

REMARKS BY THE MEC FOR FINANCE, ECONOMIC DEVELOPMENT AND TOURISM, MR PV MKHATSHWA, MPL, ON THE OCCASION OF THE PRESIDENTIAL IMBIZO BUSINESS MEETING HELD IN CAROLINA, CHIEF ALBERT LUTHULI LOCAL MUNICIPALITY

Friday, 20 May 2022

Programme Director/s;

President of the Republic of South Africa, His Excellency, Mr Matamela Cyril Ramaphosa;

Cabinet Ministers present;

Premier of Mpumalanga, Ms Refilwe Mtshweni-Tsipane;

Executive Mayor of the host District Municipality;

Executive Mayor of the host Local Municipality;

Colleagues in the Executive Council;

Councillors present;

Directors General and government officials present;

Representatives of organised business;

Members of the Media;

Ladies and Gentlemen;

Good morning!

1. Programme Director/s; thank you very much for affording me this ample opportunity to present to this august meeting, the *Provincial Economic Profile and Outlook*, to the President and to the Business community. As Province of Mpumalanga – *the Place of the Rising Sun* – we are indeed absolutely grateful to you, Mr President, for having

deemed it significant, to have an exclusive engagement with business formations in our Province.

2. This is because the private sector, in our view, is an important stakeholder to work with in our quest to drive the economy of the Province, and decisively deal with the persisting triple crises of poverty, unemployment and inequality. Business formations are, therefore, significant partners who must be engaged from time-to-time to exchange ideas on how to drive the economy and create the much-needed jobs, and ultimately extricate the mass of our people out of poverty through collaborated efforts.
3. This, Mr President, is consistent with the clarion call you made in one of your state of the nation addresses, that durable partnerships needed to be forged between government, business, labour, communities and civil society.
4. As such, the purpose of this meeting this morning, is for government to engage with the private sector; to understand their experiences and challenges; so that we can come up with possible enduring solutions.
5. But before we can engage, let me take this opportunity and share the *Provincial Economic Profile and Outlook* with you.
6. Programme Director/s; both the national and provincial economies had experienced some challenges, even before the emergence of the COVID-19 pandemic, and the lockdown made the situation even worse. This has resulted in the **contraction of 6.4% for South**

Africa's and Mpumalanga's economies by 6.4% and more than 7% in 2020, respectively.

7. The Gert Sibande District and the Chief Albert Luthuli Local Municipality also recorded negative growth rates of around minus 7% in 2020. This resulted in many crucial sectors, **such as construction, trade and tourism, manufacturing and transport being negatively affected**, with the consequence thereof being massive job losses.
8. The good news is that our economy is now starting to recover, given that the South African economy has recorded a growth rate of 4.9% in 2021. The latest economic data shows a lower provincial GDP growth of around 4% last year, with **a growth of just more than 3% for Gert Sibande and around 2% for Chief Albert Luthuli**, in the same period.
9. Key industries such as agriculture, mining and manufacturing performed well. There is, however, a concern especially about construction, which was the only industry that recorded a negative growth rate in 2021. This highlight the importance of rolling-out catalytic infrastructure projects, so as to stimulate growth.
10. For this year, we anticipate a growth rate of below 2% for our Province and the District, as well as in 2023, which is unfortunately lower than the annual growth rate target of 2% to 3% for the MTSF (Medium Term Strategic Framework) period up to 2024.

11. And for the Chief Albert Luthuli Local Municipality, a lower growth rate is however, expected, which is an indication that this local economy is not recovering well since the advent of the COVID-19 pandemic. What is clear is that the performance of industries, such as trade and tourism, mining and agriculture, will have a significant impact on the growth rate of this municipal area, in the next 2 to 3 years.
12. Programme Director/s; loadshedding, as well as the ongoing Russian-Ukraine conflict, do not do us any good; they remain high risk factor for the growth of our economy. The impact of the conflict is already visible in the higher oil and some food prices, as well as higher inflation and interest rates. In addition, the recent devastating floods in our neighbouring Province of KwaZulu-Natal, have also impacted negatively on the Provincial economy, given that the Durban port is, for example, crucial for some of our provincial exports like agricultural products.
13. Furthermore, the latest Quartely Labour Force Survey released by Statistics South Africa is not telling us a good story. It tells us that South Africa has recorded 479 420 job losses last year, with job losses in 8 of the 9 provinces, including our Province. Despite the economic recovery in most of the provincial economic industries in 2021, Mpumalanga also continued to record job losses in 2021.
14. In fact, the net job losses in Mpumalanga was very high at 95 617 in 2021, where job losses in industries such as trade (including tourism), finance, community services and manufacturing, can be highlighted. The more than 44 000 job losses were experienced in the informal

sector of the Province in the fourth quarter of last year, is a real concern owing to the significance of this sector, from an employment point of view.

15. This has, in fact, resulted in an increase in the Provincial unemployed rate which was recorded at 39.7%, according to the strict official definition, in quarter 4 of 2021, and at 52.4%, according to the expanded definition, and included discouraged workers, in the same period. Consequently, Gert Sibande District's unemployment rate increased to almost 30% (according to the strict definition) and almost 40% (according to the expanded definition) last year. Chief Albert Luthuli Local Municipality's unemployment rate was even worse at more than 37% (strict definition), and more than 50% (expanded definition).
16. Programme Director/s; what is more worrisome is that those affected in the main, are the youth. The strict provincial unemployment rate of youth of working age (between 15-34 years of age) was very high at 57.7% in the same period.
17. From these figures, it is clear that we must strengthen relations with the private sector, so that they can assist us to create the much-needed jobs for our people.
18. As the Province, we are currently implementing massive infrastructure projects, like the Mpumalanga International Fresh Produce Market and an SEZ in Nkomazi, anchored on our Economic Recovery Plan as the Province, which will create many jobs for our people.

19. I just recently visited a Black Industrialist project in Lothair in this Municipality, the FX Group, which manufacture wood panels, and the project will create many jobs for our unemployed youth. As government, ours is to ensure that these projects are supported at all costs.
20. We are also in the process of establishing two (2) Industrial Technology Parks – one in Secunda, for the petro-chemical, and another in Sabie for the forestry industry, amongst others. These projects might not be in this Municipality, but they are catalytic projects which will create job opportunities for everyone.
21. Accordingly, that is why as the Province, we will continue to work closely with business, labour and other relevant stakeholders in all sectors of the economy, in implementing our economic recovery blueprint, the MERRP (Mpumalanga Economic Reconstruction and Recovery Plan), and also to focus on labour intensive projects.
22. Programme Director; we will not leave anyone behind!
23. We will ***grow the economy of Mpumalanga together!***

I thank you!