

OVERVIEW BY THE MEC FOR FINANCE, ECONOMIC DEVELOPMENT AND TOURISM, MR PV MKHATSHWA, MPL, DURING APPEARANCE AT THE SELECT COMMITTEE ON PUBLIC ACCOUNTS (SCOPA) TO DELIBERATE ON THE 2018-2019 AND 2019-2020 FINANCIAL-YEARS AUDIT OUTCOMES OF THE DEPARTMENT HELD VIRTUALLY VIA MICROSOFT TEAMS

Friday, 21 May 2021

Chairperson and Members of the Select Committee on Public Accounts.

Good Morning/ San'bonani!

1. Thank you very much, for affording me this opportunity to address the *Select Committee on Public Accounts*.
2. I am accompanied by the **acting Head of Department, Ms. Gugu Mashiteng**, and the Senior Management Team of the Department.
3. Chairperson, one would say the **Department was not stable** for a number of years, given that it did not have an HOD and the Chief Financial Officer (CFO).
4. For some time, it was operating with an acting HOD and acting CFO. This was, however, addressed during the 2018-2019 financial-year, with the **appointment of Mr. Sarel Mtsweni and Ms. Helen Thrush, as HOD and CFO** respectively.

5. Mr. Mtsweni's tenure as HOD, did not last long, because he has since been transferred to the Department of Social Department. This has again **left this critical post vacant**; and we have since filled the post by appointing Ms. Mashiteng – who is the Head Official of the Provincial Treasury – on an acting capacity.
6. The Office of the Premier will soon go on a recruitment drive to fill the position, given that Heads of Departments are appointed by the Premier.
7. Over the past two (2) financial-years under review, the Department had well-functioning **Risk Management Committee, as well as an Audit Committee**, which were both chaired by external and independent people who continued to keep us on check, and this has not changed.
8. Out of our three (3) Public Entities, only one (1) – **the MER (Mpumalanga Economic Regulator) – has a full-term Board**. The other two (2); namely, MEGA and the MTPA operative with interim Boards. We have, however, **requested nominations for people to serve in the Boards** of these two (2) Entities, as well as in the Board of the **newly established Nkomazi SEZ Entity**.

9. We will soon seek concurrence of the Executive Council to appoint people to serve in those Boards, once all internal processes are concluded.
10. We are delighted that the Nkomazi SEZ Entity was finally registered on 09 December 2020, as a State-owned Enterprise, under the name: **Mpumalanga Nkomazi SEZ SOC Limited (Registration No. 2019/449561/30)**.
11. We have further **established the Project Management Unit for the SOE**, and subsequently staffed it with five (5) professionals.
12. The Environment Impact Assessment (EIA), which paves the way for the construction of the SEZ, is now in place; and the township establishment process, for this purpose, is in the final stages.
13. Chairperson, there are evident signs that, governance issues within the Department, have improved significantly, over the past two (2) periods under review.
14. As a result, the Department has received **unqualified audit outcomes**, albeit with matters of emphasis, during the 2018-2019 and 2019-2020 financial-years.

15. What is encouraging is that the **'matters of emphasis', have gone down significantly**, following the latter audit outcome.

16. The 'matters of emphasis' raised by the Auditor General have, in the main, been **attributed to the shortage of personnel in the Supply Chain Management (SCM)** unit of the Department. The Department has, for a number of years, operated without dedicated personnel in that Unit.

17. We have now remedied the situation, by **appointing at least two (2) officials**, at Deputy Director and Assistant Director level, to strengthen the SCM Unit. The Assistant Director commenced work this past Monday, whilst the Deputy Director will start work on the 1st of June.

18. Chairperson, despite inadequate funding, our Department, through its implementing agents – our three (3) Public Entities – continue to carry-out its mandates as expected.

19. The **MTPA** continues to market and promote the Province as the tourist destination of choice; **MER** continues to regulate the gambling and liquor industries, including collecting revenue due to the fiscus; and **MEGA** also strives to attract investment into the Province, and provide support to small businesses, amongst others.

20. Through the MTPA, we have just recently **disbursed a total of 10 million Rands, as relief funding** to our tourism SMMEs.
21. This was in addition to the relief funding already provided through the **National Tourism Relief Fund**, which saw at least **238 tourism businesses from our Province** benefitting to the tune of 11 million, 900 thousand Rands (R11, 900.000).
22. The funding was meant to **provide relief to small businesses affected by the lockdown** due to the prevailing COVID-19 pandemic.
23. Having laid the foundation for our engagement this morning, the acting HOD and her team, will now provide further details to the issues raised by the Committee.
24. ***Let's grow the economy of Mpumalanga together!***

I thank you!