

POLITICAL OVERVIEW BY THE MEC FOR FINANCE, ECONOMIC DEVELOPMENT AND TOURISM, MR PS NGOMANE, MPL, DURING DELIBERATIONS WITH THE PORTFOLIO COMMITTEE ON THE THIRD AND FOURTH QUARTER 2019-2020 PERFORMANCE; APP AND BUDGET 2020-2021 OF THE DEPARTMENT OF ECONOMIC DEVELOPMENT AND TOURISM AND ITS PUBLIC ENTITIES HELD VIRTUALLY VIA VIDEO COMMUNICATION

Thursday, 11 June 2020

Good Afternoon/ San'bonani!

Chairperson and Members of the Portfolio Committee;

1. Thank you once again, for inviting us to interact with the Portfolio Committee, on the **Performance of our Department and our Public Entities, in respect of the third and fourth quarters** of the 2019-2020 financial year.
2. You have also requested that we should deliberate on the **Annual Performance Plans and concomitant budgets**, for the financial year ending March 2021.
3. Yet again, **we meet virtually** because of our commitment to play our part, in ensuring that we do not unnecessarily risk exposing each other from possibly contracting COVID-19.

4. Thank you very for not insisting to meet us in person. Although this is **business unusual, it appears it is the new normal now.**

5. As a norm, I am joined by the **Head of Department**, Mr Sarel Mtsweni; the **CEO of MTPA**, Mr Johannes Nobunga; **Chairperson of the MER Board**, Mr Mdoda Mbhele and the **CEO**, Mr Bheki Mlambo; and their teams of Senior Management.

6. I have been reliably informed that MEGA will not appear today, but only next week. However, my talk will also cover MEGA, as it is our implementing agent.

7. After I have presented my Political Overview, the **HOD and the two (2) CEOs will give a detailed account** of their respective Reports, APPs for the 2020-2021 financial year and the concomitant Budgets.

8. Chairperson; we meet today under a dark cloud – when people around the world, us included – continue to denounce the **senseless and heartless killing of George Floyd** by a police officer in Minneapolis in the U.S. We are in solidarity with our fellow African-American brothers and sisters in that country.

9. Here at home, we have learnt about the brutal and barbaric murder of **Tshegofatso Pule of Meadowlands** in Soweto, at the hands of a man. As men, we denounce this senseless and heartless murder of the young lady. We take **a stern stance against the murder of women** in our country; and we say NOT in our name!
10. May we bow our heads for a moment, **to observe a moment of silence**, in honour of the departed souls... *[I thank you!]*
11. George Floyd was laid to rest earlier this week, and Tshego Pule was laid to rest earlier today. **May their soul rest in eternal peace.**
12. On a lighter note, today is exactly 10 years since our country hosted the major world soccer event – the **2020 FIFA World Cup**. We reminisce about the soccer spectacular and the economic spin-offs it brought to our country and Province in particular.
13. Chairperson, the **emergence of the COVID-19 pandemic has changed our lives**; it has changed the way we operate, and the way we do business.

14. We can now confirm that **a new economy is developing** out there, where it will be normal to work from home and remotely, and **where e-commerce and on-line shopping**, for example, will become part of our DNA.
15. Unfortunately, the impact of this pandemic continues to **negatively affect our economic growth activities**.
16. The last time we appeared before the Committee, I indicated that our economic growth prospects show a **negative growth rate of between 3% to 5% this year**.
17. This has since been revised, as the latest research figures indicate that we will experience an **increased negative growth rate of between 5% and 7% this year**.
18. The most economic sectors and industries to be affected will be **construction, trade (including tourism) and manufacturing**.
19. Fortunately, **agriculture will be the least affected industry** due to the high demand for agricultural products, and this will at least **ensure that Mpumalanga is an important contributor to the food basket of South Africa**.

20. **Mining (and more specifically coal mining) will, however, not experience a huge negative growth rate this year, because many of the coal mines were operational during the lockdown period in order to provide coal to Eskom to keep the lights on.**
21. Chairperson, it goes without saying that the COVID-19 pandemic will **impact negatively on the triple challenges of poverty, unemployment and inequality.**
22. Consequently, **unemployment is expected to increase to a level of around 40% this year, and poverty to more than 50% (lower bound poverty line).**
23. Unfortunately, the **informal sector would still be the hardest hit**, and this is the sector which employs almost a quarter of the workforce in the Province.
24. To this end, it is anticipated that the Province will experience **job losses of around 100 000 this year, and almost 50% of these losses, will be in the construction and trade industries, including tourism and the informal sector.**

25. It is thus crucial that **government, business and other relevant stakeholders, such as labour, should join hands** in a period like this, to mitigate the negative economic impact of the COVID-19 pandemic.
26. As the Department mandated to steer economic growth initiatives and activities in the Province, we have a daunting task – more than before – of **ensuring the reversal of such negative impact.**
27. We are currently consulting all stakeholders, and even forming new partnerships with the private sector, like the financial industry, to **pave the way for Provincial economic recovery.**
28. In collaboration with the private sector, we are busy putting final touches to our **Provincial Tourism Recovery Plan.** The anticipated Plan will propose tourism activities which can propel the growth of the sector very fast.
29. The plan will present a wide range of proposals, including the establishment of the **Provincial Tourism Relief Fund,** to assist the thousands of tourism SMMEs.

30. The **relief will include the provision of both financial and non-financial support** in order to help the affected businesses to commence operations after the lockdown restrictions are lifted.
31. Rest assured colleagues, all our efforts – as you will hear from our plans – are **geared towards re-igniting our tourism sector, and all other sectors.**
32. This is because tourism remains one of our significant economic sector; **it is our gold mine** – it is the goose that has laid golden eggs for us until recently – and we must ensure that it recovers.
33. We commit that we will also do everything possible, **to assist our small businesses and co-operatives**, to weather the COVID-19 storm.
34. The impact of this pandemic is huge, but we must stay positive, and see it as a temporary setback. As Government, **we commit to do everything possible, to protect and change the lives of our 4.6 million residents.**
35. Chairperson, our Department, incorporating its implementing Agents – the three (3) Public Entities – was **unable to achieve**

all its targets in the period under review, particularly during the last quarter of the financial year, owing to the lockdown.

36. However, significant strides were made in fulfilling our mandate. We have even **secured funding to the tune of R65 million** from the National Department of Environment, Forestry and Fisheries, to complete infrastructure upgrades at our MTPA-managed resorts and attractions. The said upgrades will continue in the current financial year.
37. With regards to the regulation of the liquor industry, we were able to **conduct 1035 inspections** during the fourth quarter, which resulted in the identification of **183 non-compliant liquor outlets**. We have since **issued notices of non-compliance** to license conditions to those outlets.
38. I am aware that you are so much interested in the outcome of the **socio-economic impact of liquor** in the Province.
39. I can inform you that the Report has now been finalised, and we will soon share what the study found out with you.
40. The process of establishing Techno-Parks is going ahead, albeit at a slow pace, because of the **challenges relating to the acquisition of statutory compliance approvals**.

41. We are pleased that significant progress has been made at the **International Fresh Produce Market**, so far.
42. Construction work was unfortunately suspended when the country entered Alert Level 5 of the lockdown.
43. Work has since resumed at the site, following the lowering of the lockdown Alert Levels, and budgetary provisions has been made in the 2020-2021 financial year, to continue with the work.
44. Chairperson, I must also inform the Committee that the **Executive Council has resolved to transfer some functions from our Department** to other Departments.
45. Accordingly, the **Government Nutrition Programme** has been transferred from MEGA to the Department of Agriculture, Rural Development, Land and Environmental Affairs (DARDLEA), whereas **Creative Industries** has been transferred to the Department of Culture, Sport and Recreation (DCSR).
46. I can also report that we are in the process of **appointing new Boards for the MTPA, MEGA and the Nkomazi SEZ**. The term of office of the MTPA Board lapsed at the end of March

this year; whereas the term of office of the current Interim Board of MEGA will lapse at the end of this month.

47. For the Nkomazi SEZ, it will be a totally new Board as the Entity will be newly formed.
48. We will **announce the new members of the respective three (3) Boards**, as soon as we have received concurrence of the Executive Council.
49. Chairperson, having provided the Political Overview, may I now retreat and give the space to the **HOD, the MER Board Chairperson and two (2) CEOs** to provide the details of our Performance for the periods under review, including what we have planned for the 2020-2021 financial year.
50. ***Let's grow the economy of Mpumalanga together!***

I thank you!