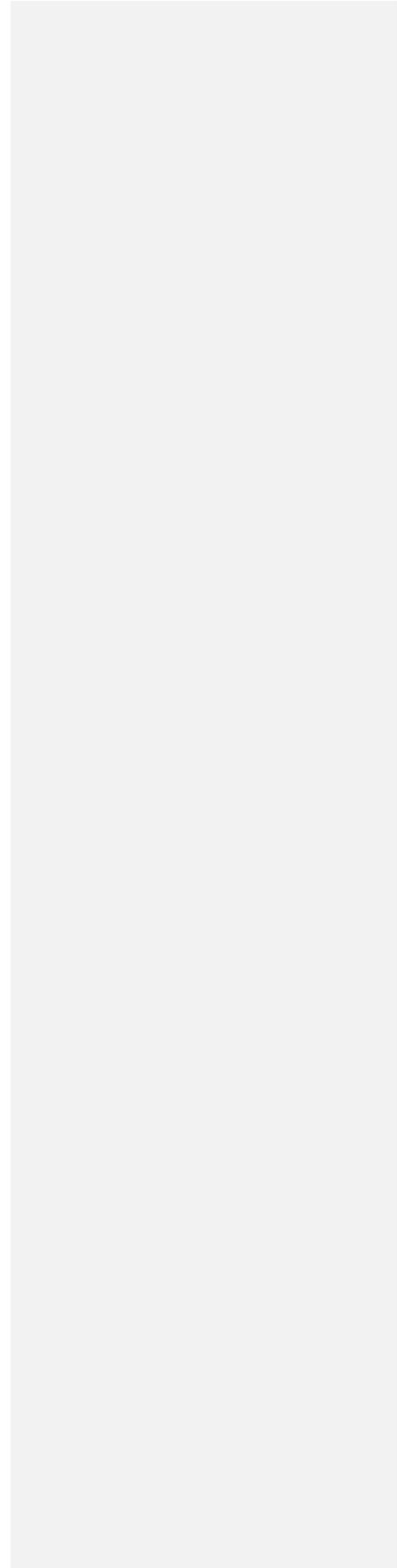


**GAUTENG BUSINESS CONSULTATIVE FORUM**

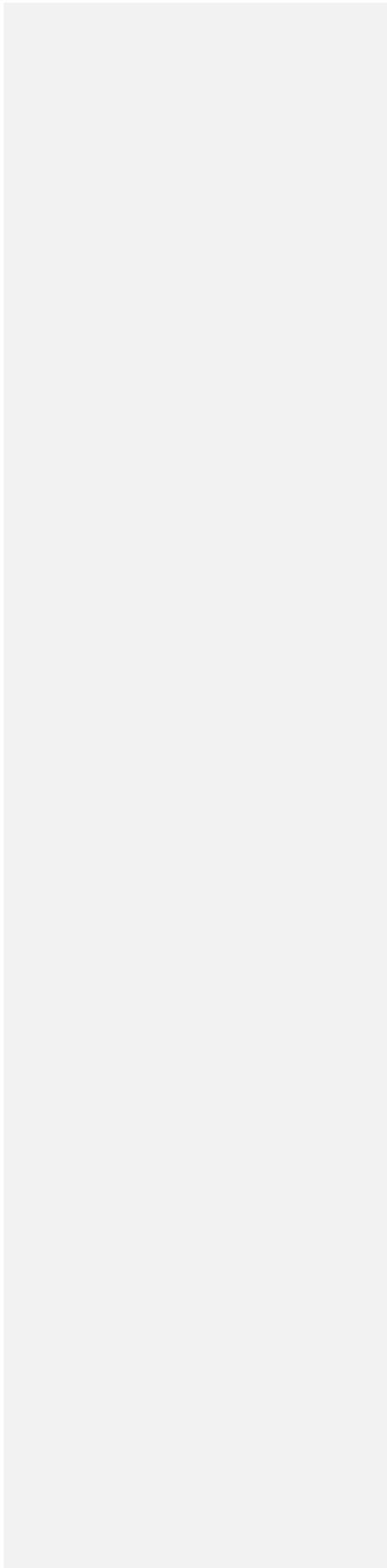
**SESSION: CAPITAL EQUIPMENT**

**DATE: 26 October 2016, GIBS, Illovo**



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## EXECUTIVE SUMMARY

“At the heart of firms’ competitiveness and a country’s competitiveness is a much closer alignment between government and business, and the solution is to bring the parties together,” said Abdullah Verachia, GIBS Senior Faculty and Programme Director, at the first of a series of consultative forums bringing government and business together.

On 26 November 2016, The University of Pretoria’s Gordon Institute of Business Science hosted the first Gauteng Business Consultative Forum (GBCF) which saw a number of stakeholders within the capital equipment sector come together to discuss constructive ways in which to take the sector forward.

Attending the event were a number of Gauteng government officials including Gauteng Health MEC, Qedani Mahlangu, standing in for the Economic Development MEC, Lebogang Maile, who was away on business. The private sector was represented by Eric Bruggeman, CEO of South African Capital Equipment Export Council (SACEEC), along with number of CEOs and entrepreneurs within the capital equipment sector.

In an attempt to drive and enhance the business competitiveness of Gauteng Province, and indeed South Africa, capital equipment has been identified as a key area of growth. During the forum, both government and the private sector highlighted key challenges and opportunities facing the sector and outlined what action steps had been set out to address both private and public sector concerns.

All parties agreed that universities play a major role in facilitating dialogue and introducing innovative solutions to move industry forward. It was also acknowledged that the Gauteng government is taking the lead in ensuring growth across the province and the country as a whole. During the session Bruggeman commented: “Working with the Gauteng government is one of the best things that has happened to our industry in years. The Premier [David Makhura] has a very good understanding, along with the MECs who work with economic development, of where we are.”

MEC Mahlangu highlighted government’s need to boost skills and employment and to encourage economic activity, not only in industrial pockets, but throughout the province, with a special need to boost investment and economic productivity within the townships themselves. She highlighted the province’s strategy to boost economic development including: increasing the gross value added in the province, technical and artisanal skills development, increased exports, and greater investment into research and development.

Bruggeman, speaking for the private sector, highlighted crime, unemployment and job losses, high interest rates, corruption, the possibility of South Africa’s sovereign rating being downgraded to ‘junk status’, electricity and steel prices, as well as infrastructure and transport costs as major challenges facing the industry. The challenges were acknowledged by government when MEC Mahlangu said: “It is time for listening more and talking less. We have been talking a lot in the last 20 years and we now need to act.” She added: “As the Premier says, we need to be an evidence based government, informed by the numbers.”

The partnership between the capital equipment sector and government has already seen targets put in place to drive the sector forward. SACEEC outlined the strategy, which focused on the following: Job creation and stemming job losses, skills development, developing a supply chain management programme to boost local procurement, the development of black industrialists, and, finally, the establishment of a trade-hub with Zambia to develop markets for export.

Government has committed to backing this strategy and, in collaboration with industry, has set up a taskteam to ensure cooperation between all stakeholders. The taskteam's objectives include:

- Synergising interventions and initiatives
- Identifying opportunities for R&D
- Facilitating partnerships within the sector
- Developing a working plan to implement SACEEC's strategy
- Monitoring and evaluating the strategy.

After the discussion, the taskteam members were nominated together with a commitment for ongoing collaboration to drive economic development in Gauteng Province and across South Africa and the rest of continent.

## INDUSTRY OVERVIEW

### Industry overview: Capital Equipment

South Africa's Capital Equipment sector has been identified by the Gauteng Provincial Government as a major growth industry within the Gauteng City Region (GCR) Economic Development Plan 2030.

The country's Capital Equipment industry can be broken down into five sectors, according to the South African Capital Equipment Export Council (SACEEC). They are: agriculture, building & construction, mining, processing industries (including agro-processing, chemicals and motor manufacturers) and utilities, like Eskom and Transnet. Within the sector, the mining industry makes up the largest segment, contributing around 80%, according to Engineering News.

An Industrial Development Council (IDC) Trade Report entitled *Export opportunities for South Africa's Capital Goods Industry*, published in 2014, offers the following definition of the sector: "The manufacturing of capital equipment is classified across a number of manufacturing sub-sectors, with a small proportion located in the agriculture sector." The report highlights the following:

- The production of trucks used in the commercial sector for long- and short-distance distribution is classified under the motor vehicles, parts and accessories sub-sector.
- Products classified as Capital Equipment within the machinery sector include various types of pumps, industrial equipment used in manufacturing processes, as well as heavy machinery used in mining operations, both in the transporting and processing of mining ores.
- Electrical machinery and professional and scientific equipment relate to electricity generation, transmission and distribution to the point of final consumption.
- Items under "other transport equipment" relate mainly to the manufacturing of railway trucks and engines, with a smaller proportion producing for the maritime industry.

The Capital Equipment industry experienced a boon in the early part of the century, with South African exporters, especially those of mining equipment, becoming world renowned for their quality and pricing competitiveness. In 2002 SACEEC's then Chairperson, Sybil Rhomberg, told Mining Weekly: "Our mining equipment suppliers, unlike most of the developed world, have the advantage of local market for their products, which helps to sustain and improve the sector, resulting in improved technology and equipment customisation." This upturn was aided by a comparatively weak rand relative to major global currencies.

But over the last decade, the South African Capital Equipment sector has been hit by a number of challenges, including, says SACEEC, the recent and severe, El Niño drought; mining and industry strikes; poor commodity prices; and China's manufacturing competitiveness, together with the practice of dumping. At the same time domestic challenges also came into play, including labour, infrastructure, an extremely volatile currency, and exorbitant steel and electricity prices. Even with these challenges, SACEEC Chairperson Eric Bruggeman says the industry is currently seeing a growth rate of around 6.6% per annum; although not all sectors are growing at the same pace.

These challenges are reflected, not only in the Capital Equipment sector, but in the contribution the overall manufacturing sector is making to the broader South African economy. The National Advisory Council on Innovation's (NACI's) annual *2015 South African Science, Technology and Innovation Indicators* report found that in the decade from 2004 to 2014 the South African manufacturing sector's contribution to GDP dropped from 15.3% to 13.9%.

## **Employment**

Statistics SA backs this up and notes that over a 10-year period, the manufacturing industry has lost 250 000 jobs. Stats SA says: "The number of people employed in the manufacturing industry has declined over the years, from 1.44 million in 2005 to 1.19 million in 2014. The job losses occurred across all manufacturing divisions with the exception of petroleum and chemicals, which created employment for 20 000 people. The largest drop in employment occurred in the textiles industry, which lost 91 000 jobs over the period."

Stats SA's report showed the 2014 industry employment breakdown as follows:

- 21% in metals and machinery
- 19% food and beverages
- 15% petroleum and chemical
- 11% wood, paper and publishing
- 10% textiles and clothing
- 9% transport equipment
- 15% other

Job losses have had a massive impact on the regions that house this workforce. Stats SA says that most of the Capital Equipment workforce - 52% - reside in just three metros, Johannesburg, Cape Town and eThekweni, with 26% of based in Johannesburg, 13% in Cape Town and 13% in eThekweni, 10% in Ekurhuleni, 5% in Nelson Mandela Bay, and 33% in other municipalities. These numbers make it clear why developing the Capital Equipment sector, along with manufacturing in general, is a key focus for the Gauteng Provincial Government.

## **Skills and innovation**

The NACI report notes: "South Africa produces relatively few innovations in both the high and low technology sectors. The export performance of the country, as categorised by technology intensiveness, also indicates the inadequate international competitiveness of high and low technology manufacturers, which implies that there is slow progress in transforming the economy towards a knowledge-based economy. "

The report states that the number of students passing maths and science are inadequate to meet the National Development Plan's objectives to build national capabilities. In addition South Africa is falling behind its competitors in terms of its enrolment numbers for Science Engineering and Technology (SET) tertiary studies. Only 29.6% of South Africans have enrolled for SET qualifications, compared to South Korea's 47.1%, India's 42.6%, the UK's 40.8%, amongst others.

The report continues: "South Africa faces the challenge of low quality education in subjects such as mathematics and science as indicated by South Africa's poor performance in international benchmarking tests such as the Trends in International Mathematics and Science Study (TIMSS) and the Southern and Eastern African Consortium for Monitoring Educational Quality (SACMEQ) study."

When it comes to research and development (R&D), government is the biggest funder of research at 42.9%, followed by business sector at 41.4 %, says the report.

## **Exports**

One of the key focuses of the Gauteng Provincial Government is to boost South Africa's Capital Equipment export potential, especially within the African continent.

The IDC's Trade Report says: "Several segments of the domestic manufacturing sector struggled to adapt to the rapidly changing economic environment, particularly sharply declining import

protection as tariffs were lowered, among other contributing factors. In certain cases, however, the opening up of international markets has showcased the capabilities of South African manufacturing, since some producers have managed to penetrate global markets fairly successfully, retaining or expanding their production capability even in the face of international competition.”

South Africa’s export prowess still lies within the mining sector. A report by the Centre for Competition, Regulation and Economic Development (CCRED) entitled *Mining-related national Systems of Innovation in Southern Africa* speaks about the country’s export sector and says: “South Africa’s capital goods sector has developed around this minerals-energy-complex core and the sector is playing a major role in supplying the regional mining industry with mining machinery, mining inputs and associated engineering services.”

Creamer Media’s Mining Weekly also notes: “The South African mining inputs cluster, which is mainly located in Gauteng, is a well-established regional supply hub for Southern Africa.”

The CCRED report says that South Africa’s mining inputs cluster, through global and domestic original equipment manufacturers, is supplying Capital Equipment and engineering services to mining houses across the Southern African region. CCRED’s research has found that the share of Capital Equipment imports sourced from South Africa amounted to (on average) 73% in Botswana, 37% in Zambia and 57% in Zimbabwe between 2012 and 2014.

The IDC report noted South Africa’s 2013 export figures within the capital equipment sector:

Sector	Export value 2013, R1 million	% of total sub-sector exports in 2013
Motor vehicles, parts & accessories	26 985	37.7%
Machinery & equipment	13 152	27.8%
Professional & scientific equipment	3 431	80.0%
Electrical machinery & apparatus	2 326	28.1%
Metal products (excl. machinery)	1 475	13.3%
Other transport equipment	1 070	19.7%
Television, radio & communication	870	18.6%
Other manufacturing	199	0.7%
Agriculture, forestry & fishing	110	0.3%
Furniture	101	3.6%

South Africa’s top export markets are, in descending order: Zambia, Mozambique, Zimbabwe, the UK, Algeria, the DRC, Germany, Belgium, Nigeria, France, Angola, Kenya, USA, Tanzania, Netherlands, Ghana, Russia, Malawi, UAE, Saudi Arabia, according to the IDC report.

The IDC has identified South Africa’s top growth exports from 2008 to 2012 as:

- Diesel-powered trucks with a GVW not exceeding five tons.
- Cargo containers designed to be carried by one or more modes of transport.
- Dump trucks designed for off-highway use.
- Gas-powered trucks with a GVW no exceeding five tons.
- Pumps not elsewhere specified.
- Electricity supply, production and calibrating meters.
- Machines and mechanical appliances (not else specified) with individual functions.
- Self-propelled excavating machinery (not else specified).
- Sorting/screening/separating or washing machinery for stones/ores.

- Measuring or checking instruments, appliances and machines (not else specified).

In addition, the IDC report identified further industries that have huge export potential. They include:

- Reservoirs, tanks, vats and similar containers greater than 300 litres (excluding liquid compressed gas type).
- Centrifugal pumps.
- Crushing/grinding machines for earth/stone/ores and other minerals.
- Measuring or checking instruments, appliances and machines (not else specified).

## GOVERNMENT PERSPECTIVE

**PULL-QUOTE 1:** “Getting industry to work with government is the only solution to help us invest and do the right things.”

**PULL-QUOTE 2:** “We have been talking a lot in the last 20 years and now we need to act. Getting industry to work with government is the only solution that is going to help us.”

### Embracing meaningful partnerships

During the first in a series of collaborative summits, held under the banner of the Gauteng Business Consultative Forum (GCBF) and hosted by the University of Pretoria’s Gordon Institute of Business Science (GIBS), Gauteng Health MEC Qedani Mahlangu acknowledged that the future of Gauteng’s economy was reliant on sound business-industry partnerships.

Speaking on behalf of Economic Development MEC, Lebogang Maile, who was out of the country on business, Mahlangu spoke to a number of government and industry stakeholders at the GIBS Capital Equipment session. Her message was clear: “Getting industry to work with government is the only solution to help us invest and do the right things.”

During her address, Mahlangu took the time to outline government’s priorities for building a stronger economic landscape through which to address a number of social issues facing the province.

### Vision for Gauteng

In 2014, Gauteng Premier David Makhura spoke in Thokhoza about the economic transformation, organisation and industrialisation of Gauteng. His vision was, and is, to transform Gauteng into not only a South African key industrial player but a global one too. Mahlangu said that forums like the GCBF were key to achieving these ambitions.

Gauteng already has well-established industrial areas, with Mahlangu citing Alrode in the south of Johannesburg and Roslyn to the north of Pretoria as two such hubs. “[Government] would really like to support the industry to get back to where we were and then to get better,” she said. In order to grow the sector, Mahlangu urged delegates to take advantage of the technology boom taking place on the continent, and then to seize the opportunity of working in, what she called, a ‘virgin continent’ – one with very little development. “That offers us a very unique opportunity,” she emphasised.

### The role of business

While government wants, and needs, to support industry, it believes it is essential for industry to come to the table in helping to address critical social issues, which include a ballooning youth population, unemployment and skills development. Mahlangu said all stakeholders should start talking less and listening more. “We have been talking a lot in the last 20 years and now we need to act. Getting industry to work with government is the only solution that is going to help us,” she said.

And government is ready to do their bit. As a former MEC for Economic Development herself, Mahlangu said: “There is a lot we as government can do to get the private sector working with government, and also having government making the right policy decisions for investors and creating the right environment for us to work together.”

### **Increasing the size of the pie**

When it comes to driving the provincial economy, Gauteng wants holistic, inclusive transformation. On the first front, the provincial government realises that the success of the province can only be achieved if its neighbouring provinces succeed, if the country as a whole succeeds, and then if the entire continent succeeds. “We should also be talking about how we are going to help the rest of the continent. South Africa will continue to share the challenges faced by the rest of Africa if we do not help them develop,” said Mahlangu.

Following on from this comment, Mahlangu said that development also needed to be inclusive of all the province’s citizens. Gauteng is embarking on what Premier Makhura calls ‘township regeneration’. The aim of this is to grow economic activity within the townships. Mahlangu explains: “It is good to have shopping centres, but where do people work? Yes, shopping centres create jobs and have a role to play, but we need to circulate money within the townships, and townships need to benefit from more than just spending money.” She stressed that smaller players must also not be side-lined by the bigger corporate players. Sustainable growth for Gauteng goes hand in hand with the inclusion – and development - of smaller businesses.

Over and above public-private cooperation, Mahlangu reiterated the words of Premier Makhura when she said: “We need an evidence-based government that is informed by the numbers.” In this respect, Mahlangu stressed that government was listening to the issues being raised by business. She ended her presentation by saying: “We are going to hold your hand. It will not always be easy, we will sometimes disagree, sometimes we will agree, but we are there to walk with you.”

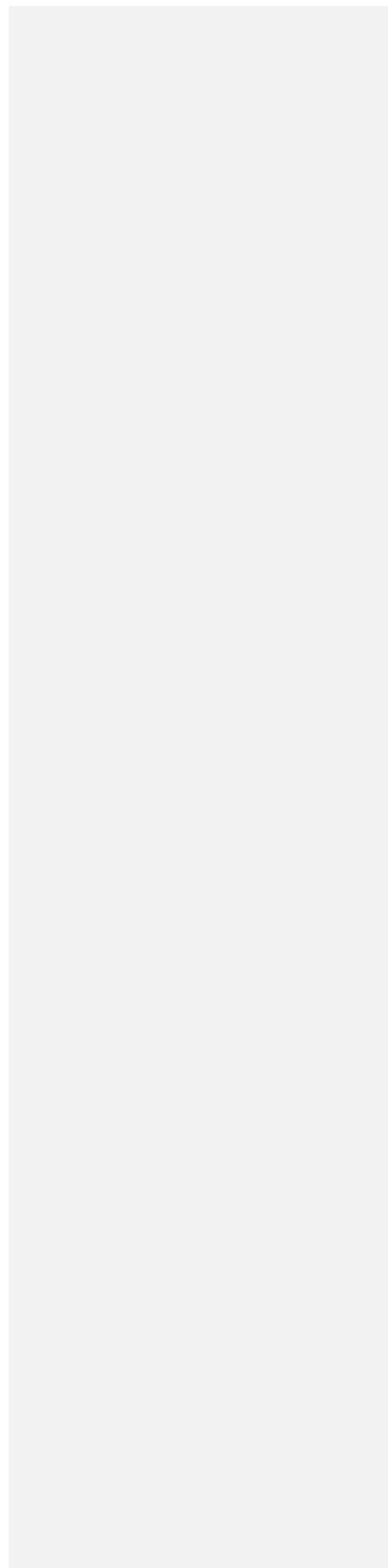
### **BOX 1**

#### **Government’s strategy outlined**

With its agenda to boost industrialisation, create more jobs, enhance skills development and fund research and development (R&D) and innovation within the capital equipment sector, the Gauteng Provincial Government has laid out a measurable, five-point strategy to help achieve its goals in the short to medium term. The pillars of this approach are:

1. To increase the Gross Value Added (GVA) in the Capital Equipment industry by 2% between 2017 and 2019. Mahlangu believes that with an established working partnership between the Capital Equipment sector and government, the province has a winning formula for success.
2. Skills development with a focus on artisanal skills. “They are linked to the [Capital Equipment] industry and we need to ask: ‘How do we get technical colleges linked to the work we do?’” Mahlangu says government wants to see people not only gaining the requisite skill sets, but also being in a position to start and run their own companies.
3. Increase industry exports by 15% by 2019. “This is possible,” she says. “Not only must we think about South Africa, but also the rest of the continent.” Mahlangu emphasised that businesses needed to position itself as ready and eager to engage and to do business with South Africa’s continental partners.
4. To increase R&D as well as innovation through partnerships with universities and industry. “We need to support the development of new products and processes. We are launching an Innovation Hub so that universities can showcase what they are doing around innovation and how they are contributing to our economy.”
5. Establish 10 Broad-Based Black Economic Empowerment (B-BBEE) manufacturing firms by 2019. The provincial government wants to start driving transformational change within the

engineering and Capital Equipment sector by setting up 10 black-owned and black-run Capital Equipment enterprises. "By working with all of you," she told delegates, "is how we are going to achieve this. Relationships are key. And, remember, competition is good!"



## BUSINESS PERSPECTIVE

**PULL-QUOTE 1:** *“For the Premier to come and visit us and for us to have the opportunity to take him around and introduce him to local South African suppliers was absolutely fantastic.”*

**PULL-QUOTE 2:** *“If we don’t have an eco-system that supports us, from expertise, to suppliers, to the technical institutions to the schools, it will mean that our ability to differentiate ourselves as global players becomes less and less, and we don’t have a choice but to be global players.”*

**PULL-QUOTE 3:** *“We support localisation 2000%.”*

### Head-on into the challenges

If the stats don’t lie, then South Africa’s manufacturing economy is not in great shape. In 12 years 250 000 jobs have been lost, particularly in sectors where South Africa used to thrive. This has profound implications for the Capital Equipment sector.

China’s meteoric manufacturing prowess may be one reason for the hit which South Africa’s manufacturing sector has taken over recent years, that country’s anti-competitive dumping practices may be another, but local industry believes that home-grown challenges are a much bigger hindrance to local manufacturing than global competition.

Eric Bruggeman, Chairman of the South African Capital Equipment Export Council (SACEEC), was the key speaker representing industry at the first of a series of co-operative government-industry forums being hosted by the University of Pretoria’s Gordon Institute of Business Science (GIBS) on 26 October 2015. In providing a detailed industry perspective he began by saying: “SACEEC is incredibly excited about working with the Gauteng government. It is one of the best things that has happened to our industry in many years. For the Premier to come and visit us and for us to have the opportunity to take him around and introduce him to local South African suppliers was absolutely fantastic.”

This new partnership between government and industry is critical in a country that has an official unemployment rate of just less than 27%. “Only 1.7 million South Africans are employed, six million who should be employed are not,” said Bruggeman. This dire statistic, together with the myriad social challenges facing the country, serves as an indicator that South Africa needs to focus on growing the industry and capitalising on the sector’s job-creation potential. But SACEEC believes that before strategies can be formed, challenges need to be identified.

With this in mind Bruggeman stated: “This is going to be a controversial presentation.” And it was. But Bruggeman was determined to put, as he said, ‘the facts on the table’ in order to move forward honestly and openly.

Bruggeman focused on 15 key issues that SACEEC sees as thwarting progression with South Africa’s industrial sectors.

#### 1. Crime

Bruggeman said crime is costing South Africa in numerous ways. “The only way to solve this is to get people off the street and give them their dignity back,” he said.

## 2. Job losses

Although manufacturing is growing at an average of 6.6% per annum, according to Bruggeman, not all sectors are growing at the same rate. The industry is not sustaining employment, and companies that are often have to cap working hours to three or four days a week. This essentially means that workers are losing between 20% and 40% of their income due to cut-backs.

But it is not only in the manufacturing sector where job-losses need to be addressed. Bruggeman agreed with comments made during the session by Gauteng Health MEC Qedani Mahlangu about job losses stemming from the closure of small owner-run businesses brought about, in part, by an upsurge in the number of big corporate chains - like Dischem and Massmart - together with a boom in shopping malls. "You can build every mall you want. But without jobs, nobody is going to have the money to go," said Bruggeman.

## 3. Interest rates

Added to the myriad challenges facing business is the fact that South African money remains expensive. "We have incredibly high interest rates," said Bruggeman. He explained that local businesses are competing with countries like China, Germany, France and the United Kingdom (UK). "The British interest rate is around 0.5%, we are paying 13%. How do we compete?"

## 4. FX volatility

Coupled with exorbitantly high interest rates, is an incredibly volatile rand. Bruggeman noted that if on a weekly or sometimes daily basis the rand fluctuates between R13 to R16 to the US dollar, how can businesses possibly quote and profitably supply goods for export. "You cannot buy forward cover before you have an order. Right now a lot of people don't know where they stand. Some people are quoting in rands, others are saying this is a dollar-based quote dependent on what the rand exchange is. This while the rest of the world is quoting at a fixed dollar rate." SACEEC believes this is a major factor in being competitive on the global stage.

## 5. Imports

Getting stuck into what he described as his favourite subject, Bruggeman said he was incredulous that South Africans are happy to watch millions and millions of dollars of imported goods flood in from overseas. "People tell us if we want to compete we have to be competitive. But when you have the social responsibilities that we have, when you are paying higher prices for commodities, power and money how do you compete against countries with a lot more advantages?"

## 6. Electricity

"We are paying one of the highest prices in the world for electricity, and then every now and again, we don't even have electricity." Bruggeman explained how one SACEEC member's operation ground to a halt at the critical month-end period for three days because Eskom was doing maintenance, leaving the factory with no power. "Electricity is a problem, the cost of electricity is a problem," said Bruggeman.

## 7. Steel

"South Africa is paying the highest price in the world for steel." The seven-year ArcelorMittal South Africa and Kumba legal battle over the mining rights to Shishen mine has taken a toll on the industry and steel mills have been forced to close down. South Africa is now unable to produce enough steel to meet local demand. "It is quite an important thing for us to make

our own steel,” said Bruggeman, but “we cannot compete with the price we are paying for steel at the moment.” This, compounded with the cost of electricity and labour, among others is significantly affecting South Africa’s price competitiveness.

#### **8. Transport**

Although South Africa’s diesel prices are still below a number of our global competitors, transport costs in South Africa remain expensive; whether getting goods manufactured in Gauteng to the country’s ports, or transporting them to export countries in Africa. “In the past you could load your goods on a train and 10 hours later it was in Durban. But now our railway lines don’t work,” said Bruggeman. “To get to the DRC you have to go through three borders and budget 10% of your sales price for bribery,” he lamented. Because the customer is, ultimately, paying for this, it starts making South African goods very expensive.

#### **9. Company closures**

The above challenges, coupled with the recent and regular mining and industry strikes, have also had a massive impact on the ability of companies to do business. Bruggeman said that this year he alone had been involved in the closure of three businesses, which would see 200 people without work. The one company saw turnover go from R4.5 million before the five-month miner’s strike to less than R800 000. They had to let people go. The second company, Bruggeman said, invested heavily into research and development (R&D), but had since moved to Canada because it was easier and cheaper to manufacture there and export the product to South Africa. “We have lost that technology,” said Bruggeman.

Furthermore, in a soft economy, businessmen are also loathe to keep companies that are barely in the black going. Bruggeman explained: “I had a member who recently said to me: ‘For me to run my business, I need a minimum of R1.8 million turnover to break even. But times are so bad that my salary is less than R30 000 per month. I can go out and earn more than that, feed myself and not worry about [running a business].’ We are now trying to convince him to stay open. It is important for us understand the effect of company closures.”

#### **10. Corruption**

Bruggeman stressed that the cost of corruption is too high. “We need to stop corruption in State-Owned Enterprises (SOEs), we need to stop corruption at municipality level, and we need to stop corruption at the borders, because if we don’t then we are not going to move the economy forward.”

#### **11. Infrastructure**

Bruggeman lamented the state of South Africa’s infrastructure: water, electricity, road networks, and transport of goods to market and workers to their place of business. “We need to spend money on fixing infrastructure so things work,” stressed Bruggeman.

#### **12. Turning B-BBEE businesses into employers**

While Bruggeman did not criticise Broad-Based Black Economic Empowerment (B-BBEE), he did note that it was no good having strict B-BBEE policies where a one-man business that owns a cellphone and a laptop is able to get lucrative municipal deals based on black ownership criteria, but then imports the goods. “The means we are sending money overseas. There is no circulation of money in South Africa. There is no tax being paid. He brings things in, he gets preferential payment because he is a B-BBEE business, but he is not employing one person.” Bruggeman stressed the need to start empowering black industrialists, people who produce locally, keep money in the country and employ local people.

### 13. Taxes

Bruggeman said the country is losing out on valuable tax income through imports. “The more people that industry can employ locally, the more tax that is paid. We need to keep money circulating in South Africa,” he said.

### 14. Education and youth employment

Bruggeman stressed that the standard of education has to be improved. But, irrespective of the overall education standard, the country needs to be creating jobs to absorb the nearly 790 000 matriculants this year alone into the job market.

### 15. Downgrade

With a potential sovereign debt downgrade looming, Bruggeman said that this simply means that the cost of money, and as a result all contributing challenges are going to be exacerbated. This will ultimately make doing business in South Africa even tougher.

## BOX 1

### The silver lining

South Africa’s economic challenges abound, but the solution, said Bruggeman is not out of reach. He stressed that it was still possible to turn the South African economy around. “We now need to say that these challenges are history, and start asking: ‘How do we start working together to solve these issues?’ I do believe that if we put our heads together as Gauteng, we will create miracles.”

Bruggeman suggested a three-pronged strategy comprising a localisation thrust, creation of new projects and growing exports into Africa. He elaborated:

- **Localisation** - “We need local manufacturers supported. For every R1 million we spend on local procurement, we have three direct employees and seven indirect employees. That means that for every R1 million spent supporting local businesses, we can employ 10 people. Imagine what we can do with R50 billion?”
- **New projects** -Bruggeman said: “We need new projects. I’m not sure what these projects are, but if we want to employ people, we need large-scale projects.”
- **African export drive** – Finally Bruggeman said that South Africa needs to open up its export market into Africa and be prepared, as a country, to help finance large-scale infrastructure projects on the continent. “Africa is not our competition, the Chinese, Germans, Brits and French are. They are coming with money and they have the finance to execute big projects. We need to be talking to the African Development Bank to start getting funding to compete in Africa.”

## BOX 2

### Business speaks

Once Bruggeman had shared his and SACEEC’s views, businessmen with their fingers on the pulse of industry today were asked to contribute to the discussion. Because the session was held according to Chatham House rules, no comments have been directly attributed, however here are a selection of comments.

*"Companies are under ever-increasing pressure from changing B-BBEE targets, minimum wages and restriction on infrastructure."*

This delegate said that, as a country, South Africa needed to decide what its overall economic philosophy is. He asked: "Are we going to be a development state or a free market where we trust individuals to make decisions?" He said that certain markets have succeeded as development states, especially in the Far East, but they have a different culture to South Africa. They also have a 97% university pass rate compared to South Africa's 16%.

*"Artisan training allows companies like us to grow, because you need skills to grow and transform."*

This businessman said that he believed industry is being pushed to employ qualified engineers to do the work of skilled artisans is both unaffordable and untenable. He said: "I need the guy I can train up on a machine. I can make him a supervisor, I can make him a workshop manager, and at some point in time that kid can become a director." He welcomed the reintroduction of technical schools, because he said that by the time learners leave these schools they already have a good understanding of the workshop environment. However, he said, that Gauteng's artisan training programme is too fractured. He urged government to explore ways in which to structure a single programme with SACEEC to committing to mentor these young artisans.

*"If we don't have an eco-system that supports us, from expertise, to suppliers, to the technical institutions to the schools, it will mean that our ability to differentiate ourselves as global players becomes less and less, and we don't have a choice but to be global players."*

This delegate said that the threat of deindustrialisation is a huge problem for the Capital Equipment sector. A healthy ecosystem was essential for businesses to holistically get the skillset and materials they need to conduct world-class businesses. He concluded by saying: "We as business are excited about the prospects going forward. To be able to network with the Gauteng government excites me. I think it is important for these partnerships to be taken seriously."

*"We have picked up a lack of continuity. Companies are being put out of business. Instead of government saying it is going to put R100 million to this project, lets rather says government is going to put R100 million in over two years. That means companies can now employ people, train people and give them permanent jobs. We can invest in our businesses."*

A lack of project and funding continuity by government and on the part of the SOEs was costing a lot of people their businesses, said this delegate, who told the story of a business that had to close down because the owner invested R30 million to gear up the business based on Transnet's recapitalisation programme, which slowed down resulting in the SOE suspending orders.

*"From my point of view I see South Africa as a mining economy and in terms of policy-certainty we need to sort this out fast and encourage more investment into South African mining."*

This businessman said that government needs to focus on key sectors in South Africa's economy and drive growth in these. He sees mining as one of these sectors and said: "If we fix mining, I believe we can fix a lot of the problems we have, like creating jobs." But that is not enough if our infrastructure is not developed alongside these industries, he stressed. "We have to develop the necessary roads, the water infrastructure and have the public sector deliver the transport so that we can move around."

### **BOX 3**

#### **Government listens**

Gauteng Health MEC Qedani Mahlangu, standing in for the Gauteng Economic Development MEC, reiterated that South Africa had much potential and that South Africa's Capital Equipment sector is manufacturing exceptional machinery and products.

However, she said that in spite of the world-class products we are producing, she was concerned with some of the comments coming out of the session. "It saddens me to hear that companies are closing down, because government is not buying enough or that the market is not supportive enough, or the cost of business is too high, from transport, to electricity, to steel."

These issues are the same challenges which the Gauteng Department of Health faces daily, she said, therefore she fully understood the urgency with which things need to change. "It is good that we sit down with industry and try to understand their challenges so that we can do something about it. I understand billing issues, having no power or having water cuts. One of our hospitals has had no water for a week, someone stole the pipes. We cannot work like this."

She said the economy was in the country's hands: "We as South Africans need to really take a decision. Do we want our country to work? This partnership must be made to work at all costs."

Mahlangu highlighted five points which government was already addressing:

#### **Projects**

She spoke about government creating projects to support industry, with a mention of the Gautrain expansion into Soweto and northern Johannesburg, as well as further lines linking to the airport. In addition, Mahlangu said the Gauteng Provincial Government was looking at inner city projects, as well as expanding the gas network.

#### **Skills development**

"We are passionate about supporting companies and passionate about artisans and getting them skilled," said the MEC. She said government needs to identify good programmes and then invest in those. "Government has the money, so how do we use that and put it towards skills so our economy can grow?" she asked.

#### **Economic policy**

Mahlangu recognised that government has to address its macro-economic policy. "We need to focus on price-stability, inflation, the cost of goods and whatever else we can do to get the macro-economic environment to work better."

#### **Localisation**

Localisation is a policy the Gauteng government is delighted about, she said. "We support localisation 2000%," said Mahlangu. She acknowledged that a lot of the imported products being supplied, especially to the province's hospitals, are of inferior quality because they are so cheap. She admitted that 90% of what the province's hospitals are buying is imported. Mahlangu questioned why there are no penicillin manufacturers in Africa? Why South Africa has to import active pharmaceutical ingredients (API) and does not have a local API industry. These, she believes, are things South Africa needs to address.

**Beneficiation**

Finally, Mahlangu said it was vital for South Africa and Africa to adopt programmes that will encourage the country and its businesses to beneficiate products. “Currently our role is to take stuff out of the ground and sent it overseas and they create jobs. I don’t think this is correct.” She said the Department of Trade and Industry and the South African Revenue Service need to come to the table to help kick-start beneficiation industries. “We have 70% of the world’s platinum, what are we going to do about it?” she asked.

She finished off her presentation by stressing how important it was that these engagement forums yield tangible goals so that this time next year the results can be measured. Furthermore, she urged SOEs to start thinking about the bigger African picture.

## SOLUTIONS

**PULL-QUOTE 1:** “We are going to act as industrialists and mentor them so that they can learn from us. There is a lot of experience to share.”

**PULL-QUOTE 2:** “The best way to transform is by starting off with a youngster where you put him into a business, he grows with that business and he will learn to be successful.”

**PULL-QUOTE 3:** “South African businesses cannot just arrive in a foreign country and expect orders. That approach doesn’t work locally and it doesn’t work internationally.”

**PULL-QUOTE 4:** “We have been given an opportunity by the politicians to actually play a role in improving the economy. We must not sit on the side-lines and complain, but rather get engaged.”

### Capital Equipment’s strategy to boost development

Forming part of the Gauteng provincial governments 2030 plan to reinvigorate Gauteng’s Capital Equipment Sector, government together with the South African Capital Equipment Export Council (SACEEC) sat down in July and formalised a three-year strategy to kick-start the industrial manufacturing sector.

Eric Bruggeman, Chairman of SACEEC, took delegates attending the first in a series of collaborative business forums through SACEEC’s five-step plan.

### Gauteng Capital Equipment and Allied services sector strategy - 2016/17-2018/19

#### Step 1 -Employment

**To maximise employment opportunities and to ensure that current job erosion is halted.**

Budget: Cost R3 600 per job

Method:

1. Maximise local procurement, resulting in employment growth and focusing on artisan training throughout Gauteng.
2. Re-employment of persons who have lost their jobs in the manufacturing/services sectors. Bruggeman said these were people who had lost their jobs and were now sitting without work. “We are looking to reemploy them,” he said.
3. Mentor new industrialists to enable them to learn and grow into the full spectrum of business activities, to a point where they can successfully export their own products and services
4. Set up young future entrepreneurs to enter the manufacturing/services sector via technology parks etc.
5. Small business sub-contracting to the larger original equipment manufacturer (OEM) businesses. Bruggeman explained how this is going to work: “Small micro-businesses are going to be put together with members of SACEEC and they are going to be mentored and will get orders through our members. We are going to act as industrialists and mentor them so that they can learn from us. There is a lot of experience to share.”
6. Start the process of existing black industrialists purchasing established manufacturing businesses. This step is already in the first stage of implementation. “We have already had meetings with the DTI to get the companies where the owners are in their late 50s to early 60s, they want to move on, their children don’t want to take over the business, we are

looking at getting black industrialists to buy into the business then for a four, five or six years period they can learn the business and successfully take over the business,” said Bruggeman.

7. Prepare learners from Grades 8-10 to enter the manufacturing/services sectors. One of the SACEEC clusters, Valve and Actuator Manufacturers Cluster of South Africa (VAMCOSA), has already started this process, explained Bruggeman. “VAMCOSA are currently at schools getting students’ maths, science and technical skills levels to a point that when they finish matric, they can enter the artisan training schools,” he noted.
8. Promotion of local employment by using hubs in suitable Southern African Development Community (SADC) countries, such as Zambia. This says Bruggeman is a bottom up approach where people taking their products into Zambia will be able to use local Zambians to service clients, do installations, etc.

Results:

- For every R1 million spend per year on local manufacturers through local procurement at least three to five jobs should be created. Therefore R1 billion additional local spend per year should create between 3 000 and 5 000 new jobs.

Conclusion:

- By investing R18 million over the next three years in this programme a minimum of 5 000 jobs should be created. “I believe we will be creating a lot more jobs,” said Bruggeman. “But we need to take it step by step.”

Step 2 - Local Purchasing Public Procurement

**Set up a supply chain management programme to ensure maximum local procurement by metros/municipalities and authorities.**

Bruggeman noted: “This is where we at SACEEC, together with local government, will look at the local purchasing list and make sure that the people on that list are people who manufacture locally.”

Budget: R2.3 million over a three-year period

Method:

1. Produce local procurement supply list from authorities. “We need to have local purchasing. The SOEs, the municipalities, Joburg Water, Joburg Electricity, all of these have to start purchasing locally. That way money stays in South Africa, the money circulates, people are paying tax. It is wealth creation,” stressed Bruggeman.
2. Set up procedures to determine local supply and the procedures for using them effectively.
3. Audit all current suppliers to ensure that they are local manufacturers. Bruggeman explained: “This is where we at SACEEC, together with local government, will look at the local purchasing lists and make sure that the people on that list are people who manufacture locally.”
4. Set standards for minimum local content.
5. Assist importers to become local manufacturers, e.g. under licences/royalties/technology transfers etc. “We don’t just want to cut people off. We want to see if importers can get licences from suppliers to manufacture locally,” said Bruggeman.
6. Monitoring of local suppliers/manufacturers for local content

Results:

- A local supply chain for all local procurement.
- Policy for future procurement from local suppliers.

- Policy for dealing with importers to become local suppliers, where possible.
- Methodology to increase local suppliers (techno-parks/transformation/young business people).

The time frame to start initiating this step will be six months which will allow time for SACEEC to gather relevant information from the authorities.

Resources required:

- 2 people nominated by Gauteng Department of Economic Development (GDED)
- 3 people from SACEEC

Conclusion:

- Full three-tier local supply chain management and procurement list.
- Updated specifications to meet international standards and local requirements.

### Step 3 -Skills development and innovation

- **Train and develop as many people as possible to enable them to enter into and grow within the manufacturing/services sector.**
- **Establish a Skills Development Programme to produce new entrepreneurs, black industrialists and exporters.**

Bruggeman stressed the private sector view on skills development by saying: “The best way to transform is by starting off with a youngster where you put him into a business, he grows with that business and he will learn to be successful.”

Budget: R7.6 million over three years

Method:

1. Encourage school leavers to enter the manufacturing sector. Start three new similar Fumana (technical secondary school) concept programmes in Gauteng.
2. Develop guidance programmes.
3. Establish technology/industrial parks.
4. Promote apprenticeship opportunities.
5. Skills development of existing employees within current industries. Bruggeman explained that there are so many skilled workers who don't have formal qualifications, and they need to be certified.
6. Utilising National Tooling Initiative Programme (NTIP) and other initiatives.
7. Promoting budding entrepreneurs (local town programmes). “We need to formalise the people on the street looking for work, get them IDs and CVs. When you pick the person up they need to have a reference so that you can comfortably use them. I believe business is not employing these people enough. They have an incredible amount of knowledge and skill,” said Bruggeman
8. Support all Gauteng training programmes. Bruggeman said that programmes needed to be found, analysed and used so that industry understands what training programmes to use.
9. To have a known pool of skilled people who can be deployed into local industry. Word of mouth is the usual way a business finds the necessary talent, but Bruggeman said that SACEEC wants to have a formal database of skills. “A lot of skilled people are in other industries,” he explained. “But often these people have the best artisanal skills, but they don't know where to go, and we don't where to find them.”

**Results:**

Several thousand new candidates with new skills will be employed promoting transformation of black industrialists.

Step 4 – Transformation of black industrialists

**To promote and ensure the maximum number of black industrialists are created and promoted into local industry.**

Budget: R4.5 million over a three-year period.

“There are a lot of business owners who are looking to retire and these are the business we are looking to transform,” said Bruggeman.

**Vision:**

	Year 1	Year 2	Year 3
Tier 1	5	7	10
Tier 2	15	20	25
Tier 3	15	20	25

- Tier 1 will comprise existing large OEM companies that are interested in obtaining a black industrialist to take over and/or join the business.
- Tier 2 comprises small black-owned companies that need training and/or mentorship to grow into a medium-sized manufacturing company.
- Tier 3 are micro-business where mentoring and assistance is needed through an intensive accelerated programme to ensure sustainable growth into becoming a Tier 2 company.

SACEEC has committed to not only mentor but to introduce Tier 2 and 3 companies to trading partners. Bruggeman said: “We will also introduce these guys to business and export contacts. If a SACEEC member needs the shaft, he can make the shaft, for example, that way we get them going. Then we also need to introduce them to people who are already exporting or people in larger businesses. These small manufacturers need help, it is tough grow on your own.”

The plan (as per the above table) is to work with 35 companies in the first year, 47 in the second and 60 in the third. “These companies will grow, employ more staff and it becomes a win-win situation for everybody,” said Bruggeman

**Method:**

1. Assessment of each company to establish its status.
2. To become part of a modular training programme to ensure good growth/stability and a steep learning curve.

**Result:**

- To mentor up to 50 Tier 2 and 3 businesses per year to enable them to become part of the Gauteng supply-chain management system.
- To ensure their growth is constant and that they are in a position to employ additional staff.

#### Step 5 - Zambia Hub

##### **To establish a proper working hub in Zambia, with Kitwe as the probable location.**

Bruggeman explained the idea behind creating hubs: “The bottom-up hub sees us go into a country, find a company that is already there and create a hub. We then invite five, six or 10 people to join and they share the services of the company, they share the driver, the offices, the emails and internet. This single hub saves you a lot of money, and as it grows and gets bigger the businesses leave and create bigger hubs. It works very successfully.”

Budget: R3 million over three years.

##### Method:

1. Six months to visit and prepare an effective hub for South African companies.
2. Facilitation and establishment of a hub facility.
3. Facilitate local company registrations.
4. Facilitate opening banking facilities.
5. Finding suitable local workshops to support installation/repairs/services to hub participants.
6. These hubs may serve as incubators for local manufacturing of South African equipment, e.g. consumables.
7. This is a bottom-up driven programme.

##### Result:

To ensure that there are several suitable hub facilities for Gauteng Capital Equipment companies who use Zambian companies to perform their daily business into Africa.

When it comes to export, however, Bruggeman warned business and government that their involvement has to be more than merely relying on hubs, he says: “If you want to get into the African continent you need to be there. You need to go to the shows, go to the exhibitions; you need to have the outward selling missions, and the inward buying missions. There has to be a budget so we can go to the countries and meet the line managers. South African businesses cannot just arrive in a foreign country and expect orders. That approach doesn’t work locally and it doesn’t work internationally. The more people you meet and the more shows you attend, you make the right contacts and you also find out who your competition is. You can then plan on how to get in. But you have to be there, and to be there costs a lot of money.”

#### **BOX 1**

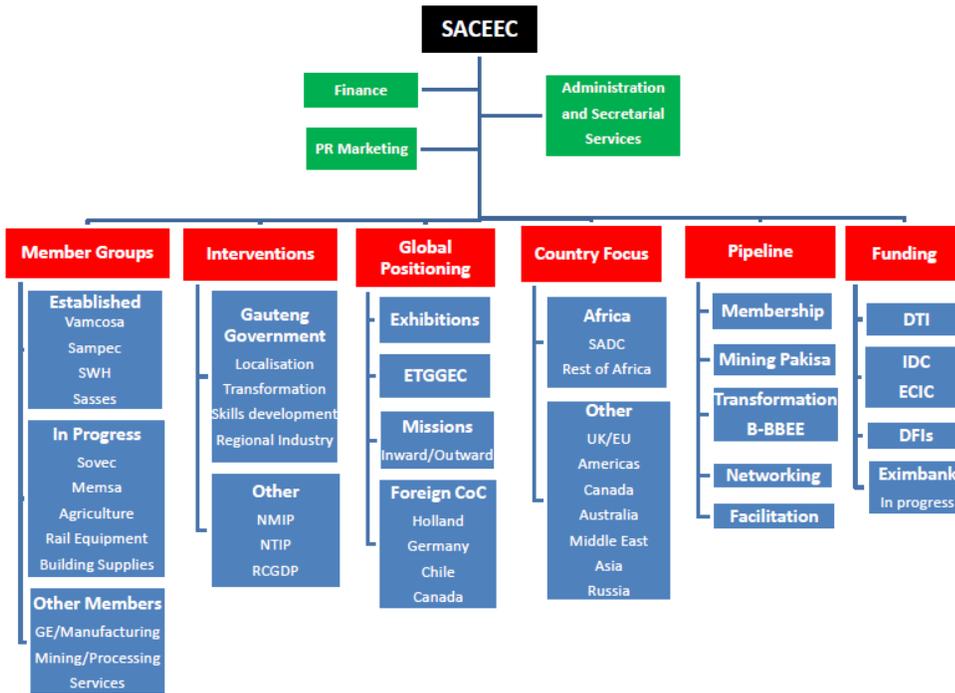
##### **SACEEC in summary**

The South African Capital Goods Export Council (SACEEC) is a multi-faceted council set up with the purpose of helping South African Capital Equipment manufacturers expand their businesses.

SACEEC helps its members on a number of fronts. It works with government and industry bodies to help boost the industry through skills development and investment. It works together with its members to build an international footprint through the use of exhibitions, export missions and the establishment of global trading partnerships. SACEEC also works to build critical relationships with key partner-countries including the SADC countries, the rest of Africa and other global economies. In addition, SACEEC looks to enhance the skills pipeline for its members through skills development initiatives. Finally, the body works closely with various funding institutions to help members get the right funding to ensure they can invest in the growth of their businesses.

The council is made up of members who span the Capital Equipment sector. These members are currently being broken down into sector clusters.

**Organogram:**



**Members:**

- Current SACEEC membership: 126 medium to large companies
- New memberships in progress: 84 medium to large companies
- Natural growth per year: 15 companies

Tier 1 & Tier 2 Gauteng mentorship programme

**2016** - 30 small and micro businesses

**2017** - 30 small and micro businesses

Expected by June 2017: 285 members

**SACEEC interest groups/clusters in progress**

- Agricultural manufacturing: 20 members
- Hand-tool manufacturing: 5 members
- Off-road vehicles: 5 members
- Allied Services: 20 members

- SACEEC has an additional 50 members in the pipeline
- By the end of 2017 SACEEC should have 325 member companies

#### **SACEEC Clusters:**

- Valve and Actuator Manufacturers Cluster of South Africa (VAMCOSA) - 16 members
- South Africa Mineral Processing Equipment Cluster (SAMPEC) - 16 members
- Solar Water Heating Manufacturing Cluster of South Africa (SWH MANCOSA) - 8 members
- South African Shaft Sinking Equipment and Services (SASSES) - 10 members

#### **SACEEC affiliated organisations**

- South African – Netherlands Chamber of Commerce (SANEC)
- German Chamber of Commerce
- Chile Chamber of Commerce
- CAMESE Canada
- Peru Chamber of Commerce
- Botswana Chamber of Commerce
- Zambia Chamber of Commerce (in progress)
- Democratic Republic of Congo (DRC) Chamber of Commerce (in progress)

## **BOX 2**

### **SAMPEC Strategy**

The South African Mining Processing Equipment Cluster (SAMPEC), a cluster under the auspices of SACEEC, has been selected as a pilot cluster for one of the Gauteng Province's economic development initiatives. Together with Gauteng Economic Development (GED) and the Centre for Competition, Regulation & Economic Development (CCRED), SAMPEC has created a working strategy to drive the industry forward. The pilot scheme will take place over a three-year period.

Fernando Monteiro, CEO of Tega Industries (Pty) Ltd, and head of SAMPEC, explained the strategy to the Gauteng Collaborative Business Forum (GCBF) on Capital Equipment held at GIBS.

SAMPEC has 16 members who will work together with GED and CCRED to drive the strategy forward. Although not dissimilar to the SACEEC strategy, the GED stipulated that it needed SAMPEC to work with completely different programmes to achieve its goals. "We have found that issues that have been brought up this morning are similar to some of the issues we identified. And we have been trying to focus on the remedies," said Monteiro, who explained that the SAMPEC strategy will focus on four pillars:

- Market Access
- Skills development
- R&D and innovation
- Transformation and BEE

#### **Market access**

Creating a bigger market is essential for the sustained growth and employment within the mineral processing sector. Monteiro explained: "One of the major issues that came up [during discussions] was that of localisation and local manufacturing of equipment for the industry. Sustainability of the current set-up is a major issue right now. We have identified that 1 350 jobs have been lost over the past three years."

With support of local government and the mining sector, Monteiro said SAMPAC had committed to halting job losses within the sector before creating more. "We need to be realistic that we are not going to start creating jobs immediately, so we have committed to stemming job losses in the first two years of the project. We aim to save 450 jobs over each of the first two years, so 900 jobs, and then we plan a growth of 225 jobs in the third year. So a total 1125 jobs will be affected," said Monteiro.

In addition to jobs, SAMPEC has also identified the potential to grow the export market. He gave the numbers: "We looked at the exports component of our members and we have pegged it at about R2.4 billion in a year, so we looked at sustaining that in the first year, and growing it 5% in the second year and 5% in the third year, taking us to around R2.72 billion," he said. "We need to grow the economy so we are looking at furthering investment opportunities for our members."

### **Skills development**

Skills development within the SAMPEC cluster will require focusing on skill-sets specific to the sector. Monteiro explained that SAMPEC would be focusing on skills involving, but not exclusively, chrome welding, electricians and tool makers. The skills development initiative will be a joint effort with the Valve and Actuator Manufacturers Cluster of South Africa (VAMCOSA).

Their combined commitment to the skills development pillar of the strategy will see 85 school leavers put through an apprenticeship programme by the end of the third year of the pilot, with 60 of these apprentices coming from the townships.

Monteiro shared how the industry-government partnership is resulting in new thought processes within the sector: "GED was very clear that one of the initiatives they wanted us to focus on was the transformation of the economy in the townships and the integration of the township economies into the national economy. I have to be honest with you; this is not something we as a cluster had been looking at until we started engaging with the GED. We obviously fully support it and although we believe it is going to be a challenge, we look forward to engaging with all of the correct stakeholders to play a role in that."

### **R&D and innovation**

SAMPEC's R&D pillar will be specifically focused on water management. "We started this at the end of last year, even before we have been hit by the serious drought. There is a focus on water management specifically in the mines and mineral processes plants. We consider this to be a permanent R&D project."

### **Transformation and B-BBEE**

The most challenging pillar, according to Monteiro, will be on the transformation side. Although this does not mean the sector is not up to the challenge. "We've looked at this as an aspirational goal. We are not sure we will be able to achieve it, but we will certainly put all our efforts towards achieving it. The goal is to source R200 million of the spend by the members by year three of our projects from township businesses. The GED has told us that Gauteng has committed to 30% of its spend to township businesses. So we have now committed 10% of our spend to the townships too. In addition to this we have committed to growing 35 black industrialists by the end of the project."

Monteiro concluded by urging business to commit and be involved in the process. He said: "We have been given an opportunity by the politicians to actually play a role in improving the economy. We must not sit on the side-lines and complain, but rather get engaged and have a role in making a change."

### BOX 3

#### GCBF Task Team

Ensuring that the South African Capital Equipment Export Council's (SACEEC's) strategies have wings will require support and monitoring from both industry and government. As such the Gauteng Deputy Director General (DDG) for Economic Development spoke to delegates attending the Capital Equipment Gauteng Collaborative Business Forum (GCBF) about the need for a GCBF task team.

Comment [G1]: Please supply name

The DDG told delegates that the Gauteng government had identified the Capital Equipment sector as a key player in the Gauteng City Region (GCR) Economic Development Plan 2030 and the 11 Sector Strategies that are in line with the Transformation, Modernisation and Reindustrialisation (TMR) Agenda. One of the themes that government is working with is 'Partnership for a Sustainable and Inclusive Economy'. To promote partnerships with business, the Gauteng Provincial Government has already started visiting industry partners to better understand their operations.

The next part of the process is to create task-teams to facilitate sector strategy implementation.

The strategy for the Gauteng Machinery and Capital Equipment sector proposes interventions in the following areas:

- Regional industrialisation
- R&D and innovation
- Skills development
- Public sector procurement optimisation
- Transformation.

Strategies from both SACEEC and SAMPEC have included these strategic interventions and the role of the task team - comprising members from government, NGOs and the private sector - will work together to ensure that all proposed outcomes are realised within the timeframe and budgets specified.

The DDG outlined the following objectives of the task-team:

- Unpack the Gauteng Machinery and Capital Equipment Strategy to synergise interventions and initiatives in order to accelerate the implementation of the strategy;
- Identify opportunities to develop capabilities required for R&D to enhance technological innovation in the sector;
- Facilitate partnerships, information and knowledge sharing within the sector;
- Develop a working plan to implement the Machinery and Capital Equipment strategy; and
- Monitor and evaluate the implementation of the strategy.

He proposed that the task team be made up of the following stakeholders:

- Gauteng Provincial Government representatives
- South African Capital Equipment Export Council (SACEEC)
- South African Mineral Processing Equipment Cluster (SAMPEC)
- University of Johannesburg
- Gordon Institute of Business Science (GIBS).

Finally he laid out the governance commitments of these meetings for delegates of the GCBF:

- Meetings will be held quarterly;

- Occasional ad-hoc meetings will be held if required;
- The MEC: Economic Development, Environment, Agriculture & Rural Development will chair the task team and the Department of Economic Development will provide secretariat support;
- The task team will report to the GBCF on a quarterly basis; and
- The terms of reference and membership of the task team may be reviewed at any time to ensure relevancy and appropriateness for a successful strategy implementation.

The GCBF was finalised with the nomination of the members of the task team. They are:

- Eric Bruggeman – joint Chairperson of SACEEC
- Fernando Monteiro – CEO of Tega Industries and Chairperson of SAMPEC
- Mark Burke – Project Management and Strategic Planning Specialists of CCRED
- Can GIBS supply the additional names?

It was noted during the discussion that the Gauteng Education Department would be an invaluable contributor to the task team.

-ends-

**Comment [CB2]:** Sara - please see note, we don't have this information