

**Remarks by Eastern Cape MEC for Finance, Economic Development, Environmental Affairs and Tourism Hon. Lubabalo Oscar Mabuyane at the Wild Coast SEZ Strategic Roundtable held at the Savoy Hotel in Mthatha on December 18, 2018.**

Executive Mayor of OR Tambo District Municipality, Cllr Meth  
Executive Mayors here present, Cllr Zozo, Cllr Sobuthongo, Cllr Mafumbatha, Cllr Cingo, Cllr Ngqondwana, *Cllr Nqoko*  
Portfolio Chairperson for Finance, Hon. Saziwa  
Councilors Present  
Traditional Leaders:  
Leaders of the OR Tambo Business community  
Community Representatives  
DEDEAT & PT led by both HODs, Mr Gxilishe & Majeke  
Ladies and gentlemen

A very good morning to all of you.

Thank you very much for accepting our invitation to participate in this very important engagement session on the Wild Coast Special Economic Zone. This strategic dialogue is part of a series of economic development roundtables we are having across the province which will culminate in an Investment Conference early next year.

On Sunday morning, President Ramaphosa officially opened the Rural Agro-Industries and Finance Initiative at Ncise Village and made a clarion call for us as the Eastern Cape to make better use of our good arable land for agriculture and tourism.

Programme Director, I am quite certain all of us in this room are aware that our democratic government inherited a provincial economy that was premised on developing the western side of the province, that is Buffalo City and the Nelson Mandela Metro both of which fell under the authority of the then Cape Province.

The East which was under the jurisdiction of the Bantustan government of the Transkei remained largely underdeveloped, thus it has a high rate of unemployment, poverty and inequalities. This region is also one of the biggest contributors to the outward migration of our people to the Western Cape, Gauteng and KZN. Our fellow citizens from this part of our province follow in the footsteps of their forefathers who also took the long journey to the Western Cape and Gauteng in search of employment. They are at times subjected to unbearable and dangerous living conditions in these provinces with Western Cape Premier Helen Zille going on a very insensitive path of once calling our people refugees in the Western Cape.

In trying to mitigate the underdevelopment of this region and addressing its contribution on unemployment, poverty and inequalities, the provincial government developed the **Integrated Wild Coast Development Programme**. At the centre of this broad programme are 3 major projects which are the N2 Wild Coast Roads Corridor, the Mzimvubu Dam and the Wild Coast Special Economic Zone. Both the N2 Wild Coast Road and the Mzimvubu Dam have finally taken off the ground. I must add, after many years of uncertainty, delays that threatened to quash these projects and by consequence the economic development potential they could derive for this region

and our province. Sadly, we do not seem to have learnt anything from our experience on both the Mzimvubu Dam and the N2 Roads Projects. The delays and uncertainty that surrounded those two projects for years' have also reared their ugly head on the establishment of the Wild Coast Special Economic Zone. As we all know our government is seized with the work of establishing a third SEZ in our province here in Mthatha. The intention is to expand the provincial industrialization programme with a particular focus on agro-processing exploiting our comparative advantage on agriculture. The two special economic zones that we have, the ELSEZ and the Coega SEZ were established without much opposition and they are now world class facilities that are home to international and domestic investors and are creating massive jobs and business opportunities for our SMMEs mainly in those areas.

Here in the OR Tambo District we are moving at a snail's pace on a project that could see an infrastructure investment of **R1.3 billion**, where more than 6000 jobs can be created during the construction phase and more than 2500 operational jobs. This time once again the bone of contention has been the issue of land for the proposed site of the Special Economic Zone. That should tell us something about the poor standard of our community facilitation processes. The development of this eastern region of our province cannot be stalled by one common denominator of access to land which belongs to our people. On the N2 Wild Coast, land was an issue, at Xholobeni land is an issue and also here in Mthatha land is an issue. It can't be.

Unlike in the colonial era where land was taken by force from our people, the ANC led government is promoting engagement where our communities as owners of the land can work with government to develop their land and derive economic benefits from it. I am glad that the communities who lodged and won a land claim on the land that we earmarked for the establishment of the Wild Coast SEZ are willing to release their land on a lease to government for the establishment of the Wild Coast SEZ.

One of the critical criteria we have to meet before we are designated an SEZ is to indicate the extent to which we own and control the area. In this regard a long term lease is crucial and the communities are responding positively to the idea of a long term lease agreement with government. We are working the modalities around a 50-year lease which could offer the communities sizeable benefits and a conducive environment for investors to expand their businesses. That is the only way we could make Mthatha and this region more attractive to potential investors for the SEZ. The task team that has been working on this project has come up with a model to ensure viable community beneficiation which is also a pre-condition for a long term lease agreement for this project. They are correctly proposing the capitalization of the rental to enable communities to take equity in business locating within the SEZ. This could see the three communities deriving a value of **R22.6 million** over a period of 15 years based on an annual increase of 5% and that is enough equity for them to participate meaningfully in the development of the SEZ. This is a valid proposal which should be implemented so that we could conclude the signing of the

lease agreements and start the process of finalizing the designation with the DTI.

Executive Mayors, the establishment of the Wild Coast SEZ is an economic legacy project we cannot afford to delay any further. This is even more urgent in light of developments at a national government level where we have seen an appetite to invest in previously disadvantaged provinces such as the Eastern Cape. For the record, the Wild Coast starts at Kei Mouth in the Amathole District cutting through the coastal areas of OR Tambo District until Mtamvuma in Alfred Nzo District.

The national stimulus package of more than **R50 billion** that was announced by President Cyril Ramaphosa which he said would be invested in key labour intensive sectors such as agriculture, infrastructure development, tourism and lowering of data costs talks to what we envisage for economic growth and job creation in this eastern part of our province. We must be ready to seize these opportunities as if it is a once in a lifetime opportunity that we are presented with.

We are taking the economic development destiny of our province into our own hands by injecting a stimulus of **R1.1 billion** over the 2019 MTEF to invest on economic development initiatives. This stimulus would be invested heavily in the sectors that are identified in our Provincial Economic Development Strategy which include agriculture and the ocean economy which you have proven through the RAFI project that you're exploiting in this region. Massive tracks of land will be maximized and fully utilised for food production and potential export opportunities.

While the process of applying for the designation is unfolding, there are things that we must do as various stakeholder who are keen to see this Wild Coast SEZ take off the ground. Firstly, we must prepare ground for the development of a thriving primary agricultural sector with a particular focus on large scale crop and livestock production. This you have started with the 1250 ha you're planting through RAFI and President Ramaphosa has confirmed it. Secondly, we must build a Wild Coast SEZ Investment Book which clearly outlines the value proposition of this SEZ including incentive packages from national government, provincial government and the municipality. We do not want a situation where the municipality leaves and talk to investors on the Wild Coast SEZ and in the process communicate a message that is totally different from that of the provincial government. We must sing from one Investment Book on the Wild Coast SEZ. I do not foresee any challenges with the development of such a book as we have capacity to assist in that regard.

Programme Director, I was just setting the tone for why we are here. More than 3 million citizens from this region of our province depend on our collective action to finally see the establishment of the Wild Coast SEZ and the timeline is during the next term of government. When I look around this room I see men and women whom I think want to deliver on this legacy project within this timeframe. Wanting something is one thing, going all out to do what is necessary to see it come to fruition is another thing. We have a choice to make. I choose to work tirelessly for the establishment of the Wild Coast SEZ, what do you choose?

**Thank you.**