

**KEY NOTE ADDRESS BY PREMIER DD MABUZA TO MPUMALANGA PROVINCIAL
ECONOMIC SUMMIT 15 OCTOBER 2009**

NELSPRUIT

Programme Director
Members of the Executive Council
Members of the Provincial Legislature
The traditional leadership of the Province, Amakhosi/Makgoshi
Executive Mayors and representatives of local government and SALGA in the province
Representatives of business, organized workers, and community structures
The Acting Director General of the Province, Mr. Mighty Mgidi
Board Members and CEO's of our provincial parastatals
Distinguished Guests from our province and beyond
Ladies and Gentlemen

Thank you for the opportunity to address this august gathering on the occasion of the Mpumalanga Provincial Economic Summit.

Allow me to begin by thanking the Multi Stakeholder Summit Preparatory team for their efforts in bringing us all here together to deliberate on the economic challenges that our province faces and to develop appropriate and far reaching responses in line with our commitment to a better life for our people.

With us today we have in our midst the leadership of a myriad of organizations from the length and breadth of our province. We have representatives from big and small business; our trade union federations COSATU, NACTU, FEDUSA and their affiliates; community leadership; and also officials representing the Mpumalanga Provincial Government.

It is an honour to be with you all as we give testament to the existence of a responsive provincial leadership collective that is willing to come together to develop concrete solutions to the problems that we face.

This Summit demonstrates fairly clearly that social partnership in our province has matured significantly. Gone are the days of finger pointing and lack of leadership.

Given the nature of the crises that we face we know that we have to sink or swim together.

Ladies and Gentlemen,

This Summit takes place against the backdrop of massive upheavals and uncertainty in the global economy.

As we all know the past year and few months has been a torrid period where the world suffered from a food crisis, oil prices reached record new highs of almost \$150 per barrel in July 2008, and an ensuing global financial crisis turned into a full blown economic downturn reported to be the worst since the Great Depression of the 1930's.

Our country was not spared of these developments though the consensus is generally that we were better off because of our sound financial and macroeconomic policies.

Following a negative 1.8 percent economic growth in the fourth quarter of 2008, our economy further contracted by a massive 6.4 percent and 3 percent in the first and second

quarters of 2009 respectively. The social costs of the resulting employment losses are also significant with our province seeing close to 40 000 jobs being lost between April and June this year alone.

In line with global trends, the outlook for our economy, jobs and poverty is certainly bleak. The International Monetary Fund is forecasting 1.1 percent shrinkage for the world economy this year and 3.1 percent growth next year. According to the World Bank, the number of people reaching levels of poverty is bound to increase by 90 million next year, while at least 59 million workers are estimated to join the ranks of the unemployed.

Employment losses are affecting all sectors of our economy, except for the public sector.

No community in our province is untouched by these extraordinary developments.

Our ability to achieve earlier stated targets on addressing developmental challenges must surely now be revised downwards despite our best intentions.

All over the world, leaders and communities are being called to revisit their policies and strategies in light of the new hurdles to progress and an unending jobs bloodbath.

The world will never be the same again. Some are even questioning the viability of the capitalist system as once conservative governments join the fray and move to nationalise their hardest hit companies including banks.

In light of these developments, and in the words of President Jacob Zuma at his inaugural State of the Nation Address in June,

“We take as our starting point the framework for South Africa's response to the international economic crisis, concluded by government, labour and business in February this year. We must act now to minimise the impact of this downturn on those most vulnerable”.

This framework guided the provincial Multistakeholder Summit preparatory team to not only reach agreement on immediate interventions to ameliorate negative impacts on the poor and vulnerable but to also ensure the establishment of mechanisms enabling solid economic performance in the future .

In our view the recent trends and outlook must call for a sense of urgency amongst the leadership of our province, as demonstrated by your presence at this Summit.

Our concerns about the impact of the economic downturn and local recession emerge not only from the numbers or statistics presented to us but from the very human costs of widespread unemployment loss and its attendant contribution, in the words of Juan Somavia of the International Labour Organization, ‘to great uncertainty, frustration and social instability’.

Programme Director,

This Provincial Economic Summit is another expression of the provincial government administration’s commitment to ‘decent work’ and to reducing decent work deficits that face our province.

As you will recall, decent work is one of the priorities that was outlined in the election manifesto of the ruling party, the African National Congress (ANC).

It is also a modern call to action in the spirit of the 1955 Freedom Charter’s declaration that “the people shall share in the country’s wealth”.

When we talk of decent work we refer not only to the number of jobs created but also the quality of those jobs.

Decent work implies better lives and livelihoods for families. It means increased and more stable incomes, productive employment, healthier and safer workplace and homes, and greater opportunities for creativity and entrepreneurship.

The reality of decent work deficits in our province is that whilst the provincial labour force has increased to 1.2million as of the second quarter of 2009, the number of the employed has actually declined.

Disappointingly, despite the presence of a dynamic trade union movement, working conditions in some sectors of the province including mining, agriculture, forestry and the services sector, also leave a lot to be desired.

The success of this Economic Summit we are hosting today and tomorrow therefore lies in our ability to set out a series of interventions that will generate sufficient decent work opportunities that not only absorb new labour market entrants but also make a dent in the numbers of the existing unemployed, many of whom are the youth and women.

Summit objectives

This Summit is being held following an extensive consultative process with provincial stakeholders.

The journey travelled in preparing the draft Summit Agreement and other relevant documentation has not been an easy one. Stakeholders have had to compromise and ensure that the final product reflects all their interests. For us, we draw inspiration from the willingness by all to sacrifice narrow sectoral interests for the greater good of the province.

The proposed Summit Agreement sets out three major objectives of our gathering

1. To establish and align provincial economic interventions with the national "Framework for South Africa's Response to the International Economic Crisis" as adopted at Nedlac but taking into account the unique features of the province and challenges it faces
2. To defend jobs and create an environment for the generation of many more decent work opportunities in the province
3. To respond to the specific needs of most affected sectors and individuals such as the youth, women and people with disabilities

It is my hope that as we leave the Summit tomorrow we would feel that we have made sufficient progress on all these areas and have set out the necessary processes that will ensure that our goals are met in the short, medium and longer term.

Protecting jobs

In line with our objectives we have chosen the theme for the Summit to be ***"Working together to protect jobs and create opportunities for individuals and communities through a diversified, growing, competitive and inclusive regional economy"***

No one here can understate the imperative of protecting jobs now more than ever before.

Our analysis shows that there has been a distinct and sharp rise in the number of retrenchments over the last 12 months and that the three largest job shedders within the province are agriculture, manufacturing and mining.

These statistics show that Mpumalanga has witnessed on average a more than 150% increase in the rate at which workers are retrenched, through the formal application of section 189 and section 189A of the Labour Relations Act (LRA), and across many sectors it is small enterprises (SMME's) who are burdened with most of the effects of the recession.

The proposed Summit Agreement presents an integrated and comprehensive response to these and other challenges we have identified through our analysis.

We instructed our negotiators in the Multi-stakeholder Preparatory Team to come up with a set of interventions responsive to the specific nature of the impact of the economic downturn and domestic recession on the provincial economy and with an emphasis on priority areas that are fiscally reasonable and likely to have maximum impact on the evident challenges.

On the whole we are encouraged by the draft proposals before us today.

Infrastructure Development

Accelerated rollout of provincial infrastructure investment proposed in the Summit Agreement includes four strategic projects that we believe will have major developmental impacts in the province. These include inter alia;

- The proposed Mpumalanga University
- Upgrading of major hospitals and establishment of a tertiary hospital
- Maintenance and upgrading of the coal haulage network
- Construction of an International Convention Centre (ICC)

The necessary business plans and feasibility studies associated with each project are short-term milestones that we hope will be achieved within the next few months.

Business can assist us as we seek to roll out these and other infrastructure projects. Engagement must certainly ensue to identify the role that the private sector can play in the successful delivery of public infrastructure in the province.

Land Reform and Agrarian Transformation

Ours is a rural province and we have prioritised land reform and agrarian transformation through the Comprehensive Rural Development Programme (CRDP) that the province will be launching shortly.

The province will also upscale the implementation of the Masibuyel' Emasimini programme.

These programmes are important for us as we seek to overcome food insecurity, alleviate poverty, and increase productive employment.

SMME and co-operatives development

The poverty alleviation and employment promotion potential of SMME's and co-operatives is generally well recognized and that is why they are prominent in our strategies for growing the economy of the province.

I am also happy to announce that only last week our parastatal MEGA signed a Memorandum of Understanding (MOU) with SEDA and Khula for a R12million fund that will provide funding to provincial SMME's to a maximum amount of R250 000 per project.

An urgent commitment that all parties support is also the launch and implementation of a provincial co-operatives strategy

Promoting labour absorption and retraining

Our commitment to the establishment of a provincial university linked to a tertiary hospital underscores our deliberate programme towards improving people's access to health and educational services which should increase their productive capacities and living conditions.

Furthermore we intend to support an upscaling of worker retraining initiatives through relevant SETA's and the Mpumalanga Regional Training Trust (MRTT), as a short-term response to the economic recession.

In our meetings with the private sector in the province it has also been apparent that there are many planned investment projects for the province with a potential to create jobs and improve the lives of many.

Through this Summit Agreement we are committing to working together with business, labour and communities to identify skills needs, and facilitate training and employment in projects such as Kusile (Eskom), the new mining development by Anglo Coal and Xstrata among others and in the expansion of the Maputo Development Corridor.

Summit Agreement implementation and launch of Provincial Development Council

We are aware of the concerns that many a time we gather in forums such as this Economic Summit but the follow through in terms of implementation remains only but a dream.

As a result this Summit Agreement is accompanied by a Plan of Action and Monitoring Grid which articulates the commitments made in the Agreement and outlines the strategies and activities to be undertaken by stakeholders.

This provincial administration is committed to a true social partnership which is an important pillar of all successful societies. It is our hope that this Economic Summit is a step towards fruitful relations between provincial stakeholders characterized by mutual respect and recognition of each other and our roles in the province.

Concluding remarks

Professor Amartya Sen, a Nobel Prize winner in Economics, in a recent contribution writes as follows;

“A crisis not only presents an immediate challenge that has to be faced. It also provides an opportunity to address long-term problems when people are willing to reconsider established conventions. This is why the present crisis also makes it important to face the neglected long-term issues like conservation of the environment....”

In my view Professor Sen is very relevant to the situation we face in the province and the critical discussions that we must engage in as we develop a way forward.

This economic crisis affords us to consider the reality that as a province we have consistently failed to match our potential.

For far too long we have not developed a common vision for the direction that the economy of the province should take.

This common vision is one that we need in order to be clear about the roles that we should all play as different spheres of government or as different sectors.

It is my fervent hope that with this Economic Summit we will build a platform for concerted efforts for a faster growing and inclusive competitive provincial economy.

It may be unrealistic to expect us to have all the answers as we leave tomorrow but the days of neglecting our destiny are surely over.

The journey is long let's get going

I thank you