

**SPEECH BY THE MEC FOR FINANCE, ECONOMIC DEVELOPMENT AND TOURISM, MR SIKHUMBUZO ERIC KHOLWANE, MPL, DURING THE 2016 NKANGALA DISTRICT INVESTMENT SUMMIT HELD AT THE RIDGE HOTEL AND CASINO, EMALAHLENI LOCAL MUNICIPALITY**

**Thursday, 21 April 2016**

***Salutations***

- **Programme Facilitator,**
- **The Executive Mayor of Nkangala District Municipality, His Worship Councillor Thomas Ngwenya;**
- **The Executive Mayor of eMalahleni Local Municipality, Councillor Lindiwe Ntshalintshali;**
- **The Executive Mayor of Steve Tshwete Municipality, His Worship Councillor Michael Masina;**
- **The Executive Mayor of Dr JS Moroka Local Municipality, Her Worship Councillor Rhoda Mathabe;**
- **The Executive Mayor of Thembisile Hani Local Municipality, His Worship Councillor Ndaweni Mahlangu;**

- **The Executive Mayor of Victor Khanye Local Municipality, Her Worship Councillor Ntombizodwa Makhabane;**
- **The Executive Mayor of eMakhazeni Local Municipality, His Worship Councillor Hamza Ngwenya;**
- **Speaker of the Nkangala District Municipality, Councillor Refilwe Mahlobogoane;**
- **MMCs from the District and Local Municipalities;**
- **Councillors present;**
- **Investors;**
- **Distinguished guests;**
- **Members of the media;**
- **Ladies and gentlemen;**

## **San'bonani/ Lotjani**

1. I feel greatly honoured and humbled to have been afforded the opportunity to address this important Investment Summit in the month that the people of South Africa are celebrating their freedom.

2. Economic freedom underpinned by the competitive, sustainable, inclusive growth, job creation, poverty reduction and correcting income disparities based on race and gender remains the central objective of any sound macro-economic policy.
3. At the outset I submit that this summit must put emphasis on both domestic and international investors.
4. The current administration is convinced that there should be a strong bias towards labour intensive investment which emphasises small business development and skills development simplifying what I am saying, ***“Investment must create jobs.”*** To enhance the quest of a better life for all.
5. It is in this context that the ANC-led government, not long ago, took a view of making the beginning of the third decade of our democracy the commencement of the second phase of our transition – a phase which will assume a posture of fostering a radical economic transformation programme.

6. It is a phase where we enjoined all South Africans to double their efforts in tackling the stubborn tripple challenges head-on, thereby bringing about the total economic emancipation of our people from the bondage of the past.
7. Attracting investment into this District is definitely one of the fundamental steps heading in the right direction.
8. Programme Director;  
Allow me to take this opportunity to extend my gratitude to the Honourable Executive Mayor and his collective for putting together this crucial Summit. We really appreciate it.
9. The long period of sustained economic growth between 1994 and 2008 had a positive effect on growth and development, particularly with regard to job creation.
10. And we all know that such economic growth and development was prompted by the existence of sound economic fundamentals which the ANC-led government effected over a period of time since the inception of the democracy in the country until to date.

11. It is a fact that those policies, strategies and programmes have yielded positive results, particularly in lifting the standard of living of our people.
12. While we welcomed all these economic achievements, the fact of the matter is that our pace of development was humstrung by the structural faultlines which were, and still are, imbedded within the economy.
13. Fortunately, we have the **National Development Plan** and the **Mpumalanga Economic Growth and Development Path** in place – frameworks which we believe will be guiding us in our journey to the future – a future of a modernised and industrialised provincial economy, a future of a better life for all.
14. We are resolute in our quest of ensuring that Mpumalanga Province is an investment destination of choice for both domestic and international investors.

- 15.** The unfavourable global economic outlook, the weak Rand and the crippling inflation rate, not to mention the poor performance of the economy are few challenges which, in our view, are not insurmountable.
- 16.** All that is needed is our collective ideas poised in the same direction. As government, we believe that we have got what it takes to change the direction of the tide.
- 17.** Indeed, it is platforms similar to the one that we have convened today which could assist to move forward in unison. Of course, as a collective, we are in a better position to hatch out new ideas and innovative ways to address the complex challenges that are confronting all of us, particularly the poor.
- 18.** As government, we are determined to act decisively and boldly in our endeavours to increase investment in the real economy through, among other things, enhancing our infrastructure build programme; stimulating faster levels of inclusive growth and speeding up social development initiatives.

19. Evidently, the effective implementation of these measured steps have huge potential not only in the **reduction of poverty, unemployment and inequality** substantially, but also in placing the economy on a qualitatively different growth path.
  
20. Programme Director; Executive Mayors;  
**Mpumalanga – the Place of the Rising Sun**, is one of the most productive regions in South Africa, and offers a myriad of investment opportunities in established sectors and industries such as **mining, tourism, agriculture, forestry, and manufacturing**, amongst others.
  
21. Accordingly, we will continue to **put in place measures that are aimed at attracting corporate and private investment** in our municipalities.

22. Last year in August, President Jacob Zuma announced that an **Investment Clearing House would be set up at the Department of Trade and Industry (the dti)** to support local and international investments by identifying bottlenecks, removing administrative barriers, reducing regulatory inefficiencies, setting up norms and standards, improving turnaround times, and coordinating and fast-tracking investment enquiries.
23. Subsequently, we have seen the Department of Trade and Industry providing assistance in facilitating an **investment pipeline of over R43.8 billion.**
24. As of August last year, South Africa was handling one hundred and sixteen **(116) Foreign Direct Investment (FDI) projects** which, in the process, created five thousand and thirty seven **(5 037)** jobs.
25. It has thus been revealed that the big drivers of investment are the **six (6) Industrial Development Zones** that have attracted approximately **R10 billion.**



26. Therefore, the Province is also taking proactive action relating to the establishment of SEZs in the Mpumalanga. As we speak, we are finalising the application processes of getting our first **Special Economic Zone (SEZ)** designated in the area of Nkomazi municipality.

27. The good news for this District, is that the second proposed SEZ for the Province, which will link the mining, energy and metals industries, is **planned for the eMalahleni/Steve Tshwete area.**

28. Ladies and gentlemen;

Our Province has got an abundance of investment opportunities which makes Mpumalanga an investor's potential dream destination. In the **manufacturing sector**, opportunities exist in the following strong and established industries:

- Steel;
- Stainless steel;
- Petro-chemical;
- Food and agro-processing;
- Paper;
- Sugar; and Timber;

29. In the **mining sector**, trade and investment opportunities available through the extraction and beneficiation of minerals such as coal, gold, chrome, vanadium, granite, and various clays.
30. Our Province is known to be the **energy powerhouse of South Africa**, given that we produce almost **80% of the country's electricity** needs.
31. The **emerging green energy sector** thus affords us an opportunity to co-generate renewable energy for our economy – additional energy which will supplement the non-renewable energy which we are already producing.
32. Without doubt, this area of work presents investment opportunities in abundance. To mention but few:
  - a. The production of smokeless stoves which use ethanol gel. This is the green energy source which could replace paraffin given the high incidents of paraffin-caused fires and deaths;



- b. The production of solar panels and solar water heaters;
- c. The establishment of charcoal producing plants using agricultural, forestry and municipal waste; and
- d. The supply of clean technology equipment to Eskom's *Kusile* Power Station. The power station will be South Africa's first station to use the flue gas desulphurisation technology.

This technology will not only help to deal with environmental challenges by reducing toxic sulphur gas emissions but it will also provide economic benefits by producing gypsum as a by-product.

Gypsum can thus be treated and beneficiated to higher value products used in agriculture for soil conditioning, cement making, brick manufacturing, dry walls and ceilings in the construction industry. All that is needed are the right investors.

**33.** Programme Director;

The Mpumalanga **Industrial Development Plan** aims at providing a long-term and integrated approach towards the enhancement of industrialisation within the Province.

**34.** Our diagnostic report has identified three areas of industrial competency and one of these areas falls within Emalahleni and Steve Tshwete municipalities.

**35.** The studies are showing that this District is having a competitive advantage in the area of steel and metal production.

**36.** During the course of this financial year, the Department of Economic Development and Tourism will be conducting a **feasibility study on a Mining and Metals Technology Park within the Emalahleni and Steve Tshwete Local Municipalities.**

**37.** This is intended to enhance the opportunities within the Mining, Energy and Metals Industries.

- 38.** We are further planning to **link the proposed Park with institutions of higher learning and existing incubators** such as the Mpumalanga Stainless Steel and the Mpumalanga Tooling Initiative, in order to ensure that the requisite skills are developed for these industries.
- 39.** As a Province, we intend to position this District as the **investment location of choice for the, energy and metals sector** in South Africa.
- 40.** However, this will require of us to work very hard in the areas of skills development and the creation of an environment conducive to FDI and export promotion.
- 41.** I am just fresh from Dubai where I attended a three-day conference or meeting on FDI – an event that was attended by more than 130 countries worldwide.
- 42.** The meeting was discussing nothing but new forms of FDI, their key features and also sharing best practices of other countries that are already implementing these new forms of FDIs.

- 43.** Judging from the discussions, deliberations and inputs of various speakers who are experts in the field of FDI, I must say that we will have to work harder, if we are to match other countries that are in our same league in terms of development.
- 44.** The bottom line is that there is a serious paradigm shift in the approach of dealing with FDIs. Without elaborating on the matter, suffice to say that, as a Province, and as well as the country, there is a lot of catching up that we have to do.
- 45.** Programme Director; Executive Mayors;  
Let me conclude by thanking the District, once more, for their sterling initiative. I hope the deliberations that are going to take place here today will assist all of us to streamline and synergise our plans appropriately.
- 46.** If we succeed, we will be convinced that we are just one step closer to making the IDPs of municipalities a common reference plan of all spheres of government for delivery of our services at the coal face.

47. Let me implore with all of you present here today, to participate actively in the discussions and deliberations of the issues at hand. It is your collective wisdom that must guide us in our pursuit of crowding in investment not only in Nkangala District, but the Province as a whole.
48. The Mpumalanga Provincial Government applauds both the local and international investors for showing confidence in the provincial economic and social infrastructure, you have taken the right business decision by investing in our Province.
49. For potential investors that are within our midst, my message is simple and straightforward: **Mpumalanga is open for business.** You will earn returns for your investment.
50. Please come and invest in the Nkangala District, and the Province at large, given the abundance of investment opportunities at offer.
51. ***Together We Can Move Mpumalanga forward!***
52. ***I thank you/ Ngiyathokoza***