

ADDRESS BY THE MEC FOR ECONOMIC DEVELOPMENT, ENVIRONMENT AND TOURISM, MR M.N MOKOENA, MPL, TO THE PORTFOLIO COMMITTEE ON AGRICULTURE, RURAL DEVELOPMENT AND LAND ADMINISTRATION; ECONOMIC DEVELOPMENT, ENVIRONMENT AND TOURISM

Tuesday, 08 May 2012

Chairperson of the Portfolio Committee, Honourable Member Refiloe Mahlobogoane;
Honourable Members;

1. *Feedback on the progress made: House Resolutions (2011-2012)*

Approved Organogram of the Department

We had finalised the new organisational structure for the Department, however, given our revised mandate, we still have to go back to the drawing board to review the proposed structure. The Department will henceforth only be responsible for **policy and strategy formulation, and co-ordination**. This we will do taking into consideration the organograms of our Public Entities.

Disposal of Zithabiseni

We have now taken a decision to transfer the Zithabiseni Resort to the MTPA.

The Provincial Growth Path (*the MEGDP*)

We have finalised the Provincial Growth Path – the *Mpumalanga Economic Growth and Development Path*, which has since been adopted by the Executive Council. We are currently in the process of finalising its Programme of Action to enable us to move faster, once approved by the Executive Council.

MEGA

With regards to *MEGA*, we have now appointed the new Board, whose membership comprises qualified and knowledgeable people, under the chairpersonship of Mr Jerry Vilakazi. The merger task team has also completed an interim structure, which will pave the way for the listing of the new entity in terms of the *MEGA* Act of 2010. The new Board and the soon to be appointed CEO will take over the process of coming up with the final organisational structure, which will take into account the additional mandate of bulk water and sanitation infrastructure provision.

MTPA

We have also filled all vacant positions within the Board of *the MTPA* and believe that the situation at the entity will now improve. The Budget and Rescue Plan and the Turn-around Strategy are now in place. All outstanding funds due to the entity have been duly transferred as per the cash flow projections. In terms of the supposed unauthorised expenditure incurred by filling 121 posts, we can report that was a misunderstanding given that the 121 employees were not employed in the 2009-2010 financial year, hence our view is that there was no unauthorised expenditure.

In relation to fulfilling its tourism and biodiversity conservation mandates in the Province, as well as to take care of the infrastructure and operational needs at nature reserves under its management, the entity endeavours to perform these functions despite financial constraints.

However the current funding model has placed a major limitation on *the MTPA* to fulfil its legislative mandate. It has for the past 5 years, been dependant on grant funding that is on the decline. As a consequence, the MTPA has been unable to fully fund its programmes and operations.

It has now registered a R203 million backlog on Infrastructure maintenance and upgrade within the 25 protected areas under its management. The lack of investment in Infrastructure Maintenance and upgrade has had a major impact on the ability of MTPA to generate revenue and mobilize private sector investment.

2. Overview: Key Policy Priorities (2012-2013)

Our Key Policy Priorities for 2012-2013 financial year are based on **two (2) Outcomes**, namely Outcomes four (4) and ten (10).

Outcome 4 relates to *“Decent Employment through Inclusive Growth,”* whereas Outcome 10 relates to *“Environmental Assets and Natural Resources that are well protected and continually enhanced.”*

The Department must therefore, amongst others, ensure:

- Faster and more inclusive growth;
- More labour absorbing growth;
- Multi-pronged strategy to reduce youth unemployment;
- Improved support to small businesses and co-operatives;
- Enhanced quality and quantity of water resources;
- Reduced Greenhouse Gas emissions, Climate Change impacts and improved air quality;
- Sustainable Environmental Management;
- Protected Bio-diversity.

As pronounced by the Honourable Premier during the *2012 State of the Province Address*, “*we are committed to utilise infrastructure development as a catalyst for economic growth and the creation of jobs.*” This is in response to our government’s commitment to grow an inclusive economy at a faster rate.

As indicated earlier, our mandate as the Department would henceforth be to develop **policy and strategy, co-ordinate and track** economic performance within the Province.

Our primary focus therefore in the 2012-2013 financial year and beyond, will be based on ensuring implementation of the proposed *Mpumalanga Economic Growth and Development Path (the MEGDP)*. In this regard, we are in the process of finalising the **Programme of Action** for the MEGDP, together with our stakeholders.

The MEGDP proposes that we focus on exploiting sectors which have a huge potential to create the much needed job opportunities.

Finalise the merger of three (3) Public Entities

The process of finalising the merger of the old *MEGA*, the *MADC* and the *MHFCo* is almost complete. The merged entity now has an interim organisational structure.

Our priority is to finalise and wind up the activities of the *MHFCo* and apply for de-listing of the entity. This will pave the way for the listing of the new *MEGA* with the National Treasury, as it is a requirement.

Additional mandate given to MEGA

As Honourable Members are aware, MEGA has been assigned an additional responsibility to provide infrastructure for bulk water and sanitation in the province. We will work closely with the entity's newly appointed Board to ensure implementation of this additional mandate.

Jerking up of MEGA

We will focus on improving trade and investment promotion through MEGA.

Support to SMMEs and Co-operatives

More attention will also be given to the development of small businesses and cooperatives, since they are central in terms of realising the objectives of an inclusive economy. We will develop comprehensive support packages which can assist in creating viable and successful small businesses and co-operatives. This includes creating institutional mechanisms to enable SMMEs and co-operatives to access funding.

Sustainable Environmental Management

We will continue to review and authorize all environmental Impact assessment applications, as efficiently and effectively as possible, and in accordance with the NEMA regulations, to facilitate sustainable development in the Province. However we would love to register a challenge of inadequate financial resources in this regard. This also applies to environmental implications of mine prospecting and mine license applications, given that mining has significant impacts on the environment, and this issue is of great concern.