

## REMARKS BY THE MEC FOR FINANCE, ECONOMIC DEVELOPMENT AND TOURISM, Ms. NOMPUMELELO HLOPHE, MPL, DURING THE INDUCTION WORKSHOP OF THE NEW BOARD OF THE MPUMALANGA ECONOMIC REGULATOR HELD AT THE MER OFFICES, WHITE RIVER, CITY OF MBOMBELA LOCAL MUNICIPALITY

**Tuesday, 06 February 2024**

Acting Head of Economic Development and Tourism, and the Accounting Officer of Vote 6 (Department of Economic Development and Tourism), under which the MER falls, Mr. Cain Chunda;

Chairperson of the new Board of the MER, Ms. Nomthandazo Shirinda;

Deputy Chairperson of the new Board of the MER, Mr. Dumisani Mahlangu;

Other new board members;

CEO of the Entity, Mr. Vusi Mtsweni;

Executives and Senior managers from the Department and MER;

### **Good morning/ Lotjhani!**

1. As the Executive Authority of the Department of Economic Development and Tourism, under which the Mpumalanga Economic Regulator (MER) falls, I am delighted to **welcome you as new board members** of our Public Entity.
2. We appreciate that out of the many other state-owned enterprises and public entities available, you chose to join *the dedt* family through MER. Congratulations on your appointment.

3. From today, until the expiry of your five-year term of office, you have now **officially assumed the roles and responsibilities, as non-executive board members of MER**. As the Board, you are now duly the Accounting Authority of the Entity.
4. At the onset, I must clarify that I am fully aware that the Board reports directly to the Member of the Executive Council responsible for the administration of the Mpumalanga Economic Regulator Act of 2017, in this case, myself, and that the CEO reports to the Board; hence I **request that the Board should not hide behind legalities**, especially when we deal with reports and associated issues.
5. When I was acknowledging the people in our midst at the beginning of my talk, I **intentionally mentioned that MER receives its operational budget under Vote 6**, which is the Department of Economic Development and Tourism, whose Accounting Officer is the Head of Economic Development and Tourism.
6. I said that because I wanted the new Board to note that the budget for Vote 6 is actually allocated and appropriated by the Provincial Legislature, under the responsibility of the Head of Economic Development and Tourism.
7. And notwithstanding that MER, like other two (2) of our public entities, have their own Accounting Officers, the **HOD, in essence, has been entrusted with the overall responsibility to manage and oversee the utilisation of all funds** allocated to the Department, incorporating its Public Entities.

8. This essentially means that it is the **head of the HOD which would be on the table, if things did not go right**. So, I expect that when he, in the current case, requests accountability from MER, **he should not find it difficult to receive the information**, as would be requested. I know you are new, but I am just raising this matter because it happened to be contentious in the past.
9. I am aware of previous instances, where the HOD had requested certain information from the CEOs, and he or she would be told they can only access such information, through a signed letter from the MEC, addressed to the Chairperson of the Board.
10. When the HOD, as the Accounting Officer of the mother Department of MER engages the Entity directly, **he or she is doing so because they are duly authorised by the PFMA**; and further that he or she intends to achieve the same objectives set out by the Board of MER.
11. It should be noted that **we are not competing, but we are complementing each other**; we are moving towards achieving the same goal. So, legalities should only apply where they are really necessary; that is my main plead to you.
12. Chairperson and other members of the Board, having laid the foundation, the induction workshop of today was organised solely **to communicate and explain your roles and responsibilities**, as the non-executive Board of MER, and **to also communicate my expectations to you**.

13. As the Board, your role is to oversee and to ensure the implementation of: **(a) Section 3 of the Mpumalanga Gambling Act; (b) Sections 2 and 4 of the Mpumalanga Gambling Levies Act; and (c) Section 6 of the Mpumalanga Liquor Licensing Act.**
14. Above all, you are mandated to **advise the MEC responsible for the Mpumalanga Economic Regulator and the Executive Council**, on matters arising from the application of the Mpumalanga Economic Regulator Act, 2017 (Act. No. 2 of 2017), or relating to the control over the gambling and liquor industries in the Province.
15. This includes **furnishing relevant reports or making recommendations to the MEC**. Further details will be provided during this induction, if not provided as yet.
16. Coming to my expectations now; Chairperson, my political mandate, in the main, is **to grow the economy of the Province in general**, including ensuring that the previously or historically disadvantaged individuals also claim a significant stake, and meaningfully benefit from all sectors of the economy.

### ***MER as a regulator of the holistic economy***

17. As the Entity's name indicates, the **Mpumalanga Economic Regulator was strategically established to be a significant catalyst in regulating high impact economic activities** in the Province.

18. Accordingly, the Entity cannot focus on regulating only two (2) industries; it should, in fact, be **the real economic regulator by regulating all economic sectors and industries**. In this regard, I therefore direct that the new Board should urgently:

- (a) Look at **expanding its mandate to regulate other economic sectors and industries**, as was intended through the establishment of the Mpumalanga Economic Regulator, as the name suggests.
- (b) Once this process is concluded, **a report in this regard, must be submitted to the MEC**, which should also propose a few economic sectors and industries which could be regulated by the Entity within the next year or so;
- (c) **Produce a report on the number of liquor licenses issued**, per area and municipality, and indicate if there is already saturation of the market. This will assist in reducing the over proliferation of licenses within the same area.
- (d) **Analyse and produce a report on the jobs created, per municipality**, through all gambling and liquor licenses issued by the Entity in the Province.

19. All these **reports must be submitted within the next six (6) months** from now.

## ***Transformation of the gambling industry***

20. Chairperson, our government remain concerned about the slow transformation of the gambling industry; hence **we urge the new Board to focus on realising this illusive transformation**. It cannot be, that 30 years on, the historically disadvantaged individuals have not penetrated the industry. So, when new licenses are issued in future, it would be imperative for the **Board to focus on empowering the historically disadvantaged individuals**, as it endeavours to transform the gambling industry.

## ***Fourth Casino License***

21. The Board must also **focus on and conclude the process towards issuing the fourth casino license**, and make sure that this is **done in the spirit of transforming the gambling industry** Province. We need new entrants in the industry, from the historically disadvantaged individuals.

## ***Liquor Licensing Amendment Bill***

22. We urge the **Board and the Entity to make inputs on the Liquor Licensing Amendment Bill as a matter of urgency**, so that the matter is taken through the approval process. The Bill is crucial, as it is intended to improve revenue generation and collection by the Entity.

## *Proposed IT System*

23. MER, through the Board, should **provide a compelling case to the Department for the funds it requires to install an IT system**, which is envisaged to improve operations of the Entity. The Entity should also **nominate an official who will represent it in the Department's ICT Committee**, where the matter of the required IT system would be processed.

## *Governance*

24. Chairperson, as the mother Department of the Entity, we are excited that MER continues to **set an excellent 'good governance' example**, as it receives clean audit outcomes year-in year-out. We, thus, continue to congratulate the Entity, and expect it to continue making us proud, in this regard.

## *Closing*

25. As I close, I must emphasise that we are placing our hopes and trust on you, as the new 'kid on the block', **to keep the Entity on check and to retain it on track**, as it continues to implement its crucial economic regulator functions.

26. I truly appreciate that you have availed yourself for the induction workshop, and wish you fruitful engagement.

27. ***Leave No One Behind, as We Grow the Economy of Mpumalanga!***

I thank you/ Ngiyathokoza.