



finance

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To **News Editors**
Journalists

The road often travelled, the economic outlook of the province

The recently established macro economic analysis unit in the department of finance will give us the important economic insights about the province which will help in better planning and allocation of resources to stimulate economic growth and effectively address socio-economic challenges in the province, *writes North West MEC for Finance Paul Sebegoe*. Hereunder is a synopsis of the provincial socio economic report outlook which indicates the gains and challenges registered by the province since the advent of democratic dispensation.

The North West economy is composed of three sectors of which the primary sector (mining) and the tertiary sector (community service) drive the local economy. The province alone produces a quarter (25.2 percent) of the national mineral output. The recent labour unrests within the mining sector had an undesirable impact in the provincial economy when the provincial Gross Value Added growth rate was -2.2 percent in 2009. This will have a lasting effect on the province's efforts to address developmental challenges in the province for some time. Given the sensitivity of the province's economy to world mineral prices, the North West needs to adopt a strategy that will diversify the provincial economy and rely less on mining sector for job creation and economic growth. The strategy needs to focus on income elastic or value adding activities such as agro-processing, tourism and manufacturing industries.

Despite the provincial economy recovering from the 2008/2009 economic down turn and increasing provincial expenditure, challenges of high unemployment and inequality remain high. The advent of the National Development Plan (NDP) vision 2030 is an ideal macro-economic framework in which the provincial government will attempt to achieve economic growth, create jobs and address inequality. The New Growth Path (NGP) identifies a number of growth areas

that needs to be explored in a short to medium term to unlock the growth potential of the country.

The recently published census data by statistics South Africa indicated a slight increase in the national population share of the province from 6,3 percent in 2007 to 6,8 in 2011. The rise in the growth of population poses fiscal stress on the provincial fiscus; this is true in many developing countries. Added to that, a positive relationship is observed between poverty and unemployment for both males and females. This implies that the provincial government is faced with a challenge of creating a conducive economic environment to create jobs for the rising unemployed population, thereby combating poverty.

Education remains critical for economic growth and development. Our province has registered an improvement in general access to education although there is still disparities between the gender groups, where women have now acquired higher levels of education compared to men. The participation of women in the economy clearly demonstrates that the country is moving towards an inclusive economic which is one of the fundamentals of the NDP.

Generally, employment has decreased in the third and fourth quarter of 2012. Reduction in employment has been recorded in private sector and agricultural sector which may be to both economic slowdown and the seasonality in the agricultural sector. For both official and expanded labour force participation, North West remains in the same region as Mpumalanga, Free State, Western Cape and Gauteng province. Various factors are likely to have contributed in the North West fairly high participation above 50 percent margin. This is explained by new entrants to the labour markets (graduates) and that some of the migration of economically active population finding residence in the province.

Access to health services has improved over the past years, although capital infrastructure and health care personnel need to be increased to improve accessibility by the unemployed and the population in the rural communities. The North West has experienced a decline in medical aid membership, particularly in the government sector. It declined from 14.7 percent in 2010 to 13.6 percent in 2011. The decline of employees that are not subscribed to alternative medical aid implies that the possibility of them utilizing the public health centres is high. Therefore health services required by the public are likely to increase thereby requiring government to increase capacity in the health sector in order to meet the demand.

Data shows that the percentage of households with access to piped water, flush or chemical toilet has increased. Households with both internet and cell phone access have increased significantly and number of households with access to electricity for cooking, heating and lighting has also increased.

North West is still faced with various socio-economic challenges which definitely require proper resource allocation. The effective, efficient and economic use of the provincial fiscus can improve the current socio-economic picture of the province.

Government has made it its business to ensure that the triple challenges of unemployment, poverty and inequality are effectively addressed and that every member of society will play their part to ensure that it is achieved.

The macro analysis unit has made available two detailed reports namely Provincial Economic Review Outlook (Pero) and Socio-economic Review Outlook (Sero). These reports provide a detailed analyses of the provincial economy and fiscal policy and socio economic analyses.

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