

SPEECH BY THE MEC FOR ECONOMIC DEVELOPMENT, ENVIRONMENT AND TOURISM, MRS YN PHOSA, MPL, ON THE OCASSION OF THE HONOURARY CELEBRATION EVENT FOR THE YOUTH TRAINED IN THE SMALL SCALE MANUFACTURING PROGRAMME AT THE SYDNEY CHOMA BANQUENT HALL IN MIDDELBURG, STEVE TSHWETE LOCAL MUNICIPALITY.

Tuesday, 15 April 2014

Programme Directors, Mr Lemmy Mdluli and Ms Immy Serakala;

Councillor Masina;

The Head of Department, Dr Vusanani Dlamini;

Industry Captains for the Mpumalanga Stainless Initiative; Mr Kgole; Mr Maroleni of the Mpumalanga Stainless Steel Cluster; Councillor Pillodia of the Mpumalanga Tooling Initiative; and Advocate Sigodi of Furntech;

Representative of the Nkangala FET College, Dr Qwabe;

Representative of the NYDA, Ms Mkhwanazi;

Student representative, Mr Mungalee;

Officials from the Department and other departments;

Officials from the municipality;

Social Partners;

Distinguished guests;

Members of the media;

Ladies and gentlemen;

Good morning

In twelve (12) days from now, our country will commemorate *20 Years of Freedom and Democracy*. This is the biggest ever achievement we have attained as South Africa, though some of our own never lived to see the day. We are free today because of their sacrifices, and as we celebrate this hard-earned democracy and freedom, we should do so by acknowledging their contribution.

It is our collective responsibility to guard and protect this freedom with jealousy, hence we should all go back to the polls on May 7 to vote in our big numbers. As you put your mark on the ballot, do so in remembrance of our fallen liberation stalwarts such as *Tat'u* Nelson Rolihlahla Mandela, who sacrificed all his life to fight to freedom and justice for all South Africa, irrespective of race, colour, gender or creed.

Ladies and gentlemen;

I believe we all agree that South Africa is a better place than it was before 1994. As the ANC-led government, we have ensured that the benefits accrued from attaining freedom, continues to be transferred to all South Africans over the past 20 years.

Indeed the ANC-led government has a good story to tell, and we believe that if we can be given further mandate at the polls, we can do even more than we have done in the short space of time.

Working together we move South Africa forward.

Programme Director;

Youth development and empowerment continues to be the priority of the ANC-led government. When we say we have got a good story to tell, we are not just saying it. We have got evidence to prove that, hence the celebration of today. As the Department of Economic Development, Environment and Tourism, one of our mandates is to create a favourable environment for direct and foreign investment into the Province.

We are further mandated to directly intervene in the prioritised sectors of the provincial economy in an effort to beneficiate raw materials, propel transformation, induce the growth of SMMEs and co-operatives, and most importantly, create the much needed job opportunities.

Our government is faced with the triple challenges of **poverty, unemployment and inequality**, and it is unfortunate that the people who are mostly affected by unemployment are the youth who are in the majority. It is through the programmes geared at empowering and developing the youth that we intend to address these challenges. As government we agree and acknowledge that much still needs to be done in this area of our mandate, hence we will continue to encourage the youth to form co-operatives in order to be their own bosses.

We are always ready and willing to provide training and capacitate the youth, in order to build entrepreneurs of note. *Vuk'uzenzele!*

Ladies and gentlemen;

The manufacturing sector continues to be the single largest economic sector in the Province, contributing almost one quarter to the Gross Domestic Product (GDP) in Mpumalanga. Large-scale manufacturing activities occur in the northern part of the Highveld, particularly in the Middelburg-Witbank area, because most important element in the manufacturing sector, chrome alloy and steel, are found in the area. Manufacturing in the Lowveld is, by comparison, dominated by the beneficiation of the agricultural and forestry raw materials and at least 75% of manufacturing jobs are in the wood and food related industries.

In addition, the Mpumalanga Economic Growth and Development Path (MEGDP) is a key economic policy framework in the Province which is intended to stimulate balanced and shared economic growth and development. At the core of the framework is the promotion of value addition and beneficiation. Skills development programmes for scarce skills in the manufacturing sector are initiatives which aim to support industry development and encourage accelerated growth, industry transformation and job creation.

Manufacturing has, over the years, proven to have direct substantial potential to create employment, and is the engine of rising per capita income and employment through the stimulation of the rest of the economy. The impact is acutely felt mainly by women and the youth, particularly important for sustained growth and employment.

In this regard, the expansion of manufacturing employment can play a significant role in bringing the more historically disadvantaged groups, both urban and rural into the formal workforce and, in particular, providing rural women with access to expanded employment opportunities in the agro-processing and craft sectors. There is a major lack of implementation focus on the opportunities inherent in adding value to raw materials in the production of products in the Province. This means that opportunities for the development of knowledge and skills are being lost along with the jobs and enterprise opportunities which would accompany the development of these value added activities.

Furthermore, much as there are opportunities, there are also challenges to the manufacturing sector, namely; the influx escalation of cheap Asian imports; the declining investment in skills development and technology innovation; insufficient research and development funding over the past five (5) years or so, resulting in the declining levels of competitiveness for the industry with resultant closure of some operations and job losses.

As a Department, we have therefore initiated programmes aimed at benefiting the youth. I am therefore humbled today, to be part of this event where we will acknowledge and honour the youth who received training in the area of manufacturing.

Government and industry acknowledge that the small business sector plays an important role in the economic and social development. Small and micro businesses are an important force in generating employment, income distribution, competitive environment, niche markets and supporting and enhancing productivity, technical change and economic growth in the Province, thus the need to empower such enterprises.

To this end, the Department has signed a Memorandum of Understanding with the National Tooling Initiative to establish and support the Mpumalanga Tooling Initiative); the Mpumalanga Stainless Initiative; the Mpumalanga Stainless Steel Cluster and Furniture Technology Centre to enhance partnership programmes in the development of youth-owned small scale manufacturing businesses.

The agreement with the Tooling Industry is purely aimed to turn around, rehabilitate and grow the **Tool, Die and Mould Industry** through skills development; while the agreement with the Mpumalanga Stainless Initiative (MSI) is to ensure that SMMEs involved in steel fabrication are trained and mentored to become credible businesses. In the case of the Stainless Steel Cluster, the objective is to attract investments and increase procurement for trained SMMEs.

Tooling is found in almost all manufacturing industries including Aerospace, Automotive, Chemical, Electronics, Leisure, Marine, Medical, Mining, Military, Packaging and Rail. This area is significant given that the manufacturing industry is dependent on the availability of a good tools, dyes and moulds.

To this end, the Mpumalanga Tooling Initiative was conceptualised in 2010 and has already facilitated training for 140 students – forty (40) of which are still in training to qualify as tool making artisans. We proud that at least Sixty five (65) students, have already been absorbed by the industry on full time employment.

On the other hand, the Furniture Technology Centre Trust (Furntech) was established in 2000 in partnership with the Department and the Mbombela Local Municipality. The Small Scale Furniture Manufacturing Programme is aimed at building capacity for youth in the furniture industry.

The Programme further introduces small scale furniture manufacturers who are capable to produce a wide range of furniture using low technology and high skilled craftsmen at one end of the spectrum, and mechanised, computer controlled process producing high volumes at the other. The trained furniture manufacturers are SMME's in both the formal and informal economies and make use of solid-wood and board products to produce a wide range of products including solid wood furniture, built-in cupboards, kitchen units, coffins, interior building components and other domestic items.

To date at least 120 students were trained through collaborative efforts of the Department and Furntech. The training was mainly aimed to provide technical and business skills on furniture manufacturing including an option for post-incubation or employment.

About 50% of the students who successfully completed the training are employed by local furniture manufacturers; 30% were absorbed by related industries and the remaining 20% have demonstrated intentions to start small enterprises.

The **Mpumalanga Stainless Steel Cluster** was founded to create and nurture skills, and further provide mentoring in all forms of stainless steel fabrication. The cluster has positioned itself to assist local medium sized businesses involved in the production of stainless steel products. To date, at least 10 SMMEs enjoy increase access to markets, and are being geared to do business with the various government Departments.

With regard to the **Mpumalanga Stainless Initiative (MSI)**, it provides entrepreneurs from previously disadvantaged backgrounds the opportunity to enter the stainless steel industry. The MSI aims to create an environment where new and emerging enterprises are able to set-up business, and with professional support and development, become sustainable in the long term. The MSI therefore provides a range of infrastructure and facilities similar to those found in well-established businesses, at affordable rentals to the participating entrepreneurs. The MSI's support also includes qualified expert personnel who are able to guide the emerging enterprise effectively to ensure a high rate of success. In addition, emerging enterprises are able to utilize equipment at MSI which enables them to manufacture quality products without having to make an expensive investment into equipment and infrastructure. The MSI has over the mid-term period assisted in excess of 30 youth SMMEs.

Ladies and gentlemen;

We are confident that, with a genuinely shared collective commitment between government, labour, business, and civil society through the partnership programmes we can do and achieve more. I would like to give recognition to the following stakeholders of the Department who have worked tirelessly to ensure the implementation of the Programme:

- **National partners:** Department of Trade and Industry (the dti); Department of Science and Technology (DST); Department of Higher Education (DOE); and the National Tooling Initiative (NTI).
- **Provincial partners:** Nkangala Further Education and Training (FET); Small Enterprise Development Agency (SEDA); and the National Youth Development Agency (NYDA).
- **Private Sector:** Columbus Steel; Collisen Engineering; Thoe Begbie and company; Rocktuff; Midwit Engineering; Ingwenya Mineral Processing (PTY) Limited; Barloworld Equipment; J&M Engineering; Malcom-Ezinaleni Hydraulics and Engineering; Sanmar Engineering; Beltco Engineering; Benco, Rund Hydraulics and Engineering; GK Steel and Boilermaking; SASOL and Eskom.

Ladies and gentlemen;

On behalf of the Honourable Premier, Mr DD Mabuza and our people, I would like to congratulate all the youth we are honouring this morning.

It is through commitment and dedication that you are seeing the fruits of your toil today.

As government, we will continue to support and empower the youth by providing such programmes. Indeed we have a good story to tell.

Once more, let us remember to go to the polls on May 7 to renew the social contract you have with the ANC-led government. No one can claim to have done it better than us.

Together We Move South Africa Forward!

Once more, congratulations. You have made us proud.

I thank you