

REMARKS BY THE MEC FOR FINANCE, ECONOMIC DEVELOPMENT AND TOURISM, MR PS NGOMANE, MPL, DURING THE APPEARANCE OF MEGA BEFORE THE PORTFOLIO COMMITTEE ON PREMIER'S OFFICE; FINANCE; ECONOMIC, MPUMALANGA PROVINCIAL LEGISLATURE, CITY OF MBOMBELA LOCAL MUNICIPALITY

Tuesday, 03 September 2019

Chairperson and Members of the Portfolio Committee;

Good Morning/ San'bonani!

1. Once again, I appreciate this opportunity given to us, to interact with the Committee, and to deliberate on the **Performance and state of affairs at MEGA.**
 2. You are all aware of the **challenges that have been besieging this all important Entity**, which was specifically created to be the economic propeller of our Province.
 3. However, **I do not believe that we should throw the baby with the bath water.** You see, when you're busy bathing the baby, and it accidentally relieves itself in the water, you can't therefore, decide to throw the baby with the water.
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4. You will first remove the baby from the water, and thereafter throw away the troubled and affected water. That's what any responsible and caring parent would do.
5. Likewise, as a responsible and caring government, **we acknowledge that here are challenges at MEGA**; and we strongly believe they can be resolved. There are doomsayers who say MEGA should just close shop, but our approach is different, as we are still optimistic about the positive role it can play, in **our quest for economic transformation and job creation**; hence our assertion that, we cannot throw the baby with the bath water.
6. When we created this Entity, our intention was to **create a vehicle which will provide support to small businesses; and to facilitate foreign direct investment into the Province**, amongst others. Small businesses are significant in growing the economy, given that it is this so-called informal sector, which **creates more jobs** than the formal or big businesses.
7. Our preliminary assessment, therefore, has revealed that MEGA's problems could be caused by a deviation from its founding objectives. As a result, **there is a possibility that it is now suffocating from an overload of additional mandates** we have assigned to it, over the years.

8. It is, however, not all doom and gloom, as **we are turning the tide in relation to governance issues** at MEGA. You are all aware that when we previously appeared before this Committee, **MEGA did not have a Board of Directors, and three (3) of its Executives, including the CEO, were suspended** by the now dissolved previous Board.

9. I am pleased to report to the Committee that we have now **appointed an Interim Board for MEGA**, which will be in office for a period not exceeding six (6) months, as stipulated in the Entity's founding Act. This is part of ***My First 100 Days in Office* priorities**.

10. We **anticipate to appoint the full-term Board before the expiry of the term of office** of the Interim Board. The recruitment process, in this regard, is at an advanced stage.

11. We can also report progress relating to the matter of the three (3) Executives, as the **CFO and General Manager for Funding are now back at work, with the exception of the CEO**, who now reports directly to me. This arrangement will continue, until such time that I have concluded discussions with the Interim Board, on his future.

12. As indicated, with regards to operational challenges, we have identified some issues which we believe, hinder MEGA from fully achieving its legislated mandate. Here's what we believe we might rescue the situation:

- We **propose to take away the management of the Entity's Loan Book** because we believe that it is not properly managed. We need to scrutinise it closely and determine the reasons why MEGA fails to recover money owed to it.
- The matter is on the Agenda of the Executive Council, and will be discussed for proper guidance. I will update the Committee at our next engagement, once a decision has been taken, in this regard.
- In consultation with the Premier and the Executive Council, we also intent to **review the mandate of MEGA** to streamline it with its founding objectives, as per its founding legislation. **We strongly believe that MEGA is still relevant, but should just be re-positioned** for better results. This is to ensure efficiency, and also to ensure that MEGA is not overloaded.

Over the years, we have given the Entity additional mandates, which could be the cause of its slow performance.

13. Chairperson, albeit some hick-ups, we are proud that commendable progress has been recorded by MEGA, with regards to the construction of the **Mpumalanga International Fresh Produce Market**. Our Department is working closely, and assisting MEGA **to fulfil all conditions set out in the Service Delivery Agreement**, to enable the release of the required funding for the project.
14. As previously indicated, the delay is caused by MEGA not fulfilling all agreed conditions, as it **has not submitted all the required Reports**. Unfortunately, we are not permitted release funds relating to the project, until all mutually agreed upon conditions have been met.
15. I want to make it clear to this Committee, that we are not intentionally frustrating this process, but we are doing so because **we are a responsible Department, which advocates for clean and good governance**.
16. If we **set-out and agree on certain rules and procedures, we must stick to them**, because that's what the Auditor General will judge us on.

17. **If we do not adhere to them, a clean audit outcome will continue to be elusive** from us. It will continue to be just a dream.

18. With regards to the Nkomazi SEZ, we are in discussions with the Provincial Treasury, to **register the Nkomazi SEZ Entity, as a Schedule 3D Public Entity**, as provided for in the PFMA. Discussions, in this regard, are at an advanced stage. It should further be noted that the **Nkomazi SEZ will become a subsidiary of MEGA**. Once the registration is complete, other processes, like the appointment of the CEO and the Board of the SEZ, will fall into place.

19. Chairperson and members of the Committee, **where there's a will, there's a way. It is our quest, therefore, to turn MEGA around. Zizo jik'izinto – trust me!**

20. Once again, let me express our appreciation for this engagement, as this guides us in doing our work.

21. ***Let's grow Mpumalanga together!***

22. **I thank you!**