces are operational. To this end, the Committee would expect the Minister to submit each year a mid-term progress report in relation to the implementation and performance of the SEZs and Industrial Parks.
3. Further, the Minister working jointly with the *Ministers of Science and Innovation and Health*, and with the support of *National Treasury*, should craft an action plan that would accelerate operation of the *Ketlaphela State Owned Pharmaceutical Company*. The initiative should be shifted from the *Department of Minerals and Petroleum* to reside either within Dtic or *Department of Science and Innovation*. The action plan should be submitted to the Committee by the end of the 2025/26 financial year.
4. The Committee emphasised that organisational health and capability is critical in the execution of government strategic economic policies. By the end of the 2024 financial year, the Minister through the Department should design and execute a plan that would ensure that critical posts are filled.

Report to be considered