

***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!**