

# manufacturing indaba



Manufacturing Innovation – Smart Manufacturing for Economic Growth

19 – 20 May 2014 | Emperors Palace | Kempton Park | Johannesburg | South Africa

## Draft Programme

### DAY 1: Monday 19 May 2014

07:30 Registration

08:30 Welcome and Opening

Conference Chair: *Karthi Pillay, Southern Africa MFG Leader, Deloitte*

Plenary Panel – Keynote Address & Plenary Discussion chaired by *Karthi Pillay*

08:55 Welcome Address - Host City

*Clr. Mondli Gungubele, Mayor of Ekurhuleni\**

09:05 Keynote Address 1

*Lionel October, Director General, South African Department of Trade and Industry\**

09:15 Proposed Growth and the Roadmap for Developing Manufacturing in Gauteng

*MEC Mxolisi Xayiya, Department of Economic Development, Gauteng*

09:30 Launch of the Manufacturing Circle 2014 Q1 Bulletin and Survey

*Dr Iraj Abedian, Chief Executive Officer, Pan-African Capital*

10:00 Bridging the Government/Business Communication Deficit

*Kaizer Nyatumba, Chief Executive Officer, SEIFSA*

Plenary Discussion and delegate Q & A

10:30 The Space Economy of Manufacturing in South Africa

*Prof Philip Harrison, South African Research Chair in Development Planning and Modeling, Wits University*

11:00 Refreshments

11:30 **Plenary Panel 1: What are the challenges and opportunities facing the South African manufacturing sector in the near future?**

Government has highlighted the manufacturing sector as a key sector for growth in the National Development Plan. It is imperative that we grow our manufacturing sector in order to sustainably grow the economy while also creating a platform for job creation. In addition, it would also be beneficial for SA to once again become a net exporter, and to mitigate some of the challenges that come from the economic position of being a net importer. There are a plethora of challenges faced in SA along with much opportunity however strategic, forward thinking

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and tough decisions need to be taken now, within the next 5 years, for South Africa to establish itself as a manufacturing destiny of choice in Africa or risk falling behind other growing African nations. Our biggest challenge is promoting an environment of Manufacturing led growth while taking into account the sometimes competing social needs of the country. Is it possible to view these two needs in isolation?

**Key discussion points:**

- The South Africa labour challenge
- Practical solutions to take into account for business and social needs of South Africa
- Finding a unique manufacturing model that works for SA
- Competing in a new BRICS-dominated environment
- Localisation and skills development and transfer
- What key policies or regulations can assist South African manufacturing competitiveness?
- Getting SA business and the public to buy local
- Small businesses as manufacturers

Moderator:

*Guy Harris, CEO, SA Institute for Entrepreneurship, Non Executive Director, Proudly SA and Advisor to the CEO, Bell Equipment Limited*

Panel Members:

*Dr. Shawn Cunningham, Development Consultant*

*Dr Karl-Rudolf Gassen, Managing Director, Lanxess*

*Peter Worthington, Principal: Markets, Barclays*

*Nimrod Zalk, Deputy Director-General: Industrial Development Division, the dti*

*Karthi Pillay, Southern Africa MFG Leader, Deloitte*

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**12:30** Lunch and Media Roundtable

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**13:30 Breakaway Panel 2:**

**Advanced Manufacturing and the impact and trends of mechanisation including innovation**

Advanced manufacturing relies on computers and the latest technology to speed up the production process. Nearly six million US factory jobs, almost a third of its entire manufacturing industry, have disappeared since 2000. While many of those jobs were lost to competition with low-wage countries, even more vanished because of computer-driven machinery that can do the work of 10, sometimes 100 workers. Those jobs are not coming back, but many believe that the future of the global manufacturing industry lies in training a new generation for highly skilled manufacturing jobs — the ones that require people who know how to run the computers that run the machines.

Key discussion points:

- *The challenge of loss of jobs with advanced manufacturing*
- *How can South Africa become a destination for advanced manufacturing & is this desirable?*
- *With our education and skills challenges, is advanced manufacturing viable in SA?*

Moderator:

*Nomfuneko Majaja, Chief Director, the dti*

Panel Members:

*Dr Phil Mjwara: Department of Science and Technology*

*Dr Louis Tredoux, Engineering Manager, AAT Composites*

*Wouter Gerber, Project Leader, Process Development, Aerosud*

*Deon de Beer, Chief Director: Technology Transfer and Innovation Support, North West University*

*Pontsho Maruping, Group Executive: Industrial Sectors, Technology Innovation Agency*

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### **Breakaway Panel 3:**

#### **Procurement for Manufacturing Growth including Skills Development**

It is widely acknowledged that there is a shortage of skilled manufacturing workers in South Africa. At a time when unemployment in the country remains stubbornly high, and while the South African manufacturing sector is hoping for a renaissance through the Industrial Policy Action Plan, having a shortage of skilled workers is a serious challenge. Companies want to have workers who are proficient in general and expert skill sets and it is incumbent upon the job candidates to obtain these skills at their own expense. However, more job- and firm-specific skills can be taught to these workers through time-limited internships/apprenticeships in conjunction with formal skills-related educational programmes, thus easing the burden on employers to field these costs and allowing employers to observe the performance of potential employees. In the longer term, employers will need to offer an appropriate market rate of pay to retain quality employees.

Key discussion points:

- *The role of on-the-job training for manufacturers and factory workers.*
- *The role of government and IPAP in ensuring that manufacturing is a lucrative skills-attractor.*
- *Government rebates and incentives for manufacturing companies that will encourage skills development.*
- *Procurement of local versus international skills for manufacturing jobs.*
- *Special schools to up-skill manufacturing workers.*
- *Companies and government apprenticeship programmes.*
- *The cost and investment required to maintain a skilled workforce.*
- *The case for localisation in manufacturing*
- *Leveraging transversal term procurement to promote industrialisation*
- *Researching economic price differentials for goods designated for local procurement*
- *Current challenges & how they can be overcome*
- *Getting South Africa's workforce to work (productivity)*
- *Local skills development and transfer*
- *The role of socio-economic development in communities in developing a skilled workforce*
- *Manufacturing of local goods and getting consumers to buy South African goods*
- *The need for a strong above the line buy local campaign*

Moderator:

*Imraan Patel, Deputy-Director General; Socio-economic Innovation Partnerships, Department of Science and Technology*

Panel Members:

*Fikile Mhlontlo, Group Financial Officer, Denel Group*

*Vic van Vuuren, Director, Southern Africa, International Labour Organisation*

*Reuben Olifant, Director of Lawrence Global and Chairperson, Tshwane East Manufacturing Incubation Centre*

*Dr Raymond Patel, Chief Executive Officer, merSETA*

*Andries Tshabalala, Group Executive Director, Actom*

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### **15:00 Refreshments**

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### **15:30 Breakaway Panel 4: Towards a Focused Export Strategy**

South Africa's export performance since 1960 has been rather disappointing on a global level. Although exports have grown in absolute terms over the past 60 years, exports per capita have barely been higher than they were in 1960. This export performance is extremely poor when compared internationally, but how does this fare if we consider emerging economies? South Africa's comparative advantage in exports is concentrated in mining and metals. The principal sectors showing large net exports are mining (gold), coal, other mining and basic iron and steel. Other net exporters are rather small (agriculture, beverages, tobacco, and refined products). Sectors such as automobiles, other machinery & equipment, other transportation, food, and leather products are exported in large amounts, but are offset by even larger imports of those goods. It is only in mining, specifically gold, platinum, iron ore, and coal, that South Africa has large net exports. The Department of Trade and Industry's Industrial Policy

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Action Plan (IPAP), is a target-oriented policy that can level the trade balance through focussing on the development of sectors with high employment and growth multipliers.

**Key discussion points:**

- How South Africa can increase and diversify its exports
- How South Africa can increase the sophistication of its exports
- IPAP's export trade policy
- Producing quality goods quickly and cost-effectively
- South Africa's trade deficit and
- Rand volatility and weakness and its advantages for exporting
- Innovation in manufacturing and its role in improving export volumes

Moderator:

*Mandla Kuzwayo, South African Electrotechnical Export Council (SAEEC)*

**Panel Members:**

*Henk Langenhoven, Chief Economist SEIFSA*

*Pumla Ncapayi, DDG, Trade and Investment, the dti*

*Peter Draper Senior Research Fellow, South African Institute of International Affairs (SAIIA)*

*Guy Imbert, CFO/COO, Rifle-Shot Performance Holdings*

*Colin Mowatt, Chief Financial Officer, SAPPI Southern Africa*

**Panel 5: Africa - The New Growth Frontier**

The case for manufacturing in Africa has become stronger and stronger. Africa has been enjoying growth rates between 4 and 6%. An increasing share of Africa's manufactured exports goes to developing countries. Emerging partners other than China take more diversified imports from African countries than traditional partners, and increasingly so. By contrast, the share of miscellaneous manufactured goods in Africa's exports to the European Union's original 25 members, the United States and China has actually decreased since 2000. New opportunities for diversification arise from the rebalancing of Africa's economic relations with emerging partners. Imports are becoming more and more expensive for Africa and African businesses and governments are under pressure to find viable ways to finance Africa's manufacturing industries so that Africans can rely less on imports and use their vast resources to grow their exporting prowess.

Key discussion points:

- The obstacles hampering the growth of manufacturing in Africa
- Mitigating & managing the effects of currency volatility in Africa
- Who are the African investors, where to find them & how to attract them.
- Unique opportunities for manufacturing investors in Africa.
- Building a business case for manufacturing in Africa.
- Africa's labour costs
- Driving innovation in manufacturing on the continent.

Moderator:

*Bronwyn Kilpatrick, Partner - Manufacturing Automotive Leader: Assurance: Deloitte*

Panel Members:

*Rob Morris, Group Executive, NAMPAK*

*Chifipa Mhango - Chief Economist, Arcelor Mittal*

*Dr John Endres, Chief Executive Officer, Good Governance SA*

*Mike Whitfield, Managing Director, Nissan*

*John Smelcer: Webber Wentzel*

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**17:00 COCKTAIL RECEPTION**

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## DAY 2: Tuesday 20 May 2014

07:30 Registration

08:30 Breakaway Panel 6:  
Industrial Financing, Incentives and Private Sector Investment



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The South African government has provided incentives for value-added manufacturing projects, provided support for industrial innovation, improved access to finance, and provided an enabling environment for small business development. Industrial development zones have been established in close proximity to major ports and airports, offering world-class infrastructure, dedicated customs support and reduced taxation. But businesses and entrepreneurs still report that one of the biggest challenges to setting up manufacturing operations in South Africa is getting access to finance.

Key discussion points:

- What role can and should government play in the financing of manufacturing plants
- International examples of financing models that work for manufacturing
- How can government and business work together to support the local manufacturing industry
- What regulations and interventions can government put into place to boost manufacturing?
- Government subsidies for the manufacturing sector

Moderator:

*Peter Sullivan, President, Amrop Landelahni Sub-Saharan Africa*

Panel Members:

*Hector Molale - Hulamin*

*Tumelo Chipfupa, Director, Cova Advisory*

*Maurits Perold, Chief Executive Officer, Green Habitat*

*Vuyani Keleme, Assistant Director: Pharmaceuticals, the dti*

*Newton Cockcroft, Director, Deloitte*

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10:00 Refreshments

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10:50 Plenary Panel 2: The Mining and Manufacturing Interface

Is it viable for mining houses to work with local manufacturers from a perspective of supplies, construction and beneficiation to reduce costs, increase production and diversify South Africa's export offering? With South Africa's manufacturing sector desperately in need of a rebirth and invigoration, new ways of thinking are critical. Getting mining houses to work together with manufacturers could create more jobs, use the power of leverage, and allow both sectors to innovate in new and exciting ways with collaborate power.

Key discussion points:

- *Creating a successful mining and manufacturing interface model.*
- *The role mining houses can play in manufacturing.*
- *Diversification of mining assets.*
- *Cross-transfer of mining and manufacturing jobs and skills.*
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Moderator:

*Kgathatso Tlhakudi, DDG: Manufacturing Enterprises, Department of Public Enterprise, SA*

Panel Members:

*Matimba Mahange, Director - Underground Mining, Joy Global*

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**12:20 Lunch and networking break**

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**13:30 Plenary Panel 3: The Manufacturing Investment Environment - The Elephants in the Room (Electricity, Red Tape, Labour Relations/Productivity, Municipal Services, Policy Coordination)**

South Africa's manufacturing sector has been on a decline since the 1990s for a myriad of reasons including electricity challenges, high labour costs, low productivity, lack of policy coordination and red tape. Revitalising and boosting South Africa's manufacturing sector has been a rallying cry of the South African government and economists in recent years. Proponents tout the economic and social benefits of a strong manufacturing sector while urging government policymakers to enact policies that promote and foster its on-going development and growth. At the heart of such calls are the manufacturing sector's potential to be an engine for long-term job creation and a primary means of assuring South African competitiveness across globalised markets in which the South Africa competes.

Key discussion points:

- *Increasing flexibility and removing rigidities in the SA economy*
- *Identifying, overcoming and mitigating anti-competitive policies*
- *Macro-economic policies to boost SA's manufacturing sector*
- *Incentivising policies for investors*
- *Lobbying government & business for change & transformation*

Moderator:

*Evan Pickworth, Editor at Large, BDFM*

Panel Members:

*Siphiwe Ngwenya, Group CEO, Gauteng Growth and Development Agency*

*Dineshan Moodley, Executive: Industry Development: AIDC*

*Sello Mosai - Productivity SA*

*Nthabiseng Dube, Director Government Relations Southern & Central Africa, ABB*

*Roy Campbell, Partner, Deloitte\**

**15:00 Manufacturing Insights and the way forward**

**Conference Chair:** *Karthi Pillay, Southern Africa MFG Leader, Deloitte*

**15:30 Close of Conference**