

REMARKS BY THE MEC FOR FINANCE, ECONOMIC DEVELOPMENT AND TOURISM, Mr. PV MKHATSHWA, MPL, ON THE OCCASION OF THE MUNICIPALITIES AND THE MEC (MuniMEC) ENGAGEMENT HELD THE EHLANZENI DISASTER CENTRE, CITY OF MBOMBELA

Thursday, 21 July 2022

Executive Mayors;

Members of Mayoral Committees for Local Economic Development;

Acting Head of Economic Development and Tourism;

Municipal Managers;

Senior Management of the Department;

San'bonani!

1. Colleagues, it is indeed an honor to welcome you all, to this crucially important engagement between Municipalities and the MEC, aptly dubbed as **MunMEC**.
2. Of significance, is to mention and recognise that this is the first **MunMEC** since a new administration was installed, after the local government elections of 2021.
3. I take this ample opportunity and congratulate all of you, for your respective deployment in municipalities across the Province; I am particularly convinced that we will have a good working relationship, as we work collectively in our quest to service and improve the lives of the residents of our Province, Mpumalanga – *the Place of the Rising Sun!*

4. This *MunMEC* also takes place in during important month in the South African calendar, during what is dubbed **Mandela month**; it is during this month in which people the world-over, pay homage and celebrate the birth of the our first black democratically elected President, the global icon *Tat' uNelson Mandela*. In the context of public service, it is, indeed, significant that we must continue to emulate his values of selflessness, incorruptibility and ubuntu, as morally grounded principles, to be imbued by all of us in the public service.
5. *MunMEC* is an important and strategic platform, in the political context of intergovernmental relations, between municipalities and the MEC; it is in this platform where these two different spheres of government **join hands, and work together to deliver public goods, strengthen working relations, and make municipalities work.**
6. Again, we will use this interactive and strategic platform to enhance ethical and servant leadership; promote good corporate governance; and most importantly, be responsive to our people's needs. We are the only beacon of hope for our people; we dare fail them!
7. When you came into Office, we were already grappling with a myriad of socio-economic tensions, and the people we serve were battling with tensions of inequality and other socio-economic challenges; and again, the Black Swan events of COVID-19 pandemic had engulfed us. COVID-19 consolidated and heralded the displacement of many citizens from the mainstream economy; it ravaged our economy.

8. Our people were, thus, disproportionately affected, and they looked up to the democratic government to intervene and cushion them from the devastating impact of COVID-19 to their lives.
9. However, we did our best as the provincial government, working together with municipalities, through the **District Development Model (DDM)** to fashion-out acute responses to push back the effects of the pandemic on our people and the economy. We also introduced the **Mpumalanga Economic Reconstruction and Recovery Plan (MERRP)** – which seeks to develop and grow our economy. This Plan advocates for the roll-out of massive infrastructure projects which will re-ignite economic activities and create jobs for our people.
10. In this regard, we have already started with the implementation of the Recovery Plan, and presentations to be made in this meeting, will adequately articulate this statement with granular of details.
11. It is equally important to note that, as we were grappling with the elephant in the room (COVID-19) and its destructive nature, a geopolitical tension broke out between Russia and Ukraine in the Eastern Europe, and this had in many ways, undermined our efforts to recalibrate the economy and create the much-needed jobs.
12. There is other several contributing factors which have significantly delayed the rebuilding of the economy; some of these destructive events took place in other Province, like the July 2021 Unrests, which took place in KZN and in some pockets of Gauteng.

13. Consequently, our Province was affected because of the interconnectedness of our economic activities with these two provinces.
14. Colleagues, the ongoing electricity crisis is another major existential threat to the economy, and many factories are threatening to shut-down and lay-off workers due to the blackouts by Eskom, which affect productivity and financial sustainability of these business operations.
15. This has led to our Department being always inundated with calls from different businesses across the Province, seeking our intervention to curb this existential crisis.
16. One of the factories in Delmas, in the Victor Khanye Local Municipality, McCain Foods, has already reached-out to us to discuss the energy crisis, amongst others, so as to find an enduring solution to this problem of energy confronting their operations, which might lead to job losses, if not urgently addressed.
17. But there is work we are doing on an ongoing basis, as part of the implementation of our Recovery Plan, to have the energy crisis addressed; we recently convened a two-day Energy Summit in eMalahleni from the 24-25 May 2022, to discuss this matter.
18. Amongst other things, the hosting of the Energy Summit was a response to the Premier's State of the Province Address (SOPA) of 2022, wherein she committed that government would bring all relevant stakeholders together, to discuss and pave a way for the

adoption of the ***Just Energy Transition*** towards renewable energy. The Just Energy Transition provides the creation of massive new job opportunities in the green economy. The Energy Summit sought to achieve the following objectives; namely to:

- Support and create pathways for a “*Just Transition*” in Mpumalanga (social justice and equal opportunities);
 - Build and support a local green economy network and industry;
 - Provide policy support to entrench the Mpumalanga Province as a great place for green economy businesses;
 - Build relationships with financiers and financial institutions to understand the opportunity to deploy capital in Mpumalanga’s Just Transition;
 - Ensure appropriate, accurate delivery of green economy skills training and development;
 - Drive appropriate local content and trade opportunities for the manufacturing of green technology components;
 - Create an ecosystem of supportive of the Green Economy growing new jobs and new opportunities in the region; and
 - Create a platform for policy harmonization.
19. There are ongoing talks with Eskom to ensure the realisation of the establishment of the Just Transition Special Economic Zone (SEZ), which is earmarked to be built in the eMalahleni Local Municipality. This proposed SEZ will produce components to be used in the new energy production, and play a pivotal role in offering opportunities to local SMMEs and job creation.

20. To show our commitment in reviving our economy, we will during the month of August, **host the Provincial Economic Summit** in the Gert Sibande District, which will be led and addressed by the Premier. We will soon extend invitations to you, as you are a critical partner towards our economic development and recovery.
21. Working together with municipalities through the DDM approach in the Informal Economy space, we have revitalised conversations with informal traders, to share ideas on how to lift the sector out of informality; a presentation to this effect will be rendered, to assist us to collectively appreciate the challenges faced by the sector, and what needs to be done to address them.
22. One of the issues which I picked up in this regard, is the review of the municipal by-laws, which I am told started in 2018, and to this end, the process is still not finalised. It therefore behooves this *MunMEC*, to find a lasting solution to this context-specific matter because it affects the informal traders disproportionately.
23. In their current form, the said by-laws are not transformative and developmental for the informal economy, and if not speedily reformed, we might not be able to achieve the goals of addressing the perpetuality of the informality of the sector.
24. In the context of tourism, a sector which we have characterised as a goose which lays golden eggs for our provincial economy, it is not finding sufficient and desired expression in Municipalities; it is important to note that most municipalities do not have ***Tourism***

Desks or personnel dedicated to specifically deal with tourism sector issues.

25. In most cases, this function is situated within the Local Economic Development (LED) Units, and usually LED managers have a lot on their table to deal with, thus, it is **critically important that there is a dedicated person dealing with tourism**, so that the sector enjoys the overwhelming support of the municipalities.
26. Furthermore, it is also important that **municipalities revive and in other instances, establish LED Forums**, given that the existence and functionality of these LED Forums is pivotal in creating an enabling environment to ensure that there is effective economic development, investment attraction and retention.
27. The White paper on Local Government (1998) posits that, one of the key economic developments enablers includes effective stakeholder mobilisation, engagement, and management. And in my view, the effective stakeholder mobilisation by functional LED Forums is important for the demobilisation of mushrooming community structures, which are toxic and destructive in various municipalities.
28. We are mounting some work in the SMME development and support space through our SMME Roadshows, to engage SMMEs on their immediate challenges, and provide support through the donation of equipment to help the SMMEs to enhance their productivity and competitiveness.

29. The support of the Municipalities, in this regard, is of crucial importance; we need to work collaboratively through the DDM Model, with Development Finance Institutions (DFIs), to support initiatives of SMMEs, particularly the township and rural based entrepreneurs.
30. Our Public Entities, MEGA and MTPA, will in their respective presentations, cover some of the work they are doing with various Municipalities. They will detail mechanisms we need to employ to strengthen relations, especially on the industrial parks, investment portfolios, tourism infrastructure and the social compacts we need to forge, to ensure there are shared responsibilities in driving economic development.
31. Once again, thank you very much for attending this *MunMEC*, and I hope we will have productive deliberations aimed at making our municipalities effective instruments of local economic development. Our people rely on our collaborative efforts; we dare fail them!
32. ***Let's grow the economy of Mpumalanga together!***

I thank you!