



**Speech by the Sedibeng District Municipality Executive Mayor,
Cllr. Mahole Simon Mofokeng on the occasion of the Launch of
Sedibeng Steel Sector Forum at the Emerald Casino, on Friday,
10 July 2009 at the Emerald Casino, Vanderbijlpark**

Programme Director: Mr. Julius Tsoho

Acting Executive Mayor of Emfuleni: Cllr. Sello Pitso;

MMC for Planning & Economic Development: Cllr. Johnny Tsotetsi;

Sedibeng Acting Municipal Manager: Mr. Yunus Chamda;

CEO of GEDA: Mr. Blake Mosley – Lefatola;

GEDA General Manager for Trade & Investments Strategy: Mr. Mudunwazi Baloyi;

Professor IN Moutlana: Rector & Principal of VUT and the her Team;

GEDA Coordinator: Mr. Thokozani Thwala;

Sedibeng Businesses present;

Ladies & Gentlemen;

Programme Director, it is indeed my pleasure to have ultimately to come together in this important and historic launch of the Sedibeng Steel Sector Forum.

This is an important platform in our Region that will afford our businesses, industry stakeholders and government to engage on how to best to support the development and growth of the Steel Sector in Sedibeng, as well as assisting the Municipality to identify gaps in this crucial Sector and possible interventions to assist the industry.

We are meeting at a difficult time for the steel industry. Demand for steel is expected to drop by 15% this year, the biggest setback for the industry since the Second World War. But experts from the World Steel Association believe business may stabilise later in 2009

The slump follows the credit crunch and the economic slowdown that has brought construction sites to a standstill and forced car manufacturers to put their plants on short-time working.

The leading chief executives of steel companies said earlier this year that Europe's demand for steel would drop by more than a quarter and demand in the US would decline by 36.6%. Even

China, which has been going through a long-running industrialisation process, is expected to experience a 5% fall in demand – the first in 14 years.

A spokesperson for the World Steel Association said earlier this year: "Improvement in steel consumption for the second half of 2009 will depend on the effects of government stimulation packages, the continued stabilisation of financial systems and a return of consumer confidence," In South Africa our stimulation packages are programmes such as Gautrain and the 2010 FIFA World Cup stadium construction and upgrade programmes. Difficult times call for united action. This Forum is therefore crucial at this point in time.

This **Forum** will give industry players the tools they need to access support quickly, effectively and with more results than they would on their own. More importantly, Public Officials responsible for Economic Development will also be participating in this **Forum** to reach out to the industry players in an attempt to realize this goal.

We will all agree that South Africa is a unique Country with its own identity, culture, heritage and history. A Country in which, we enjoy a reasonable quality of life after just 15 years of freedom where a large part of this way of life is supported by a strong and healthy economy. We depend on our economy for higher living standards,

for better and higher-paying jobs, and for more business opportunities.

We also depend on our economy for high quality health and education services, for safe, vibrant and diverse communities and for a prosperous and internationally successful South Africa. Our environment underpins much of our economic and export activities, providing the platform for the economy now and into the future. All economies in the modern world face constant challenges from international competition and changing technology and market trends.

Programme Director, Our economy has responded to these challenges largely by increasing the efficiency with which we produce our traditional products. We have also begun to create more value add products in traditional areas (like steel and chemical) and to produce new, high-value products in completely new areas. Companies like **ArcelorMittal SA** and **Sasol** are good example.

Acting Emfuleni Executive Mayor, I trust that you will agree with me when I say the current challenge for our economy, if we are to secure a better future for all South Africans, is to increase significantly the rate at which we are creating more valuable products in an environmentally responsible way.

We need to contribute in lifting innovation and internationalization of our economy through tailor-made policies and effective government and business partnership in recognition that economic competitiveness ultimately rests with businesses rising to the challenges of today's global economy and globalization.

When we look at successful economies that produce high value products and services, we see that their businesses have high level of skills and knowledge, they are innovative and creative and are closely connected to export markets and international customers. Their governments are playing a significant role in supporting their businesses to develop new products and services at a faster rate.

Some of the key ways they do this are by ensuring that the education system delivers graduates with the new skills businesses need, that public research and development are relevant and closely linked to the new demands businesses have. They also ensure the government's offshore networks provide top-quality assistance to business in breaking into new markets, ensure the national infrastructure is up to date and doesn't hold back business growth, and help build internationally competitive cities and regions.

To a large extent, the Accelerated and Shared Growth Initiative for South Africa (ASGI-SA) is about government focusing on the above roles, with more emphasis on skills, infrastructure, the exchange rate and the regulatory environment. These roles are important in

developing economies like ours since our businesses face greater challenges in going international than equivalent firms elsewhere.

Municipal governments are increasingly seen as a central coordinating point for economic development. As a minimum, we have to provide infrastructure and sites for economic activity, maintain the transport network and ensure efficient implementation of local regulations. It is also expected that we develop economic plans and work with all stakeholders to realise growth in our local areas.

Here, the challenge is to identify the competitive advantages of the municipality and on the basis of that, expand the economic base and maximise the economic potential of the area. Sedibeng needs interventions which enable the District to prioritise growth, promote value added and income generating activities in black communities, revitalise the Steel Sector, create employment and promote infrastructural development and expansion.

Specific interventions include greater levels of coherence and interaction between provincial growth and development strategies and local growth strategies; support to micro and small businesses and the development and support of cooperatives and the identification of lead sectors.

Apartheid left cities dispersed over huge areas, forcing workers to commute long distances. In this context, coherent and consistent spatial planning has become important. Our District must improve the spatial integration and contribute towards the development of integrated economic nodes. For instance, finding ways to address density in urban areas and to improve commuter transport is vital in economic centres. To do so, we need to be able to engage with other spheres of government on spatial planning and development and we should ensure the other spheres discharge their responsibilities to us.

Sedibeng needs capacity to develop and implement these strategies and programmes and in particular to realise growth in the local economies. National government is trying to increase the effectiveness of local economic development by setting guidelines and targets for local government planning processes. It requires every municipality to develop an Integrated Development Plan (IDP) and to publish a transparent budget. In addition, it is working to bolster municipal governance through Project Consolidate and, in the poorest rural areas, through the Integrated Sustainable Rural Development Strategy.

Municipal councils are central to the democratic order. They can provide day-to-day consultation and participation in a way that national and provincial governments would find impossible. Ward

Committees, budget consultative meetings and Ward Councillor public meetings are important ways of achieving greater involvement of the community in development, service delivery and democracy. Councillors must be made accountable through the generic government driven structures and through political structures.

Our current elected leaders must take forward the achievements of the past decade in enhancing social and economic development while consolidating the democratic order. To do that, we require your participation and support.

Economic development should be seen as a primary role of municipal government, without it the sustainability of services in the context of an economy that is not growing locally is questionable. The progress made to date has arisen out of huge efforts by local government leaders and officials dedicated to transformation. As a nation, we must participate in municipalities and support capacity requirements, as we cannot afford to revert to the apartheid mode of protecting standards in the leafy suburbs while others remain without the basic infrastructure needed for a decent life.

Programme Director, in conclusion, playing these roles effectively requires the government not just to remove obstacles to business, but also to work with business, unions and other stakeholders to achieve outcomes that businesses cannot achieve on their own.

We need to work together in these challenging economic developments to ensure that we lessen the burden and undesired outcomes that are brought along by this challenging period in our economic history

Our government needs to focus all its energy on getting the best policies in these areas to support businesses to develop more valuable products. These policies must reflect the more demanding challenges facing the South Africa economy in the 21st century, building on our current strengths, particularly our primary sector and the sophisticated financial services sector and seizing new opportunities. Partnerships with businesses to assist in the development of some of these priorities are critical and municipalities should explore such relationships.

I would like to wish you well in your deliberations and assure you our support in growing and developing the Steel Sector in Sedibeng. This Forum will be a platform of engagement between us and the industry players. This Forum will help to drive one of the key programmes of our GDS, it will help to indentify binding constraints that are stifling the industry, it must be a place where government deals for steel can be struck so that jobs are created and our regional economy can be stimulated, it must help the industry secure its inputs of iron ore, coal, human resources, energy and other necessities. The Forum must look at the outputs, the

production, the waste management, the environment, the air quality, the transport support to get the inputs for the industry and the transport to get products out and to the points of sale. The Forum has much work to do, and I stand here to wish them well and offer our support.

Thank you