



# GOVERNMENT'S PROGRAMME OF ACTION FOR 2006



## AGE OF HOPE

### A National Effort for Faster and Shared Growth

#### On the road to a just and prosperous South Africa

This year, we will be commemorating important events that mark the road to freedom:

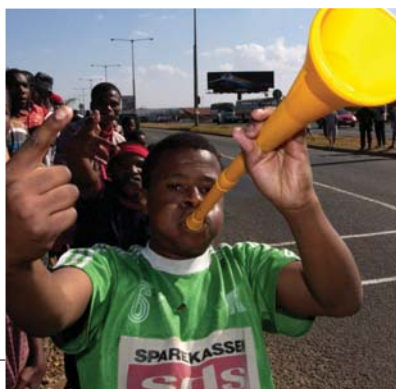
- 10th Anniversary of the adoption of our Constitution on 8 May 1996
- 15th Anniversary of the first meeting of the Convention for a Democratic South Africa (CODESA) on 20 December 1991
- 30th Anniversary of the 1976 students' uprising
- 50th Anniversary of the Women's March to the Union Buildings
- 50th Anniversary of the Treason Trial
- 60th Anniversary of the 1946 Miners' Strike
- Centenary of the Bambata Rebellion
- Centenary of the launch of Satyagraha.

**Our country's achievements in overcoming apartheid, expanding access to basic services and growing our economy, creates the confidence that we can move still faster towards achieving the goal of a better life for all.**

Even after our country overcame the obstacles to freedom we faced before 1994, we knew it would take time before we could eradicate the legacy of the past. Since then, our country has made advances in consolidating democracy, while promoting non-racism and non-sexism. It has made progress to alleviate the poverty afflicting millions of our people, and taken strides to expand and modernise our economy.

The confidence that South Africa can make further advances and speed up progress comes from these achievements. They are the result of the efforts of all our people from all walks of life.

All of us – government, the private sector, labour unions, the rest of civil society and patriotic individuals – should act together to do everything possible to use this opportunity to continue the progress made and address concerns that citizens have, so that we achieve the objective of a better life for all.



**Our people are firmly convinced that our country has entered its Age of Hope. They are convinced that we have created the conditions to achieve more rapid progress towards the realisation of their dreams. They are certain that we are indeed a winning nation.**

*President Thabo Mbeki, State of the Nation Address, 3 February 2006*



# PROGRAMME OF ACTION FOR 2006

2

## Economic growth and social progress

### Economic growth

3% a year from 1994 to 2004

Over 4% a year in the past two years.

### Access to services by households

	1996	2004
Clean water	7,2 million	10,4 million
Electricity	5,2 million	9,8 million
Formal housing	5,2 million	9,0 million
Chemical or flush toilets	4,6 million	7,0 million

*Service figures from StatsSA: Statistics in Brief 2005*



**In the period ahead of us, we have to sustain the multifaceted national effort that enabled us to realise the advances that have inspired so much confidence among our people for a better tomorrow. On behalf of our government I would therefore like to use this important landmark in our national life to repeat the appeal made by Nelson Mandela 12 years ago, that together ‘we must... seize the time to define for ourselves what we want to make of our shared destiny’.**

*President Thabo Mbeki, State of the Nation Address, 3 February 2006*

### Through its Programme of Action for this year, government will:

- move faster to address the challenges of poverty, underdevelopment and marginalisation of those in the Second Economy, to ensure that the poor share in our growing prosperity
- make the necessary interventions in the First Economy to speed up progress towards faster growth and development of at least 6% a year
- sustain and improve our social development programmes aimed at providing support to those most exposed to the threat of abject poverty
- act more aggressively to improve the safety and security of our people, especially by making our courts work better and increasing conviction rates to strengthen the message that crime does not pay
- ensure that the machinery of government, especially local government, works effectively and efficiently, according to Batho Pele
- harness the Proudly South African spirit to build the strongest possible partnership between all sectors to speed up our advance towards a better life for all.



## Asgisa – The Accelerated and Shared Growth Initiative for South Africa

**Our government is convinced that favourable conditions exist for us to achieve the accelerated and shared growth to which we are committed.**

*President Thabo Mbeki,  
State of the Nation  
Address,  
3 February 2006*

In the 2004 elections, government was mandated to create work opportunities and fight poverty, speeding up the progress made in the first 10 years of democracy.

Since then, the economy has shown signs of lift-off to the higher growth path we need to achieve our social goals. We must make sure that growth is faster still; that it is sustainable and that it benefits all.

Last year, government decided to look into what further things have to be done to implement the programmes to speed up growth, create work opportunities and fight poverty.

The three spheres of government, led by Deputy President Phumzile Mlambo-Ngcuka, worked together to see what was holding us back from doing as much as we could. They looked into what steps could be taken to open the way to faster advances. There was consultation with different sectors of society – the trade union movement, business, women, youth and so on.

The result is the Accelerated and Shared Growth Initiative for South Africa – Asgisa

**Asgisa** does not cover the whole of the country's development plan. Rather, it is a set of interventions to promote and create conditions for accelerated and shared growth and development. Government will continue to work with all its social partners to address other elements of the comprehensive development plan to improve on our current programmes – keeping in mind that the core objective of government is to halve poverty and unemployment by 2014.

Asgisa focuses on:

- building infrastructure to grow the capacity of our economy
- boosting sectors of the economy with special potential for faster growth
- developing the skills we need
- addressing inequalities that marginalise the poor in the Second Economy
- continuing with the policies that have created a good climate for growth
- making government more effective and efficient.

### *Infrastructure development*

Government will provide R372 billion in the next three years for two big investment programmes of Asgisa.







# PROGRAMME OF ACTION FOR 2006

4

**The state-owned enterprises and the public sector as a whole, working also through public-private partnerships, will make large investments to:**

- meet the demand for electricity
- provide an efficient and competitive transport or logistic infrastructure
- expand and modernise the telecommunications infrastructure
- satisfy the demand for water.

**The public sector will accelerate infrastructure investment in underdeveloped urban and rural areas through the Municipal Infrastructure Grant, Expanded Public Works Programme and other infrastructure funds to improve service delivery in the areas of the Second Economy, including:**

- roads and rail
- water
- energy
- housing, schools and clinics
- business premises and business-support centres
- sports facilities
- multi-purpose government service centres, including police stations and courts.

The Expanded Public Works Programme will get special attention as an important bridge between the two economies and a significant part of our poverty-alleviation programme. Resources for the public works programmes will be pooled so that they can make the biggest impact.

**Government infrastructure projects will be better supervised, to ensure that:**

- capital budgets are spent without roll-overs
- labour-intensive methods are prioritised
- workers get the training they need to provide them with skills.

## *Sector investment strategies*

**ASGISA focuses on a number of sectors of our economy for accelerated growth. This builds on work already done through government's Micro-Economic Reform Programme. The sectors include:**

- |                                |                           |
|--------------------------------|---------------------------|
| • business process outsourcing | • wood, pulp and paper    |
| • tourism                      | • agriculture             |
| • chemicals                    | • the creative industries |
| • bio-fuels                    | • clothing and textiles.  |
| • metals and metallurgy        |                           |





## PROGRAMME OF ACTION FOR 2006

### Asgisa – The Accelerated and Shared Growth Initiative for South Africa

#### To improve the conditions for faster growth in these sectors:

- the cost of telecommunications is being brought down
- the second national telecommunications operator should become operational later this year
- the cost of steel and chemicals should be reduced by addressing: 'import parity pricing' (where South African companies charge South African customers what they would have to pay if they imported the goods)
- South Africa has already reached agreement with the People's Republic of China to protect our clothing and textile sector.



**We cannot allow that government departments become an obstacle to the achievement of the goal of a better life for all because of insufficient attention to the critical issue of effective and speedy delivery of services.**

*President Thabo Mbeki, State of the Nation Address,  
3 February 2006*

#### *More efficient government*

For Asgisa to succeed, the State and especially local government must work efficiently.

During the past year, government has worked to improve the capacity of government to do what it should to help accelerate social transformation.

Some national departments have been audited – including Housing, Health, Education and Trade and Industry – and others will be done.

**The Government will take steps to deal with the issues coming out of these assessments, bearing in mind that government is one of our country's most important**

**developmental agencies. Issues needing attention include:**

- skills
- vacancies
- the delegation of responsibilities to managers of delivery agencies
- the relationship between national and provincial departments.

#### **Government will continue to:**

- work towards creating one public service covering all spheres of government
- pay attention to the inclusion of women and people with disabilities at decision-making levels of the Public Service.



# PROGRAMME OF ACTION FOR 2006

6

## *Education and skills development*

We need to make sure that our need for scarce skills does not undermine the capacity of both public and private sectors to meet the goals of Asgisa. So, government and its social partners have agreed to an urgent programme to develop and acquire skills to meet any shortfalls we may experience.

- The Joint Initiative on Priority Skills Acquisition – JIPSA – brings government, business, labour and civil society together to respond to the skills challenge in a practical way. It will help find people with the skills needed for implementation of Asgisa projects.
- In the area of education and training, we will:
  - eliminate fees for the poorest 20% of primary schools
  - target 529 schools to double the Maths and Science graduate output to 50 000 by 2008
  - re-equip and finance the Further Education and Training colleges.
- Over 60 000 people were registered last year on the database of unemployed graduates, and many companies have pledged to employ some of them. During this year, there will be an intensive campaign to link up these graduates with companies.
- We will continue to talk with our tertiary institutions so that we can work with them to strengthen teaching and research. The Government is determined to see that more resources go to research, development and innovation, and to increase the pool of young researchers.



## *Small business and empowerment*

Asgisa includes action to expand our small, medium and micro enterprise (SMME) sector, paying particular attention to Broad-Based Black Economic Empowerment and the development of women and the youth.

- Make sure that existing support programmes work effectively:
  - Apex (micro-credit) Fund
  - Mafisa (for agricultural development)
  - SEDA (the Small Enterprise Development Agency)
  - Khula Enterprise Finance Ltd
  - Umsobomvu Youth Fund
  - Industrial Development Corporation Small Business Initiative.







## PROGRAMME OF ACTION FOR 2006

### Asgisa – The Accelerated and Shared Growth Initiative for South Africa



- Intensify our engagement with those who signed the Financial Services Charter to help generate resources to develop the SMME sector.
- Pay special attention to access to capital, entrepreneurial training, assistance with marketing, and the development of co-operatives.
- Reform government's procurement programme to access some of its goods and services from small and medium businesses, and paying promptly for what it purchases.
- Speed up consultations about how government can improve the regulatory climate to promote the expansion of small business. This is part of a broader move to enable government to regularly assess the impact of its policies on economic activity.

#### *A national effort for faster and shared growth*

Asgisa builds on the Growth and Development Summit of 2003 when government, business, the trade union movement and civil society committed themselves 'to a common vision for promoting rising levels of growth, investment, job creation and people-centred development'.

The good growth rates of our economy in this period have to a great extent resulted from strong consumer demand that has been financed by a lot of credit. This has increased the country's imports more than our exports to the rest of the world, and we have had to fill the gap with inflows of foreign

capital into the country. This kind of growth is not sustainable.

Asgisa will ensure that our growth comes from a greater capacity to produce goods and services. We must also ensure that what we produce is internationally competitive.

This will help achieve the common objectives agreed on by the social partners at the Growth and Development Summit, to 'promote rising levels of growth, investment, job creation and people-centred development'.

**Asgisa provides a golden opportunity for the social partners to undertake the 'collaborative action' they visualised at the Growth and Development Summit focused on 'Promoting and Mobilising Investment and Creating Decent Work for All'.**

*President Thabo Mbeki, State of the Nation Address, 3 February 2006*



# PROGRAMME OF ACTION FOR 2006

8

## Strengthening local government

To meet our development goals there will have to be special attention to strengthening local government:

- Continued co-operation of all three spheres of government to ensure that each and every District and Metro municipality has:
  - a realistic Integrated Development Plan (IDP)
  - a credible Local Economic Development Programme (LED)
  - the material and human resources, as well as the management and operational systems, to implement these IDPs and LEDs.
- Better integration of planning and implementation across the three spheres of government as a priority for the term of the new local government. In this regard, we will be guided by the Intergovernmental Relations Framework Act, 2005.
- Empower local government to meet its development and service-delivery obligations, drawing on the lessons of Project Consolidate. This includes urgently dealing with the shortage in many of our municipalities of properly qualified managers, and professional and technical personnel.
- Deploy by March this year 3 000 community development workers to help local government especially to meet the needs of the people.

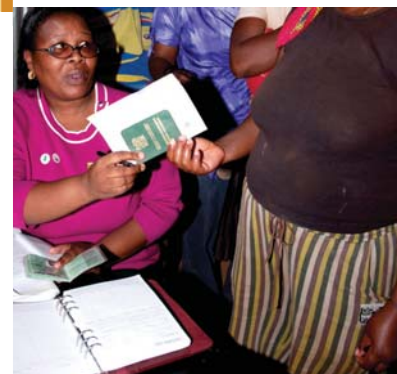
Even as we implement the programmes focused on accelerated and shared growth, with its important element of job creation, we cannot forget that the social wage plays a vital role in our continuing efforts to address the challenge of poverty.

*President Thabo Mbeki,  
State of the Nation Address,  
3 February 2006*

## Speeding up expansion of social services for all

### Expanding social services

- 10 million citizens now receive social grants – seven million children benefit from the Child Support Grant.
- Real social expenditure per person increased by 60% between 1983 and 2003.
- Over 1 300 clinics have been upgraded and others received additional equipment.
- The programme to revitalise hospitals is making fast progress.
- Through the Comprehensive Plan for HIV and AIDS Prevention, Treatment and Care, hundreds of facilities have been upgraded. By the end of 2005, over 110 000 patients were receiving antiretroviral treatment in the public health sector.







# PROGRAMME OF ACTION FOR 2006

## Speeding up expansion of social services for all

### *Health*

#### **To improve service delivery in the health sector:**

- Further expand health infrastructure.
- Refurbish existing clinics and hospitals.
- Re-open nursing colleges to increase the number of nurses.
- Ensure by September this year that hospital managers are delegated authority and held accountable for the functioning of hospitals. Policy issues regarding training, job grading and accountability will be managed by provincial health departments, which themselves will need restructuring to play their role properly.

### *Social grants*

#### **To improve the delivery of social grants:**

- Continue to implement our comprehensive anti-fraud strategy. Already many of those who have been stealing social grants have been brought to book.
- Launch the National Social Security Agency.

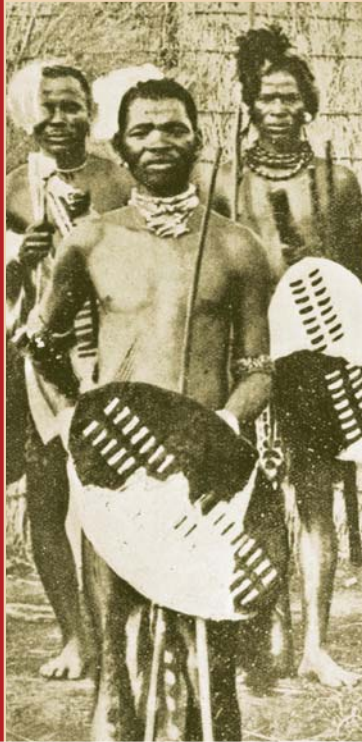
### *Housing*

#### **To speed up housing delivery:**

- Accelerate expansion of our housing stock to address the needs of the homeless.
- Completely eradicate bucket toilets, in the established settlements, by the end of 2007.
- Concrete steps to ensure that housing development helps overcome the apartheid legacy of divisions in where people live:
  - An agreement already made between national government and the South African Local Government Association (SALGA) means that municipalities will allocate land close to economic centres for housing development for middle and lower income people.
  - Transform the National Housing Finance Corporation into a housing corporation that provides finance to the poor and middle-income groups.
  - Work for final agreement without further delay with financial institutions on details of the use of the R42 billion they set aside for housing development for poor and middle-income groups.

## Bambata Rebellion, 1906

One hundred years ago, Chief Bambata led his people in a rebellion in protest against a poll tax introduced by the colonial government. The tax of £1, which people could not afford to pay, was aimed at forcing them off the land and working for wages. The colonial government reacted with force and Chief Bambata was killed. He was seen as a symbol of strength during the years of apartheid oppression.





# PROGRAMME OF ACTION FOR 2006

10

## *Land reform*

The State will play a more central role in land reform, ensuring that the restitution programme is accelerated, further contributing to the empowerment of the poor, especially in the rural areas. During 2006, government will:

- Review the willing-buyer willing-seller policy. This will be done in line with international norms and practices.
- Review land acquisition models and possible manipulation of land prices.
- Regulate conditions under which foreigners buy land.
- Ensure that the land redistribution programme is aligned to provincial growth and development strategies and municipal IDPs.
- Ensure proper use of funds made available for the productive utilisation of land.



## Youth development

**We shall ensure that the focus on youth development is intensified in all spheres of government as an integral part of our National Effort:**

- set up 100 new youth advisory centres
- enrol at least 10 000 young people in the National Youth Service Programme
- enrol 5 000 volunteers to act as mentors to vulnerable children
- expand the reach of our business support system to young people
- intensify the Youth Co-operatives Programme
- monitor our programmes on youth skills training and business empowerment.



## Soweto Uprising, 1976

Thirty years ago, school students staged marches in Soweto against the apartheid government's decision to make it compulsory for black learners to be taught in Afrikaans. This added to frustrations around many other apartheid inequalities, especially in education. The protests became a national student uprising, with the support of communities, when, on 16 June 1976, police opened fire on the Soweto marchers.

## Empowerment of women

**The Asgisa process has highlighted the concerns of women with regard to their economic prospects. We will focus on:**

- issues of access to finance
- development of co-operatives
- fast-tracking women artisans
- providing 'set-asides' for women in government and public enterprises/procurement.

## Women's March, 1956

Fifty years ago, on 9 August 1956, 20 000 women from all over South Africa marched to the Union Buildings in Pretoria to protest against the extension of the pass laws to women, demanding equal rights and freedom.





## Criminal justice system

The Government will continue to focus on further improving our criminal justice system.

Two anniversaries that we will commemorate this year will serve to emphasise the bonds that tie us to the rest of the world. These are the Centenary of Satyagraha, the non-violent struggle started by Mahatma Gandhi in our country in 1906 and continued in India, and the 20th anniversary of the violent death of President Samora Machel in our country in 1986, in a plane crash that still requires a satisfactory explanation.

*President Thabo Mbeki, State of the Nation Address, 3 February 2006*

### *Reducing levels of crime*

- Integrated law enforcement operations in priority areas.
- Reducing the number of illegal firearms and ensuring better processing of applications for firearm licences.
- Reducing drug trafficking and substance abuse, and implementing social crime-prevention measures.

### *Improving the effectiveness of the criminal justice system*

- Improve case-flow management in our courts.
- Process legislation on the rationalisation of our courts.
- Build four additional correctional facilities.
- Reduce the number of children in custody.
- Implement the recommendations of the Jali Commission of Inquiry into prisons.
- Consider the recommendations of the Khampepe Commission of Inquiry into the Mandate and Location of the Directorate of Special Operations.
- Strengthening our intelligence structures to support law enforcement agencies and ensure the security of the State and its citizens.
- Manage post-Truth and Reconciliation Commission management cases pertaining to conflicts of the past.

### *Fighting corruption*

- The Government will remain focused fighting corruption in the public sector and in society at large. We will continue to intensify our offensive on this front, fully aware of the fact that much that happens in our society encourages the entrenchment of a value system based on personal acquisition of wealth by all means and at all cost.





# PROGRAMME OF ACTION FOR 2006

## A better world

### *African challenges*

#### **During 2006, we will continue to engage the African challenges:**

- focus on peace and democracy in the DRC, Côte d'Ivoire and Sudan
- help strengthen the African Union
- accelerate implementation of New Partnership for Africa's Development programmes
- ensure that we conduct a successful self-assessment process as we prepare our national report for the African Peer Review Mechanism.

### *Working for a better world*

- We remain actively engaged to help find solutions to the various matters relating to the Israel/Palestine and Iranian issues. We are committed to the pursuit of negotiated agreements in this regard, consistent with our long-held views in favour of the formation of a State of Palestine, security for Israel, non-proliferation of nuclear weapons and the use of nuclear technology for peaceful purposes.
- As the current Chair of the G77 + China, we will do everything possible to advance the interests of the South, including in the context of the continuing World Trade Organisation negotiations, and the urgent challenge to reform the United Nations, including the Security Council.

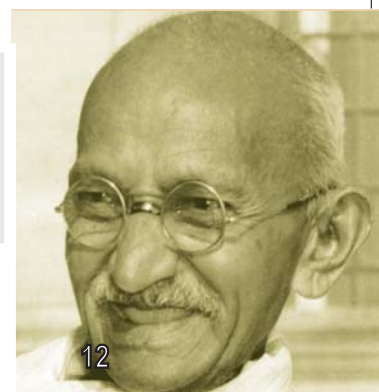
## 2010 African Soccer World Cup

In July, the *Fédération Internationale de Football Association* (FIFA) Soccer World Cup tournament, hosted by Germany, will come to its end with the passage of the host's baton to our country. From then on, until 2010, the whole world will watch us carefully to judge whether we will be a worthy host of this prestigious tournament.

As we work together to restore the sport of soccer in our country to full health, and prepare a winning national team, we must ensure that we work full steam ahead to get everything ready for a successful Soccer World Cup.

The 2010 Soccer World Cup will make an important contribution to our effort to accelerate our progress towards the achievement of the goal of a better life for our people. As an African Soccer World Cup, it will promote the struggle to achieve Africa's renaissance.

In return for these irreplaceable benefits, we owe it to FIFA and the rest of the soccer world to prepare properly for 2010. The nation must make every effort to ensure that we meet all the expectations of FIFA and the world of soccer, so that we host the best Soccer World Cup ever.



## Satyagraha, 1906

One hundred years ago, Mahatma Gandhi started the movement known as Satyagraha. It promotes non-violence as a way of resisting injustice. It was launched in Johannesburg on 11 September 1906. On that day, Indians in the Transvaal launched a programme of peaceful resistance against discriminatory registration and pass laws. Passive resistance became a powerful element in resistance to apartheid during the last century.

**We cannot and will not walk away from our internationalist responsibility to add our voice to global effort to create a better world of peace, democracy, a just world order and prosperity for all nations.**

*President Thabo Mbeki, State of the Nation Address, 3 February 2006*



# BUDGET FOR 2006



## Towards an accelerated and shared growth

The South African economy is currently growing at 5% a year, contributing to both job creation and rising incomes. Inflation will remain at about 4,5% on average over the next three years, thereby protecting the buying power of South Africans, especially the poor.

The necessary reforms and programmes to achieve more rapid growth and broad-based empowerment are being put in place through the Accelerated and Shared Growth Initiative for South Africa (Asgisa), led by the Deputy President, Ms Phumzile Mlambo-Ngcuka. This initiative looks at how to achieve increasing investment, improved productivity and skills development. More investment will help to improve the standard of living of South Africans, as it creates jobs, reduces poverty and increases the number of South Africans who participate in the economy.

### 2006 Budget at a glance

R billion	2006/07	2007/08	2008/09
Revenue	446,4	492,0	547,1
Expenditure	472,7	519,2	571,3
Deficit	26,4	27,2	24,2
% of GDP	1,5%	1,4%	1,2%
Expenditure per person (Rands)	R8,793	R9,650	R10,592
Excluding interest on debt			

## What is the National Budget?

In February of every year, the Minister of Finance announces government's spending, tax and borrowing plans for the next three years. This is called the National Budget. It describes how money raised through taxes and loans will be divided among national departments, provinces and municipalities. Government's spending plan over three years is called the Medium Term Expenditure Framework (MTEF).

Revenue collection in 2005/06 was R41,2 billion more than expected. High revenue collection means more resources are available for spending on key social and economic priorities. The 2006 Budget increases expenditure by R106 billion over the next three years.

### In line with government's priorities, the 2006 Budget provides additional funds for the following:

- Improving Further Education and Training colleges and introducing no-fee schools
- Fixing of hospitals and acquisition of medical equipment
- Expanding social welfare services and better management of social grants
- Building houses and community facilities and improving municipal infrastructure
- Providing safe and efficient transport by investing in the passenger rail network
- Investment in transport infrastructure and better management of roads
- Improving service delivery at public administration centres
- Increased capacity to fight crime and improve the effectiveness of the courts
- Improving municipal facilities to deliver basic services to communities.

# BUDGET FOR 2006 14

Division of Revenue: 2006 MTEF

R billion	2006/07	2007/08	2008/09
National departments	215,0	234,0	254,5
Provinces	176,7	196,4	217,5
Municipalities	26,5	30,5	35,6
Reserved (unallocated)	2,5	5,0	8,0
Total non-interest expenditure	420,7	465,9	515,6
% increase over previous year	9,7%	6%	5,4%

The division of nationally collected revenue this year takes special account of the need to improve local economic development, education, health and welfare services. With the establishment of the South African Social Security Agency, responsibility for social grant payments shifts from provinces to national government. In 2006/07, provinces will receive 42,3% of government revenue. National departments will receive 51,4% and local government will receive a total allocation of R26,5 billion.

## Better management of social grants

Government is committed to protecting the most vulnerable through monthly income support from the grant system. This helps to reduce poverty and improve the standard of living of poor South Africans.

An agency (the South African Social Security Agency) has been established to make the payment of social grants more efficient and predictable. The agency will also work towards reducing corruption and ensuring that social grants reach those who need them the most.

In 2006, it is expected that the number of those who receive social grants will increase to 11 million. The 2006 Budget also provides for an increase in social grants payment of more than the inflation rate, giving recipients a real income increase.

From April 2006, the Old Age Pension and the Disability Grant will increase to a maximum of R820 a month. The Child Support Grant, covering children up to age 14, will go up to R190 a month.

## More funds for municipal services and infrastructure development

The improvement of local service delivery is particularly important, as it is at the heart of service delivery for government. The 2006 Budget has prioritised municipal services and community infrastructure by allocating R28,4 billion over the next three years.

These services will include the improvement in basic municipal infrastructure, the improvement in the provision of water and sanitation, the building of houses to facilitate government's plan of building sustainable communities and the upgrading of informal settlements by 2014.

Training programmes to improve the administration of municipalities remain a priority.

Government has prioritised local transport infrastructure. Some R1,3 billion has been allocated towards improving commuter rail services and local public transportation. Better road infrastructure will also facilitate the transportation of goods, services and people efficiently and effectively.

## Infrastructure investment for growth

Investment in economic infrastructure remains one of the crucial priorities of government, as it is the key to economic growth and job creation.

Over the next three years, government will increase spending on infrastructure by R33 billion. These funds will be used towards the refurbishment of hospitals, improvement of transport infrastructure, support for the Gautrain Rapid Rail Link, the building of World Cup stadiums and the allocation of resources to national, provincial and local roads.

State-owned enterprises reinforce government's commitment to infrastructure by planning R123,4 billion in economic infrastructure spending over the next three years. This includes R32 billion investment spending on rail and ports infrastructure, which will contribute to efficient and effective transportation of goods, as production by our mines and factories increases.