

MEC MN MOKOENA SPEAKING NOTES FOR MEGDP CONSULTATIONS WITH ANGLO PLATINUM

5 July 2011

Good Morning, Abusheni, Dimashironi, Goie More!

Ladies and Gentlemen, I wish to start by thanking the management of Anglo Platinum under the able leadership of Mr N Nicolau as the Chief Executive Officer of the South African operations for responding positively to our request in pursuit of our strategic objective to consult with all players in the provincial economic space as we seek to finalise the Mpumalanga Economic Growth and Development Strategy (MEGDS).

Allow me to delve into the main purpose of our meeting today. We have, moving from a premise which says, South Africa has achieved many significant gains since 1994.

However, we are still confronted with several challenges mitigating against our Millennium Development Goals and at the core of these challenges are eliminating:

- Unemployment
- Poverty, and
- Inequality

What we need to do first is to build Local, Provincial and National consensus on the right way forward for the local communities, Province and National respectively.

It is almost impossible to finalise such a trajectory without critical national economic players such as Anglo Platinum and I am convinced that your inputs will go a long way in making Mpumalanga in particular and South Africa in general a better place.

For the record, South Africa has the 27th biggest economy in the world, accounting for almost 25% of the GDP of the entire African continent, and our JSE being the 14th largest in the world, with a total market capitalisation of R2.3 million hence amidst the challenges South Africa has much to celebrate on the economy and infrastructure, a base from which to build on. The problem is that this economy has not benefitted all South Africans.

We want to place at the heart of our economic transformation programmed a strong redistributive and transformative pulse aimed at closing the gap between the first and the second economy.

The economy must produce goods and services that uplift the material conditions of people as a whole. To achieve this, we needed to craft as a collective a new economic trajectory.

The Mpumalanga Provincial Government, through the leadership of the Department of Economic Development, Environment & Tourism (DEDET), is currently in the process of crafting the Mpumalanga Economic Growth and Development Plan (MEGDP), commonly known as the Provincial Growth Path.

This plan will form the basis for the provincial government's agenda to create jobs as well as fighting poverty and inequality.

The MEGDP is a strategic plan that is derived from the National Growth Path (NGP) framework and is adopted to focus on Mpumalanga's economic growth and development agenda for the next ten years, as a base for longer term growth and development.

The MEGDP's focus, as with the NGP, is towards the creation of decent jobs and the reduction of poverty and inequalities.

The draft Mpumalanga Economic Growth and Development Path identifies amongst others, challenges in the **labour market**, which are exacerbated by the **low levels of skills** and the high concentrations of unemployment amongst the **youth and women**.

It however recognises the strides made by government towards the provision of basic services but also identifies the growing income inequality and **low infrastructure investment in rural areas** as a legacy from the apartheid era.

To this end, the Province has set itself a target of reducing the unemployment level, which now stands at 30.8% (*in the 1st Quarter 2011*), to 15% in 2020.

This is a massive undertaking which will require the mobilisation of resources by all stakeholders, towards a common vision of a more equitable and inclusive economy. It is recognised that jobs will be created mainly through private enterprise activities but it is essential that government takes a more assertive role in directing as well as enabling the economy to grow in a manner that creates jobs on a large scale for the benefit of all.

A focus on the development of **priority sectors** in a manner that is inclusive and shared, the re-dressing of imbalances between urban and rural areas with respect to spatial development, sustainable human development in skills and health, regional co-operation and environmental sustainability anchor the direction which the MEGDP follows.

A set of JOB DRIVERS then defines the manner in which the jobs will be created. These job drivers are defined within the following framework:

1. Infrastructure for Employment & Development

2. Job Creation in Priority Economic Sectors as follows:

- Agriculture, agro-processing and forestry
- Mining and mineral beneficiation as well as energy
- Tourism and cultural industries
- Manufacturing (Tooling, plastics and chemicals, bio-fuels)

3. Developing new sectors of the economy namely in the Green Economy and ICT

4. Investing in Social Capital & the Public Service

5. Rural Development

6. Regional and International Co-operation

Allow me to revert back to item number 2 Job creation with a specific focus on the mining industry as Mpumalanga, together with Limpopo and the North West Province, is the key to South Africa's platinum mining industry. The Mashishing area is key for future development of the Province but we need to jointly make this development benefit our people to the maximum.

In this regard there are clear focus areas of discussion in the mining sector which include but not limited to:

- New and future developments in mining of PGM's (Platinum Group Metals).
- Beneficiation of these PGM's.
- Building of supplier capacity to the industry.
- Development of SMME and BBBEE around procurement from the mines.
- This one factor preferential local procurement of mine consumables has the potential to double and triple the number of sustainable jobs created in the Province over a relatively short period of time.

- We should consider accessing and allocating significant funds for improvement of mass logistics infrastructure in the province given the huge level of mass exports to the coast.

NB: Road and rail logistics interventions also have potential to create numerous jobs.

The MEGDP will work on principles of BBBEE, youth empowerment, the development of co-operatives and SMME's as well as the reduction of the costs of doing business and increased competitiveness. Environmental sustainability will underpin all efforts to advance the above.

Government will need to work together with business, labour and the broader civil society in order to achieve these targets. It is in this light that, government is engaging business, labour and civil society groups, in order to enhance **the** Mpumalanga Economic Growth and Development Path so that **it becomes** a blueprint for all in terms of taking this province **forward towards** economic growth, development, equity and inclusivity.

We intend, through these engagements, to reach consensus not only on the broad framework of the MEGDP, but to go a step further in identifying specific interventions which we all need to make either in a collaborative or in a complementary manner.

These interventions will need to come with realistic job targets and growth that that is designed to bring more of our marginalised into the mainstream economy.

At this point I will then allow Mr Kgaka to do a short presentation on the MEGDP draft document.

Thank You