



**economic development
& tourism**

MPUMALANGA PROVINCE
REPUBLIC OF SOUTH AFRICA

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MEDIA STATEMENT

STATEMENT PRESENTED BY THE MEC FOR FINANCE, ECONOMIC DEVELOPMENT AND TOURISM, MR SIKHUMBUZO ERIC KHOLWANE, MPL, TO THE MEDIA AT EMNOTWENI SUN HOTEL IN MBOMBELA

Monday, 25 May 2015

Members of the media; good afternoon; and thank you for honouring our invitation to this briefing session. As always, we continue to appreciate and acknowledge the significant role you play by being the eyes and ears of our people, hence we believe that we must continue to partner and strengthen relations with the media. You are the mirror of our people, that is why we continue to value your contribution in assisting government to be accountable to its people. Thank you very much for providing us this platform to communicate to our people.

As you are aware, as the MEC for Finance, Economic Development and Tourism, I am also responsible for three (3) Public Entities, namely, **MEGA (Mpumalanga Economic Growth Agency)**, **MTPA (Mpumalanga Tourism and Parks Agency)** and **MGB (Mpumalanga Gambling Board)**, plus the soon to be listed **Mpumalanga Liquor Authority (MLA)**.

I have therefore invited you this afternoon, to brief you on a number of developments that have taken place within the Provincial Administration, in particular, in the Department of Economic Development and Tourism including its Public Entities.



1. Re-organisation of the Department

We are in the process of re-organising the Department, including its Public Entities. This involves clarifying the roles the Department must play versus what its implementing Agents (Public Entities) must play. Let me therefore take you a step back to explain why these Public Entities were created. Firstly, they were created **to improve and speed up access to government services**; secondly, **to advance government strategic policies on social and economic interventions**; and thirdly, **to adopt commercial and business principles in selected areas of government services**.

Thus they are supposed to perform the following functions on behalf of the Department and the Province:

- Infrastructure roll out (for selected projects);
- Commercialisation aspect in terms of agricultural value chain;
- Promote tourism;
- Attract Foreign Direct Investment;
- Perform environmental management for sustainable development; and
- Regulatory function in respect of the gambling and the liquor industries, amongst others.

As a result, more than **70 per cent of the budget allocation of the Department** goes to these implementing agents. We therefore had to go back to the drawing board to check how we can improve the way we deliver services to our people, including checking whether there are no duplication of functions. To this end, we have just concluded a **Comprehensive Turnaround Process** which includes re-designing or re-organising the Department to ensure that Public Entities are:

- Fit for purpose, both in terms of institutional capacity and alignment with priorities;

- Supported and over-sighted adequately in respect of operational and financial authority assigned to them. This has culminated in the establishment of a dedicated Unit within the Department to oversee the Performance of these Entities, amongst others.

This process will thus see some functions being transferred back to the Department from Public Entities, and vice versa, and this will require amendment of Acts to accommodate the function shifts, where applicable. Like I said, the process has been concluded and we are ready to submit the proposals to the Executive Council for approval.

2. Appointment of the Non-Executive Board of MEGA

You are aware that MEGA has been operating with an interim Board of Directors. This is now a thing of the past following the Executive Council's approval of **nine (9) members to serve as the non-executive Board of MEGA** for a period of **four (4) years** effective from 01 June 2015. It is my pleasure to announce and introduce the nine (9) members, and they are:

- (1) Mr Davies Mculu – Board Chairperson
- (2) Mr Fana Mlombo
- (3) Mr Mallele Petje
- (4) Mr Sandile Khumalo
- (5) Ms Moipone Malumane
- (6) Ms Gaylene Deiner
- (7) Ms Tshepiso Masenya
- (8) Dr Paul Lombard
- (9) Ms Sijabulile Makhatini

3. Extension of the term of office of the MGB Board

We have also extended the term of office of the current MGB Board pending the finalisation of all legal processes required in appointing new members to the Board. To this end, we have called for objections in respect of **four (4) candidates** proposed to be appointed to the MGB Board. In terms of section 6(3)(b) of the Mpumalanga Gambling Board Act, 1995 (Act 5 of 1995 as amended), as the Member of the Executive Council responsible for the administration of gambling matters in the Province, I am required to publish my intention to appoint such persons by disclosing their names and calling for public objections, if any, before such persons can be confirmed for appointment.

The stipulated **period for objections is 14 days** and thereafter if there are no objections, we intend to appoint the new Board Members for a **period of three (3) years, with effect from 01 July 2015**. The proposed persons are:

- (1) Mrs Patricia Zenani Norak Fakude-Nkuna (as Chairperson)
- (2) Mr David Sandile Skhosana (who is a legal practitioner)
- (3) Mr Mandlakayise Sam Mthembu (who is an expert in the tourism industry)
- (4) Ms Gaylene Anne Deiner (as a regional representative)

The other two (2) members are **Mr Robert Masambo** (from the Department of Finance) and **Mr Thabang Makwetla** (from the Department of Economic Development and Tourism) who are public servants and representing the shareholder (government) without extra remuneration. The names of these two (2) officials were **not** published for public objections as this is not a requirement for shareholder representatives. For now, we will only fill six (6) out of ten (10) positions in the Board, and this will enable it to function fully because it forms a quorum. The other four (4) positions will be filled at a later stage. In terms of the Act governing the MGB, one of the positions should be filled by a Chartered Accountant and the remaining three (3) by regional representatives to represent regional interest.

4. Progress on the appointment of the Non-Executive Board of the MTPA

We have recently also appointed another interim Board for the MTPA which is chaired by Mr William Lubisi. We will soon submit a request to the Executive Council, to appoint the maximum of eleven (11) Board Members for a period of four (4) years as stipulated by the MTPA Act.

5. Italy Investment Outbound Mission

During the recent official mission to Italy led by the Honourable Premier, Mr D.D Mabuza, we presented a number of investment opportunities offered by our MEGA to the Italians. They have shown an interest in investing in Mpumalanga and MEGA is currently following up with the interested parties. Like the Premier said when he briefed you after the trip and I quote, “MEGA is the bridge for investment into the Province. It is through MEGA that potential local partners including BBBEE will be facilitated and matched with Italian investors”.

As you are aware, our Province is in the process of establishing its own International Fresh Produce Market. We have thus during our visit to Italy, visited the Fresh Produce Market in Bari in the Province of Puglia to learn the best practices from the Italians.

Like in many parts of the world, the co-operatives and small business movement is very strong in Italy. They strongly believe in the potential of co-operatives to significantly contribute towards economic development and growth of their country. Our approach to this sector of our economy has also been improving, hence at the national level, the ANC-led government has established a specific Department to focus on Small Businesses. As a Province, we are strengthening our support to this sector because we also recognise and acknowledge its potential towards economic development, growth and job creation. One of the critical lessons from our Italy Outbound Missions was on **the operating model in respect of supporting small businesses and co-operatives.**

The Italian government for example, does not just fund isolated business plans without linkages to the value chain. Thus any bankable business proposed must answer critical questions on the input material, processing and distribution to the identified market, and this is something that has been lacking in our funding model. If for example, a co-operative wants funding to produce toilet paper, they do not just look at the proposal in isolation. They want to understand where the co-operative will source inputs, how the finished product will be transported (logistics), marketing issues and even to who it will be distributed. Based on this valuable lesson, it is our intention therefore, to improve in this area of our work moving forward.

6. Tourism Indaba 2015

Our Province has once again participated at the Annual Indaba which took place in Durban from 09-11 May. This platform has provided us an opportunity to market our Province to Africa. We hope to see the improvement in terms of international arrivals moving forward.

At the same time, we were able to meet with politicians from sister Provinces in order to strengthen our working relationship. I was able to meet with the Swaziland Minister of Tourism, Mr Jabulani Mabuza, to discuss the resuscitation of the dormant ***Triland Regional Brand***. The agreement in relation to the Brand was signed by the CEOs of the Tourism Authorities of Mpumalanga, Swaziland and Mozambique back in October 2009. At a political level, we have thus agreed that it will be beneficial for the tourism growth of our respective countries and the SADC Region, if this Brand was to be given a new lease of life. We will in due course meet with our Mozambiquean counterpart to take the matter forward. In the meantime, the Technical Team comprising officials from the three (3) Tourism Agencies will meet soon to prepare for the political engagement which will pave the way for the resuscitation of the Brand.

I also meet with the MECs responsible for Tourism in KwaZulu-Natal and Limpopo respectively, Mr Michael Mabuyakhulu and Mr Seaparo Sekwati.

In our meeting with MEC Mabuyakhulu, we discussed and agreed to collaborate through their ***East3Route Initiative***. This is because the objectives of their initiative are basically similar to our ***Triland Brand Initiative***. Our discussion with MEC Sekwati focused on finalizing the possible transfer of the tourism and economic properties and infrastructure which were affected by the cross-boundary changes between Mpumalanga and Limpopo. The infrastructure in question is situated in the Bushbuckridge area which now falls under Mpumalanga.

7. IMEX's Politicians Forum Meeting

We just returned from the Annual Worldwide Exhibition for Incentive Travel, Meetings and Events (IMEX) in Frankfurt, Germany where I also attended the Politicians Forum Meeting on the 19th.

The meeting discussed the following issues:

- How to translate the hosting of meetings and events into strong destination brands;
- How to ensure adequate infrastructure development and planning to secure far-reaching community impact;
- How are destinations translating the hosting of meetings and events into strong destination brands (Destination marketing);
- What steps are being taken to facilitate greater access, de-regulation and lower taxation (Breaking down the barriers);
- How governments are bringing together various government departments, local authorities and agencies to ensure cohesion when marketing their destination and bidding for events (cohesion); and
- What are event organisers looking for in a host destination and a host team (the Bidding Process)?

The Politicians Forum has acknowledged the role governments are playing in creating a conducive environment for tourism to thrive. We also focused on **'How we can attract big conferences and meetings to our areas'**.

We agreed that there should be strong collaboration between governments and the private sector in this regard. The issue of **Conventions Bureaus**, as critical vehicles to attract such events, was also discussed and stressed. We acknowledge that we are still lacking behind in this area as the Province, but we commit to harness this function, working with the private sector. We do have such a Unit within the MTPA, though at a small scale, but our focus will be in harnessing and growing it to be able to represent both government and the private sector.

In a nutshell, IMEX presented us a valuable opportunity to sell Mpumalanga as a tourist destination of choice within South Africa.

8. Invitation to the tabling of Policy and Budget Speeches

Before I conclude, let me take this opportunity to invite you to the tabling of our Policy and Budget Speeches. As you are aware, I am responsible for two (2) Budget Votes, that is, **Vote 3: Department of Finance** and **Vote 6: Department of Economic Development and Tourism**. The Budget Vote for Department of Finance will be tabled on the 29th of this month from 10 in the morning whereas the one for the Department of Economic Development and Tourism will be tabled on the 2nd of June from 10 in the morning as well. I hope you will honour these invitations and come and listen when we report back and table our plans for the 2015-2016 financial-year to the Legislature and to our people.

TOGETHER WE MOVE MPUMALANGA FORWARD

I thank you

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***Issued by the Communication Directorate
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