



**economic development  
& tourism**

MPUMALANGA PROVINCE  
REPUBLIC OF SOUTH AFRICA

# *Policy & Budget Speech*

**2023/2024**

**09 JUNE**  
**2023**  
**Friday**



**Ms NE Hlophe, MPL**  
MEC: Finance, Economic  
Development and Tourism

Let's grow Mpumalanga together!





**VOTE 6: DEPARTMENT OF ECONOMIC DEVELOPMENT AND TOURISM – POLICY AND BUDGET  
SPEECH 2023-2024 PRESENTED BY THE MEC FOR FINANCE, ECONOMIC DEVELOPMENT AND  
TOURISM, MS NOMPUMELELO HLOPHE, MPL, TO THE MPUMALANGA PROVINCIAL LEGISLATURE,  
RIVERSIDE PARK, CITY OF MBOMBELA LOCAL MUNICIPALITY**

***Friday, 09 June 2023***

***Salutations***

Honourable Speaker, Ms. Makhosazane Masilela;  
Honourable Premier, Ms. Refilwe Mtshweni-Tsipane;  
Honourable Chief Whip of the Majority Party, Mr. Fidel Mlombo;  
Honourable Leader of the Opposition, Mr. Collen Sedibe;  
Colleagues in the Executive Council;  
Honourable Members of the Provincial Legislature;  
Director-General in the Office of the Premier, Mr Makhukhu Mampuru;  
Acting Head of Department, Mr. Cain Chunda and all other HODs present;  
Chairpersons of the Boards and CEOs of our Public Entities;  
Representatives of the governing party in the Province, the ANC;  
Organised Labour and Private Sector Partners;  
The people of our Province, Mpumalanga – *the Place of the Rising Sun*;  
Distinguished guests;  
Members of the Media;  
Ladies and gentlemen.

***Lotjhani!***

***Introduction***

1. Madam Speaker; we are much thankful for the opportunity you have afforded us, to come and update this august House and the people of our Province, Mpumalanga – *the Place of the Rising Sun*, on the work of the Department of Economic Development and Tourism.





## Mpumalanga's Economic Landscape and Outlook

2. Let me begin by painting the *Economic Landscape and Outlook* for the future. South Africa and Mpumalanga are facing several global and domestic economic realities currently, which impact negatively on the economy and the lives of our people. The constant interruption in the supply of electricity is also making things even worse.
3. Nonetheless, both the South African and Mpumalanga economies recovered well in 2021, after huge contractions in 2020 due to COVID-19 related factors. The 2022 national growth rate was around 2%, although much lower than the almost 5% growth in 2021. The domestic economy expanded in only two of the four quarters of last year.
4. It remains a concern that key industries such as mining, construction and manufacturing experienced contractions in 2022. Agriculture was also struggling and just escaped from a negative growth rate in the same period. It is, however, encouraging that sectors like transport, finance and trade industries recorded high growth during 2022.
5. Looking ahead, the global economy is projected to slow further in 2023. South Africa's economic growth rate for 2023, including that of our Province, is expected to be below 1%; in fact, even closer to zero percent, according to the IMF and the South African Reserve Bank (SARB).
6. According to the latest Gross Domestic Product (GDP) figures released by Statistics South Africa earlier this week, South Africa's real GDP increased by only 0.4% in quarter 1 of 2023, following a decrease of 1.1% in the last quarter of 2022.
7. The more than 12%, quarter-on-quarter, contraction of agriculture in the first quarter of this year, is an indication of the challenges facing the agricultural sector at the moment. In general, other industries recorded a positive growth in quarter 1 although at a relatively low level.
8. During its recent meeting on 25 May 2023, the Monetary Policy Committee of the Reserve Bank indicated that energy and logistical constraints limit economic activity and increase costs, and it is estimated that loadshedding alone, will deduct two (2) percentage points from growth this year.



9. Despite the challenging economic growth picture, the Mpumalanga labour market performed well in the first 9 months of 2022. According to Statistics South Africa, Mpumalanga recorded net job gains of almost 150 000 during that period. The job gains in industries such as trade, including tourism and informal sector jobs, manufacturing and community services, can be highlighted, in this regard.
10. However, the low economic growth, as well as high risk factors such as loadshedding, impacted negatively on the Province's labour market in the last quarter of 2022 and first quarter of this year, resulting in net job losses of almost 60 thousand during the period October 2022 and March 2023. The huge job losses were in manufacturing and trade, as well as in agriculture and construction.
11. To this end, the **Province's employment level remained at 104 thousand, 640** in quarter one of 2023, short of the 1-million, 250-thousand employed people in quarter one of 2020, before the lockdown. This indicates that Mpumalanga has not yet fully recovered from the negative impact of COVID-19.
12. Consequently, the **provincial unemployment rate, according to the strict definition, has deteriorated from 36.1% % in quarter 4 of 2022 to 38.5% in quarter one of 2023**. This has resulted in the provincial unemployment rate of youth of working age also deteriorating to 52.1%, and more concerning is that of female youth, which is now recorded at 61.5%.
13. The low economic growth and the relatively high unemployment rates impact negatively on poverty and inequality in the Province, resulting in the **provincial poverty rate, according to the lower bound poverty line, now standing at around 50%**. This translates to more or less 2.3 million people being affected.
14. Consequently, 58% of households in our Province can, thus, be classified as poor, according to National Treasury's measurement. We really have to work harder to create jobs for the unemployed, especially for young people, women and people with disabilities. One of the important focus areas, therefore, should be on investing more on social and economic infrastructure.



15. Honourable Speaker; we all have a duty to make sure that Madiba's dream of building a economically prosperous South Africa, doesn't explode in our hands. We have the remaining few months of this MTSF, to coordinate all economic sectors in the Province, as we implement the Mpumalanga Economic Reconstruction and Recovery Plan, in order to increase the number of jobs created.
16. As the Department, we will work very hard with the District Municipalities, in implementing the District Development Model, to realise the economic development targets as outlined in the Premier's State of the Province Address, the Economic Recovery Plan and this *Policy and Budget Speech*.

### **Strengthening support to grow the small business sector**

17. Madam Speaker; when my predecessor stood before this august House last year, we committed to strengthen our support to SMMEs and cooperatives, and to even foster partnership with the private sector so that we can collectively make a huge impact in the growth of these businesses.
18. In this regard, our Department was able to forge such partnership with the private sector, and will continue to do so even in the current financial year, to enable our SMMEs and Cooperatives to participate in the private sector value chain in construction, mining, agriculture and tourism, amongst others.
19. We further ensured that our SMMEs and Cooperatives claim a stake in the procurement of goods and services, in the roll-out of all provincial infrastructure projects.
20. This did not end there, as we also assisted six (6) Youth and Women-owned Waste Buy-back Centres by donating machinery and capacitating them. The Department has also assisted SMMEs and Cooperatives in the agricultural sector with production inputs; assisted them to apply for incentive funding offered by *the dtic*; and further facilitated access to markets for them.
21. In partnership with the Small Enterprise Finance Agency, our Public Entity, MEGA, and the Mpumalanga Youth Development Fund (MYDF), we supported three (3) bakeries with equipment and trained four (4) brick-making and one (1) sewing co-operatives.



22. Out of the R250 million committed for a period of five (5) years of the Mpumalanga Youth Development Fund, MEGA has so far disbursed funds totaling 112 million rands within the two-year of the fund being operational. MEGA has also partnered with SEDA (Small Enterprise Development Agency) to provide post investment support, including technical and industry specific training to the Mpumalanga Youth Development Fund beneficiaries.
23. MEGA will also continue to manage the Mpumalanga Youth Development Fund on behalf of the Office of the Premier, and it is anticipated that disbursement to approved beneficiaries will amount to more than R80 million, as the Fund enters its third year of operation this financial year.
24. We further supported ten (10) black-owned tyre outlets to access markets in various municipalities, and we are currently in discussions with municipalities to allow SMMEs and cooperatives in the waste management space, to access their land fields so that we can promote recycling.
25. Madam Speaker; Honourable Members; if the previously disadvantaged people, especially women and the young people, are to access the various opportunities presented by the re-industrialisation and the green economy programmes, we have to invest heavily in the skills development initiatives that we have set in motion, as government.
26. Together with the private sector, we have to embark on intensive skills development revolution in order to build a concrete skills base for the Province. To this end, our Department is supporting two (2) incubation programmes; one in the area of stainless-steel fabrication; namely, the Mpumalanga Stainless Steel Initiative in the Steve Tshwete Local Municipality, and another in the wood industry; namely, the Furniture Technology Centre (Furntech) in White River in the City of Mbombela.
27. Madam Speaker; we have also consciously decided to be **biased towards women and youth-owned businesses**; hence we will push for the participation of these businesses in the textile, automotive sectors and the green economy, including sharpening their skills and facilitating access to markets for them.



28. MEGA and its strategic partner, Emerging Market Retail Estate, will also provide retail skills to the youth which will open opportunities for them to be employed in the retail facilities within the Kabokweni Shopping Centre in the City of Mbombela, and Siyabuswa Shopping Centre in Dr JS Moroka Local Municipality.
29. MEGA will also start revitalising industrial parks and shopping centres by prioritising the Tweefontein and Kwaggafontein Small Industrial Parks in the Thembisile Hani Local Municipality in the current financial year, so as to avail space to SMMEs.
30. With regard to foreign direct investment, MEGA will continue to undertake outward investment recruitment missions; undertake local and foreign trade exhibitions and missions; and interact with potential investors.
31. Our Department has also conducted various workshops and seminars on the BBBEE Code of Good Practice in our district municipalities, including assisting black-owned businesses to access funding from the dtic-run Black Industrialist Programme, and we will continue to do so in the 2023-2024 financial year.

### ***Growing the economy through re-industrialisation and localisation***

32. Honourable Speaker; the process of establishing the Petro-Chemical Industrial Centre of Competence in Secunda in the Govan Mbeki Local Municipality, and the Agriculture and Forestry Industrial Centre of Competence in Sabie in the Thaba Chweu Local Municipality is moving at an unfortunate slow pace.
33. What is outstanding for the Petro-Chemical Centre of Competence to be realised, is the finalisation of the legal requirements stipulated in section 53 of the Mineral and Petroleum Resources Development Act 28 of 2002, which is under the control of the Department of Mineral Resources and Energy. We will, however, continue to engage the Department with a view of addressing this bottleneck as a matter of urgency.





34. With regards to the envisaged Forestry Industrial Technology Park, the additional studies that were supposed to be conducted to finalise the work on the statutory requirements remain outstanding due to regrettable delays in concluding contracts. We commit to work harder and finalise these studies during the current financial year.
35. As far as the Mpumalanga International Fresh Produce Market, currently being constructed in the City of Mbombela, is concerned, we can report that infrastructure development will be completed by the end of November this year.
36. In relation to the Nkomazi SEZ, we can report that we made significant strides relating to corporate governance, township establishment, water use license and preliminary engineering designs of both bulk and reticulation infrastructure. The good news that we all have been waiting for, is that we have **registered a very solid investment pipeline for the SEZ, which is currently seating at 48, 2 billion rands.**

### *Seizing the potential of new economies for faster economic recovery and growth*

37. Madam Speaker; Honourable Members, we intend to exploit the potential of new economies, in particular the green economy, which is another driver to accelerate inclusive growth and job creation.
38. Thus, in seizing the potential of new economies, we **launched the Mpumalanga Green Energy Cluster Agency**, a non-profit company, as a special purpose vehicle to drive the implementation of the Mpumalanga Green Economy Development Plan. The Plan hinges on four pillars; namely, energy, water, circular economy and smart agriculture. In just the short 11 months since its launch, the Green Energy Cluster Agency has already partnered with private sector players to remove barriers, for the establishment of over three (3) gigawatts of renewable energy projects.
39. The Green Cluster Agency has also actively been working with municipalities in the Province, to promote sustainable development in areas such as regulatory frameworks and policies for small scale embedded generation; connecting renewable energy projects to the grid; energy efficiency in Municipal buildings; waste management and waste-to-energy projects; sustainable transport; and green procurement.



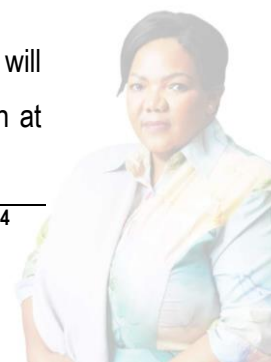
40. During the current financial year, our Department will capacitate the Agency so that it is better placed to build a strong energy cluster that will be able to drive the delivery of the Just Energy Transition Programme. This cluster will focus primarily on the repowering and repurposing of the Komati power station; wind energy; solar energy; biomass energy, hydro energy and hydrogen energy.
41. Evidently, this programme will provide a lifeline for the coal industry, subsequently saving many jobs that could be lost through the envisaged decommissioning of the old power stations.

### *Re-igniting tourism: The Province's gold mine!*

42. Madam Speaker; our Department, through its entity the MTPA, has a legislative mandate to sustainably manage and promote tourism and nature conservation in the Province. In pursuit of this mandate, the MTPA has started revitalising infrastructure at provincial nature reserves. The Entity has **erected a 24-kilometre electrified fence at Mthethomusha and Songimvelo nature reserves.**
43. An additional 60 kilometres of electrified fence is planned to be erected at the two (2) nature reserves in the current financial year. In our quest to retain and improve tourist spending at the Blyde River Canyon Nature Reserve, the MTPA has **constructed and completed a Coffee Shop** which can accommodate 45 visitors and will be operational during the current financial year.
44. Through collaboration and capital injection of 10 million rands from the National Department of Tourism, the **hospitality tourism facilities at the SS Skosana, Andover, Songimvelo and Manyeleti Nature reserves are currently being upgraded and revamped**, and the work is anticipated to be completed in the first six months of the current financial year.
45. An amount of **20 million rands has also been budgeted for infrastructure development** at the Barberton Makhonjwa Mountain World Heritage Site. This will include the **establishment of geo-sites with geo-trails, and the construction of an environmental education centre** which will depict and outlines the rock-formations and its layers.



46. Just to provide an update on the development of other much-envisaged new tourism infrastructure, we can report that the estimated **540 million rands private-sector funded Skywalk project will now commence in the last quarter of the current financial year**, as committed by the developer.
47. We will soon also **submit a Public Private Partnership application for a Cable Car project** to the National Treasury, to seek approval to call for potential private sector investors to submit proposals on the project. A feasibility study, in this regard, has been conducted and it is estimated that the investment on the project would be around 300 million rands.
48. Honourable Speaker; we also proudly commend our sister Department of Public Works, Roads and Transport, **for the excellent work done in rehabilitating and upgrading the roads in our tourism routes**, particularly roads in the Panorama Route and leading to the Manyeleti Nature Reserve. We commit to continue to work with the Department, moving forward, so that we can improve visitor experience and accessibility of our roads.
49. In strengthening our marketing efforts to position *Destination Mpumalanga* as the tourist destination of choice, we have **allocated an amount 18 million rands to the MTPA** for this purpose. The Entity also **embark on international destination marketing initiatives in Asia and Europe** in the current financial year, to showcase Mpumalanga's tourism, trade and investment offerings. We have just last month, led by the Honourable Premier, attended the IMEX Frankfurt tourism show in Germany to promote and market *Destination Mpumalanga*.
50. To accelerate regional tourism, the MTPA has established a relationship with *INATUR*, the tourism authority of the Republic of Mozambique, and the Eswatini Tourism Authority, under a marketing initiative coined the *TRiLand*. The *TRiLand* partners have identified collaborative events and platforms for joint marketing, where the partners showcase the diverse tourism experiences of each destination.
51. Our Province will host the 2023 annual *TRiLand* excursion for tour operators in Mpumalanga, Eswatini and Mozambique, to familiarise them with the tourism offering in our destination.
52. In our quest to transform the tourism sector in the Province, the Department through the MTPA, will sign a Cooperation Agreement with the South African Township and Village Tourism Association at



the end of this month. This Association represents township and village tourism organisations, and the Agreement to be signed is intended to encourage cooperation within the scope of the Parties' respective mandates, to deliver support to tourism enterprises operating in the townships and village tourism hubs.

53. Madam Speaker; the safety of tourists visiting our Province continues to be a priority for our government, as crime against tourists dents the good reputation of our Province locally and internationally. Thus, emanating from the resolutions of the Provincial Tourism Lekgotla held last year, our government has **established the tourism safety forum**, comprising key private sector players, Regional Tourism Organisations and the law enforcement agencies to work towards ensuring the safety of tourists.
54. And working with the private sector, we also **intend to establish a 24-hour hotline where tourists can report criminal activities directed at them**, so that swift response from law enforcement agencies can happen. I must highlight that the MTPA continues to provide excellent after-care support to tourists who become victims of crime, as and when such barbaric incidents occur.
55. The MTPA further continues to pursue the transformation agenda and advance the wildlife economy. This has resulted in the identification of five (5) Historically-Disadvantaged Individuals, who own conservation businesses, earmarked **to receive game donation from the Entity's managed nature reserves** for stewardship. This empowerment programme is implemented in collaboration with the Department of Forestry, Fisheries and the Environment, who are providing capital funding for fencing and road networks infrastructure to the identified products of the Historically-Disadvantaged Individuals.
56. On claimed land under protected areas, we're delighted that the **land claim of the Andover and Limington Community Property Association (CPA) was settled** in the 2022-2023 financial year, and title deeds were handed over to the claimant community. The MTPA is also working on facilitating the conclusion of land claims at the Songimvelo, Blyde River Canyon and the Loskop Dam nature reserves in the current financial year.





## Business Regulation and Governance

57. Honourable Speaker; modern economies and societies need effective regulations to support growth, investment, innovation, market openness and upholding of the rule of law. To realise this, the Department **continues to work with Municipalities to review street trading by-laws**, and has hosted a number of workshops to ensure proper coordination and support for development of the informal sector.
58. We're currently also focusing on **finalising the Provincial Informal Sector Policy**, so that we can ensure an integrated, structured and better coordinated intervention for addressing existing barriers towards informal sector growth.
59. In our mission to protect consumers from unfair business practices, we have through the Consumer Court and the Office of the Consumer Protector, **recovered 3-million, 94-thousand, 774 rands and 25 cents** on behalf of consumers, during the financial year ended March 2023. We will continue with this function in the current financial year, including strengthening our consumer rights awareness campaigns.
60. We also plan to **introduce the e-Case Management System**, for better handling of reported cases, so that we can improve our turn-around time on resolving consumer cases.
61. Honourable Speaker; we still subscribe to the notion that gambling in the form of casinos are still economic growth catalysts; hence we have now **reinstated the awarding of the fourth casino license**. We have, through our Entity, MER, received written expressions of interest, in this regard, and they are currently being evaluated.
62. As part of the MER's mandate of collecting gambling and liquor license fees, as well as gambling levies, the Entity **has successfully collected and transferred over 600 million rands** into the provincial revenue fund during the financial year ended March 2023. This is a notable increase of approximately 70% in comparison to the previous fiscal year.



63. The MER will continue to regulate both the liquor and gambling industries in the current financial year, including intensifying efforts to promote responsible trading practices within the liquor retail industry.
64. The Entity will also **conduct a comprehensive socio-economic impact assessment of gambling activities**, to ascertain and compare the current impact of gambling on local communities, and to evaluate the influence of betting on certain contingencies in the Province.

### **Strengthening governance in the Department and our Public Entities**

65. Madam Speaker; we would like to inform the House we are currently working towards filling the vacant post of Head of Department, and those of the two (2) Chief Executive Officers of our Entities; namely, the MTPA and MER. We will update the House once the three (3) positions are duly filled.

### **Budget Allocation (per Programme)**

66. Madam Speaker; the planned targets we have just tabled require accompanying funding for them to be realised. In this regard, the six (6) Programmes of the Department are proposed to be funded as follows:
67. **Programme 1:** Administration will receive an amount of **121 million, 952 thousand rands**.
68. **Programme 2:** Integrated Economic Development will receive **579 million, 619 thousand rands**. Included in this amount, is **262 million, and 4-thousand rands** to fund the requirements of MEGA; and **252 million, 93 thousand rands** to fund the Mpumalanga International Fresh Produce Market (MIFPM).
69. **Programme 3:** Trade and Sector Development will receive an amount of **87 million, 58 thousand rands**. Included in this amount, **52 million, 350 thousand rands** for the Nkomazi SEZ.
70. **Programme 4:** Business Regulation and Governance will receive **136 million, 734 thousand rands** which includes **112 million, 45 thousand rands** to fund the requirements of the MER.



71. **Programme 5: Economic Planning will receive 21 million, 927 thousand.**
72. And lastly, **Programme 6: Tourism** is allocated **523 million, 115 thousand rands**, which includes **514 million, 314 thousand rands** to fund the MTPA.
73. The total amount to be transferred by the Department to its public entities is **888 million, 363 thousand rands.**
74. As the Executive Authority of the Department of Economic Development and Tourism, I now request the House to consider and appropriate the total allocation of **One billion, 470 million, 405 thousand rands (R1, 470, 405, 000)** to fund the requirements of the Department (Vote 6) for the financial year ending March 2024.

### Appreciation

75. Madam Speaker; the strategic interventions I have just tabled, confirm that the governing and caring African National Congress is truly committed to turn things around, for the benefit of our people. I, therefore, would like to express my profound gratitude to the leadership of the ANC in the Province.
76. I also extend my gratitude to the Honourable Premier, for guidance and support. My appreciation also goes to my colleagues in the Executive Council; the Chairperson, Honourable Thomo and Members of the Portfolio Committee on Premier's Office; Finance; Economic Development and Tourism, for their support.
77. Many thanks also go to the entire *dedt* family, which incorporates our Public Entities, the support staff in the Office of the MEC, marshalled by the acting Head of Department, Mr. Chunda, for their commitment towards realising the mandate given to us by the ANC-led government.
78. Let me end by thanking my family, as they are the source of my strength, all our social partners, including organised labour, the private sector, and the people of our Province, for partnering with us in this journey towards economic recovery.



## Closing

79. *Mhlonishwa Somlomo, Njengoba konke sekukhulunyiwe kulendlu, namhlanjesi. Ngithanda ukusho bonyana, sizokuberega ngamandla, ukutjhugulula impilo zabantu bekhethu, ngokuvula amathuba womberego, khulukhulu **kuboMma, abantu'Abasha, nabantu abakhubazekileko,***
80. Madam Speaker; like the late first President of the democratic South Africa, Tat' uNelson Mandela once said and I quote: **"I am not an optimist, but a great believer of hope"**, unquote. I too, subscribe to this notion because if they did not, we would have not attained freedom in South Africa.
81. *Ngiyakholelwa khulu ethembeni, bonyana ngemva kwesihuruhuru, umkhanyo uzakavela, begudu impilo za bantu zizokutjuguluka, bangeze! baqaleleka phasi.*
82. **Akugabi nomuntu osalako; asithuthukise umnotho we Mpumalanga sisoke!**

**Ngithokoza kwamambhala!**







## NOTES

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# Policy & Budget Speech

2023/2024

