

VOTE 6: POLICY AND BUDGET SPEECH 2019-2020 PRESENTED BY THE MEC FOR FINANCE, ECONOMIC DEVELOPMENT AND TOURISM, MR PETRUS SIMON NGOMANE, MPL, TO THE MPUMALANGA PROVINCIAL LEGISLATURE, RIVERSIDE PARK, CITY OF MBOMBELA LOCAL MUNICIPALITY

Tuesday, 09 July 2019

Salutations

Honourable Speaker and Deputy Speaker;
Honourable Premier;
Chief Whip of the Majority Party;
Colleagues in the Executive Council;
Members of the Provincial Legislature;
Chairperson of the Mpumalanga House of Traditional Leaders;
Acting Director-General;
Acting Head of Economic Development and Tourism, and other Heads of Departments present;
Chairpersons of Boards of our Public Entities – MEGA, MTPA and MER;
CEOs of the three (3) Public Entities;
Representatives of Labour, Business and Civil Society;
Members of the Media;
Esteemed guests;
Ladies and gentlemen.

Good afternoon/San'bonani!

1. In the words of American author, Kenneth Blanchard, and I quote: *“There’s a difference between interest and commitment. When you’re **interested** in doing something, you do it only **when it’s convenient**. When you’re **committed** to something, you **accept no excuses [but] only results**”* – unquote.

2. I thought it would be appropriate for me, to start my presentation with those words, given that the **ANC-led government does not do things when it's convenient, but does them because it has always been committed** to do more in order to change the lives of our people.
3. Our country's **National Development Plan**, coupled with **Mpumalanga Vision2030**, recognise that faster, broad-based growth is needed to transform the economy, create jobs, and reduce poverty and inequality in South Africa.
4. Our quest therefore, as the ANC-led government, has always been about the plight of the people; I am talking about the unemployed youth who are in the majority; I am talking about aspiring entrepreneurs, small business owners and members of co-operatives within our communities. Yes, I am talking about businesses led by women in the rural areas and our townships.
5. If we do not commit to **collectively grow our economy**, we would fail to realise the commitments made by the caring people's liberation movement, the African National Congress. Unfortunately, that is not an option, our people solely rely on us to improve their lives for the better.
6. Our work as the Department, therefore, continues to be guided by **Outcome 4 which relates to 'Decent employment through inclusive economic growth'**.
7. In this regard, the **Policy and Budget Speech** which we are presenting this afternoon, is a blueprint of our commitments to transform our economy in our quest to create more jobs, reduce unemployment and eventually inequality within our communities.
8. I am thus humbled and honoured by the mighty **African National Congress**, for believing in me, and charging me with this daunting responsibility of leading, on the path towards economic transformation and growth. This is the responsibility I commit to carry-out with zoom and zeal, supported by **the dedt** family.

9. I heavily rely on the undivided support of the acting **Head of Department, Mr. Nathaniel Sebitso; the Chairpersons and CEOs** of our implementing agents, namely, MEGA (Mpumalanga Economic Growth Agency), MTPA (Mpumalanga Tourism and Parks Agency) and MER (Mpumalanga Economic Regulator), in fully carrying out this mandate.

Madam Speaker; Honourable Members;

10. We present this Budget Vote during a significant month in our country's history; the month during which we remember the founding father of our democracy – the first democratically elected President of South Africa – ***iSithwalandwe, Seaparankwe, tat' uNelson Rolihlahla Mandela. Aah Dalibhunga!*** May his soul continue to rest in eternal peace.
11. During this month, we **commemorate Madiba's selflessness** in fighting for social justice and humanity. As we celebrate the **10th Nelson Mandela International Day on July 18**, let us do so remembering that we also have a critical role to play in transforming our people's lives. We are called upon to collectively take ***"Action Against Poverty"***. ***Lend a helping hand to fight poverty; Take Action; Inspire Change; [and] Make Every Day a Mandela Day.***
12. This, thus, challenges us not to falter on our way towards economic transformation and growth, for the benefit of our people.
13. In addition, this is the month during which we are all reminded that we need to save for rainy days. July is ***Savings Awareness Month*** in our country, given that the culture of saving is disappointing. South Africans are not saving enough for their retirement. According to 2018 figures, only **14.7 percent of personal income** lands up as savings in South Africa, when compared to 45.7 percent in China; 30.5 percent in India; 29 percent in Russia; and 14.2 percent in Brazil. South Africa thus ranks the second last among G20 nations.

14. Reports indicate that household savings in our country **increased by a mere 0.1 percent** in the first quarter of this year – up from zero-coma-one percent in the fourth quarter of 2018. This is surely not adequate. We need to do better than this. We need to inculcate the culture of saving – starting from our households’ level – by encouraging our children to do so. It is even stressed in Proverbs 22 verse 6 that: ***“Train up a child in the way he should go, and when he is old he will not depart from it”.***
15. It is only when we teach them whilst still young, that they will realise the significance and benefits of saving for the future. When we up our savings rate, we will be indirectly injecting money into the economy and essentially growing our economy.
16. ***Let’s grow the economy of Mpumalanga together!***

Economic landscape

Madam Speaker;

17. It would be beneficial for me to provide the economic landscape of our Province. We table this *Policy and Budget Speech* in a **weak domestic economic environment**, and in a period of some global risks. Despite this, we are optimistic about the future of our country and our Province.
18. Let me share with you some of the economic realities we are facing at the moment, which require a response and action from Government, and all its social partners. According to the World Bank, trade tensions cast a darkening shadow over the global economic growth forecast. A range of triggers beyond escalating trade tensions could spark a further deterioration in risk sentiment, which include a “no-deal” withdrawal of the United Kingdom from the European Union, and a larger than predicted slowdown in China.

19. The recovery of the South African economy from a technical recession in the first half of 2018 was welcomed, but the recovery remains moderate with growth constrained by subdued demand, as a result of weak levels of consumer and business confidence.
20. The **South African economy shrunk by 3.2 percent in the first three (3) months of 2019**. Seven (7) of the nine (9) industries contracted, when compared to the fourth quarter of 2018. The largest negative contributors to the negative GDP (gross domestic product) growth in the first quarter of 2019 were **manufacturing and mining**.
21. In May this year, the South African Reserve Bank has further projected a **national growth of only one (1) percent for 2019 and 1.8 percent for 2020**. This is well below the NDP (National Development Plan) growth target of at least five (5) percent per annum.
22. The average annual GDP growth for Mpumalanga was 2.3 percent since 1995, achieving almost half of the growth target of five (5) percent per annum. The weak performance in especially the mining sector (of 1.1 percent growth per annum since 1995), had a very negative impact on the overall economic performance of the Province.
23. Looking at the situation since 2014, the provincial economy recorded economic growth of 2.9 percent in 2014, minus 0.2 percent in 2015, zero (0) percent in 2016 and two (2) percent in 2017. The high growth in 2017 was realised from the key industries like agriculture and mining. It is estimated that the 2018 economic growth was below one (1) percent at only 0.2 percent.
24. It is forecast that the provincial growth rate for the period 2018-2023 will be relatively low at 1.5 percent per annum. The provincial job creation and unemployment figures are also not looking good, due to the low economic activities in the national and provincial economy.

25. To achieve the **six (6) percent unemployment target rate in 2030**, Mpumalanga must create more than 100 000 new jobs per annum. The latest Quarterly Labour Force Survey (QLFS) of Statistics South Africa, showed that our Province recorded **net job gains of 12 thousand 279 on an annual basis**, between the first quarter of 2018 and the first quarter of 2019. **Job gains were experienced in the finance and the transport sectors**. However, there were some job losses experienced in the community services and agriculture sectors.
26. Unfortunately, Mpumalanga's unemployment rate **increased to a high level of 34.2 percent at the end of the first quarter of 2019** – making it the third highest among the 9 provinces.
27. This is a serious concern, and as a Province, we must respond to this challenge through all our economic plans and interventions. We owe this to our young people who are the future of this country and this Province.

How do we intervene?

28. Having provided the background to our economic landscape, I will now turn to present our interventions, which are aimed at alleviating the situation. As I indicated when I started, borrowing from the words of Kenneth Blanchard, “*When you're **committed** to something, you **accept no excuses [but] only results**”.*

Capacitating the Department and its implementing Agents by filling critical vacant positions

Madam Speaker; Honourable Members;

29. In order for the Department to perform optimally and be stabilised, we have prioritised to fill two (2) key positions – that of the **Head of Department** and the **Chief Financial Officer (CFO)** – **within my first 100 Days in Office**. In the interim, we have appointed people to act in those vacant positions.

30. With regards to MEGA – which is one (1) of our Public Entities – we are beginning to **stabilise the Entity by appointing an Interim Board**. The **ten (10) member Interim Board** which is **chaired by former PSC Provincial Commissioner, Mr DS Mkhwanazi**, will be in office for a period not exceeding six (6) months, as stipulated in section 7 sub-section 4 of the *MEGA Act, 2010*.
31. I have directed the Interim Board to address all issues affecting the Entity also **within my first 100 Days in Office**. We will, however, not wait for the Interim Board's term of office to expire, as we have begun the process to recruit members of the Entity's full-term Board.
32. Notwithstanding all these interventions we are putting in place at MEGA, you will all agree with me that the ever-evolving culture and technology are a clear indication that nothing remains relevant forever. The reality is that the way we used to do things twenty (20) years ago has surely changed. Accordingly, we strongly believe that **MEGA needs to be re-engineered to make it relevant for today's situations**.
33. It is our intention, therefore – working with MEGA's Board – to re-evaluate MEGA's operations, and come up with new ways that will ensure that our business people and aspiring ones are serviced better. This will also require us to **strengthen our investment strategies** in order to bring more investment to our Province, and consequently opening up new job opportunities for our people.

Strengthening support to the small business sector

34. Our interventions are thus aimed at **'transforming the provincial economy and job creation'** – which is one of the seven (7) priorities of the sixth administration, announced by President Cyril Ramaphosa when he presented the State of the Nation Address last month. This includes strengthening support to small businesses, as well as availing all economic opportunities to them, as directed by the Honourable Premier during her inauguration in May this year.

35. We commit to do just that, to ensure that **small businesses access business opportunities** in various sectors of the provincial economy. We have thus **partnered with the Department of Trade, Industry and Competition (*the dtic*) on the Agro-Processing Incentive Scheme** which is geared towards stimulating investment opportunities for agri-business enterprises.
36. To realise the targets of the **Mpumalanga Economic Growth and Development Path (MEGDP)**, there is a need to expand our industrial base, focusing mainly on beneficiation, agro-processing and value chain development. To this end, the Department's primary focus will be on the **establishment of four (4) Industrial Technology Parks**, namely, the **Petro-Chemical industrial Technology Park** in Govan Mbeki; the **Mining and Metal industrial Technology Park** in eMalahleni; the **Forestry industrial Technology Park** in Sabie; the **Agriculture Industrial Park** in Mbombela, and the **Nkomazi Special Economic Zone (SEZ)** in Komatipoort.
37. Let me quickly emphasise that these are high impact multi-year projects, with a huge potential to change the economic landscape of our Province, for the better. We will thus during this financial year, finalise the planning phase of all these projects – basically paving the way for the acceleration of the implementation processes.
38. With regards to the **Petro-chemical, and Forestry Industrial Technology Parks**, we will conclude, among other things, issues pertaining to ownership, statutory compliance requirements, strengthening of the investment pipeline and initiating skilling programmes of people with keen interests to participate in the opportunities presented by these projects.
39. We are concerned that **capacity constraints in the forestry industry** in our country – our Province included – results in almost more than half of the wood produced going to waste, and waste disposal significantly increases production costs. This is because of the **lack of innovation, research and development** in

this industry in South Africa, which has unfortunately resulted in a lot of timber being exported instead of processing it to finished products.

40. We must learn from countries like Finland, where the entire tree is processed into different products through the value chain, unlike in South Africa, where certain products are not manufactured from the forestry value chain owing to a lack of capabilities. The Forestry industry in Finland and other countries has matured to the extent that has been positioned as an economic driver, wherein it encapsulates the primary, secondary and tertiary processors with forward and back integration linkages into the broader economy.
41. In this regard, we believe that the **Memorandum of Understanding signed by South Africa and Finland** can come in handy, as we can **benefit from technology transfer, including skills development**. This could unlock more value chain opportunities such as bio-mass, bio-refinery and agro-forestry.
42. By implementing the **Mpumalanga Forestry Plan**, we can therefore source support from the agreement with Finland, as the plan has identified a number of opportunities in the value chain. We also believe that once the Forestry Industrial Technology Park is operational, it will eliminate the wastage as it will process a wide variety of forestry products. There are endless opportunities to be unlocked in forestry, and the industry can be positioned to be a significant economic driver.

Madam Speaker;

43. We strongly believe it will even benefit us more, **if the forestry industry can relocate its head office to our Province**, given that we are the major contributor to the industry. To this end, discussions have already started with SAFCOL to relocate their head-offices to the Province. SAFCOL has shown eagerness to relocate and be tenants at the Technology Park to be established at Sabie. Once the Technology Park is established, we believe other industry players will have an appetite to bring their offices to our Province.

44. As far as the **Mining and Metal Industrial Technology Park** is concerned, we are expecting to conclude a deal with **Highveld Steel** in the next few months, so that this asset could be utilised for the establishment of an Industrial Park. The pre-feasibility study has been conducted to determine the feasibility of the conversion into an SEZ, and the recommendation is positive.
45. The Department and MEGA are currently engaged in a process of rolling out '*The Project Initiation Phase*' for the project which will ultimately culminate into a bankable business plan. These parks will boost the provincial economy and create the much-needed jobs.
46. The mining sector is key to our provincial economy. Although this mandate falls under the purview of the National Department of Mineral Resources and Energy, we believe that the Province has a crucial role to play towards the growth and development of this sector. To this end, we will **resuscitate the Mining Forum** that was established in 2012. We will further, before the end of July 2019, engage the Minister of Mineral Resources and Energy, with a view of working together towards the realisation of this output.
47. It is our conviction that this Forum will provide all the relevant stakeholders a platform to engage and work in partnership, to grow the energy complex sectors. I will also **engage the Minister with a view of convincing him to re-open his Department's office** which was based in eMalahleni.
48. We are also in the process of setting up a **Special Economic Zone (SEZ) in Nkomazi**, which will focus on agro-processing, agro-logistics and servicing of lucrative export markets.
49. The Department, through MEGA, has accordingly **completed the Designation Phase of the Nkomazi SEZ**, and will now, as the licensee of the SEZ, implement the Interim Phase which includes the creation of the **SEZ Entity, the SEZ Board as well as the required Project Management Unit**, where after the development phase will commence. **More than eight (8) thousand jobs** would

be created during the construction phase, and ultimately many other permanent ones afterwards, as more than 100 new businesses are expected to operate once the SEZ is completed.

50. Furthermore, the Industrial Technology Parks and Special Economic Zones also include an element of incubation. We have assessed our incubators, namely **FurnTech, the Mpumalanga Steel Initiative (MSI) and the Mpumalanga Tooling Initiative (MTI)**, and are in the process of **establishing a Centre of Excellence** that will house the MSI, MTI and Welding Institute under one roof in order to enhance the incubator programmes.
51. The Steve Tshwete Local Municipality has availed land for this initiative, and the Department has commenced with a bankable business plan, in conjunction with the Municipality, for the development of the identified site.
52. With regards to the existing Industrial Parks owned by MEGA, the first phase of the **Industrial Park Revitalisation Programme**, led by *the dtic* (Department of Trade, Industry and Competition), have commenced with the **refurbishment of the Ekandustria Industrial Park to the value of 50 million Rands**. However, the **future of the Industrial Park – which is MEGA’s biggest source of revenue** – is giving us sleepless night. As you might all be aware, Ekandustria now falls under the jurisdiction area of Gauteng Province, following the 2016 re-demarcation of cross-boundary municipalities.
53. We want this matter to be finalised and put to rest by the end of my first 100 days in office – to **determine whether the Industrial Park will continue to be MEGA’s property or not** – hence we will engage our Gauteng counterparts in this regard. Depending on the outcome of the talks with Gauteng, if they do not go in our favour, MEGA might lose its biggest source of income, hence we will explore the possibility of acquiring a replacement property of the same or bigger magnitude.

54. At the same time, MEGA will **commence with the first phase of the revitalisation programme of Industrial Parks in Siyabuswa and Kabokweni** during this financial year. This is part of **reviving rural and township economies** by providing decent and affordable accommodation to small businesses and co-operatives, as directed by the Honourable Premier, when she delivered the *State of the Province Address* last week.

Madam Speaker;

55. Work on the **Mpumalanga International Fresh Produce Market (MIFPM)** is progressing well. The model of the **MIFPM hinges on four (4) pillars, that is, production, infrastructure, market and logistics**. The pillar of infrastructure development has gained more traction when compared to other Pillars. We can report that **Phase 1 of the Main Market – which dealt with the provision of bulk infrastructure – is now complete**. MEGA will now commence with the construction of top structures during the current financial year.

56. It is worth noting that during the construction of infrastructure and internal reticulation, approximately **one-thousand (1200) job opportunities were created** for our people. We estimate that an **additional two-thousand-five-hundred (2500) jobs will be created** in the next phase of the construction of the top structures.

57. With regards to the other mandate of MEGA, the Entity has over the last five years, **disbursed 78 million Rands** to various entities in various sectors of the economy. In the 2019/2020 financial year, **MEGA has planned to disburse further loans to the value of 28 million Rands (R28, 000, 000)** from own-funding. The Entity will also increase its disbursements significantly by strengthening relations with banks and other development finance institutions.

58. To this end, the Standard Bank partnership scope has been expanded to also include contracts from national government departments operating in the Province, as well as State-owned Entities.

59. **Attracting domestic and foreign direct investment** to drive prioritised strategic initiatives, is another one critical focus area for the Province. Subsequently, we have already engaged *the dtic* regarding the **establishment of a One-Stop Shop Investment Hub** in the Province. The One-Stop Shop will be housed at MEGA's Head Office, and the process to finalise this initiative is at an advanced stage.
60. We will further ensure that **more SMMEs and co-operatives, especially those owned by the youth and women**, participate in the **Social Enterprise Development Programme**, as directed by the Honourable Premier. Our plan is to see an additional **sixteen (16) SMMEs participating in the Programme**, as suppliers of accredited building materials to government and private sector programmes.
61. We will also continue to work very closely with other government developmental agencies such as **SEDA (Small Enterprise Development Agency), SEFA (Small Enterprise Finance Agency), IDC (Industrial Development Corporation), NDA (National Development Agency), NEF (National Empowerment Fund)** and other private sector institutions to assist small businesses and co-operatives to access markets, finance and other business development support services.
62. We will also accelerate coordination and monitor the implementation of the **SMMEs Strategy** in line with the growth path. Later in the year, our Department, in partnership with the National Department of Small Business Development and SEDA, will host the **2019 Annual SMME Stakeholders Summit**, which is a platform for our small businesses and Cooperatives to showcase their products and services to the rest of the country, and it will be an opportunity for them to network with other SMMEs.
63. In addition, we will facilitate the participation of our co-operatives at the **International Cooperatives Day Celebration and the National Cooperative Summit** which will be held in October 2019 in the Province of Gauteng.

64. The SMME sector is critical in stimulating economic development, and also a pivotal area in terms of innovation, skills development, entrepreneurship, labour-absorption and job creation. In this regard, the MTPA will also continue to provide support to the SMMEs in the tourism sector by way of market access and grading.
65. SMMEs require our support for sustainability, hence I would like to urge you Honourable Members and the public at large, **to make use of tourism establishments such as guest houses and lodges, for our meetings and accommodation purposes.** In so doing, we will all contribute towards reviving rural and township tourism, and consequently grow rural and township economies.
66. The fact that Mpumalanga is largely a rural province, and that poverty and unemployment in South Africa is mainly dominant in the rural areas, the tourism sector, therefore, becomes a solution to this challenge. In this regard, our Department will respond by **developing the Rural Tourism Plan** for our Province.
67. Rural tourism economy is an important aspect in the sustainability and livelihood of rural areas. This plan will unearth all the tourism opportunities that can be exploited in our townships and rural areas to improve the socio-economic conditions of the people of Mpumalanga. We will work closely with the Department of Cooperative Governance and Traditional Affairs and the tourism private sector to ensure that a clear and implementable plan is developed within three months from now.

Honourable Speaker;

68. We have tourism accommodation jewels in our rural areas and townships. One such jewel is **View Inn Exclusive Lodge – a three (3) star, 100 percent black-owned establishment, situated at Entokozweni township** near KaNyamazane – some 22 kilometres from Mbombela and 15 kilometres from the Kruger Mpumalanga International Airport. The Lodge officially opened its doors to the

public in October last year. It has **17 exclusive rooms with three (3) conference facilities with a capacity of up to 500 delegates**. It also provides day-visit activities such as swimming pools, a restaurant and a bar, and also offers Shuttle Services. Let me indicate that we have booked the facility to provide dinner this evening, to all my guests who graced this occasion. Allow me then, Honourable Speaker, to ask **Mr Mncedi Mthembu – the owner of View Inn Exclusive Lodge** – who is my guest this afternoon, to take a bow.

69. The survival and growth of this facility, squarely depends on our support. As government, we commit to assist them to access the market, skills development, and business mentorship by established businesses. We will further **facilitate that the 400 metre road leading to the facility**, which is not in a good condition, be upgraded. The facility currently employs 15 people, and this is anticipated to increase to 40 employees once it has expanded – which we are informed is something on the pipeline.
70. Likewise, another township tourism accommodation facility requiring urgent government intervention is **Skhandisa Lodge which is situated at Ngodini-Bhejukufa, Kabokweni extension four (4)**. Owned 100 percent by the Skhandisa Family Trust, the facility was established in 2008 for the purpose of providing accommodation during the 2010 FIFA World Cup. Although it has been graded a 3 star, the 18 roomed tourism accommodation facility has not survived to become what it was intended for. Its full capacity is not being utilised as it is only used for rental purposes by the community. Its 500-seater conferencing facility has now turned into a white elephant.
71. As the Department responsible to develop small businesses, working with the MTPA, we will come in and facilitate to ensure that this facility is revived as a tourism business. Once again, Honourable Speaker, I seek your indulgence and allow me to ask **Mr Dominic Mdluli** – who is the representative of the owners of the Lodge, and also my guest this afternoon – to take a bow.

72. As government, we will **continue to support such initiatives**, especially in our rural areas and townships, in order **to transform the tourism sector**. Furthermore, our view is that co-operatives are not just about the bottom line, but also about strengthening ties of community social networks which are critical for building social capital. For this reason, we are seeking to **professionalise training of cooperatives** through partnerships with institutions such as the South African Bureau of Standards (SABS), National productivity Institute (NPI) and the South African Qualification Authority (SAQA).
73. On the same breadth, let us buy local and support aspiring entrepreneurs in our rural areas and townships. During the *State of the Province Address* last week, the Honourable Premier indicated that I was dressed by an upcoming local tailor from Ngodini. Yet again, I am today dressed by the same person. Once again, I seek your permission Madam Speaker, to ask **Mr Nkosinathi Blessing Shongwe** – who is also my guest this afternoon, to also take a bow.
74. We believe this will instill efficient collective production and ownership, as well as a sense of collective community enterprise, anchored on the values of democratic member's participation in decision-making processes. This is against the backdrop that the New Growth Path identifies investment in social capital as one of the key job drivers for South Africa.
75. The Department will also promote activities of the **Provincial Broad Based Black Economic Empowerment Council** through engagements with social partners, to ensure opportunities for black businesses, in line with the **Broad Based Black Economic Empowerment Act**. The Department will also start evaluating the impact of **BBBEE** in the Province by initiating a baseline analysis of the Act since its inception, and further monitor compliance to the BBBEE Act by the provincial and local governments.
76. In partnership with the private sector, we will facilitate opportunities for black-owned companies through the **Black Industrialist Programme** by conducting awareness seminars Province-wide.

77. The Department will also work closely with municipalities to strengthen **Local Economic Development (LED)** by facilitating the implementation of the **Local Economic Development Strategy Framework**, including developing the **Provincial Red Tape Reduction Strategy**.
78. In response to the Honourable Premier's directive to **establish one-stop business support centres for the youth**, we will, working with LED Units in municipalities, request office space to establish such centres in all municipalities in the Province. These offices will be resource centres where the youth can access all government services, such as registration of businesses, and will also link them to the **Mpumalanga Youth Business Portal**.
79. We will further **resuscitate the LED MUNMEC Forum** – a forum of Municipalities and MECs – in collaboration with our sister Department of COGTA and the Provincial Treasury. The meetings of the Forum will still convene on a quarterly basis to discuss matters of mutual interest.

Growing our tourism sector and promoting Mpumalanga as the tourist's destination of choice

Madam Speaker; Honourable Members;

80. The tourism sector remains one the best performing sectors in the country. The sector has demonstrated resilience during global economic turmoil. In this regard, our marketing efforts, through the Mpumalanga Tourism and Parks Agency (MTPA) has resulted in the Province receiving an **increased number of international tourists arrivals from 1.5 million in 2017 to 1.6 million in 2018**. As for domestic trips, the number increased from 2.2 million in 2017 to 2.9 million in 2018. During their stay in the Province, both **international and domestic tourists spent 13, 1 billion Rands (R13, 1000, 000)** which contributed significantly into the Provincial economy.

81. In the current financial year, the MTPA will continue to participate in a number of business events and marketing activities such as the **Mbombela Jazz Festival, Innibos**, and participate at **IMEX in Frankfurt and Las Vegas, Africa's Travel Indaba, WTM Africa**, to market the Province.
82. The MTPA will also continue to market Mpumalanga within the **TRILAND Regional Tourism Partnership** with Eswatini and Mozambique. We will also continue to participate in the **east3ROUTE** Tourism Initiative which is all about '**Experience, Adventure, Scenery and Trade**' between KwaZulu-Natal, Mpumalanga, Eswatini, Mozambique and the Seychelles. This year's edition of the **east3ROUTE** will be hosted by KZN in August, and will kick-off with an Investment Seminar – where we will present tourism investment projects to potential investors.
83. In fulfilling our commitments in relation to international agreements, the MTPA continued to implement the agreement signed between **Mpumalanga and the URAL Association of Tourism in Russia** in 2017.

Madam Speaker;

84. The **Barberton Makhonjwa Mountains** has been inscribed as a **World Heritage Site by UNESCO in July 2018**. It is the **first World Heritage Site in our Province** and the 10th for South Africa. It covers local municipalities of the City of Mbombela and the Chief Albert Luthuli. Thus, as part of the inscription conditions, we will start the process of **establishing the Management Authority** for the World Heritage Site, to amongst others, protect, preserve and market the site.
85. The safety of tourists whilst visiting our Province remains our utmost priority. This means that we must devote resources to tackle acts of criminality and counter the perception that Mpumalanga is an unsafe tourism destination. In collaboration with our sister **Department of Community Safety, Security and Liaison, the South African Police Service and the private sector**, we will continue to work tirelessly to ensure that our tourists feel welcomed and are safe at all times.

86. The *MTPA* will further continue to exercise its responsibility regarding the **management and conservation of biodiversity and ecosystems** in the Province.

Business Regulation and Governance

87. With regards to business regulation and governance, **one of the legislative mandates of the Department is to regulate businesses** in the Province, in line with Provincial regulatory frameworks. The gambling industry in the Province continues to be well regulated and consistent with licensing objectives, ensuring that gambling is conducted in a fair and open manner, whilst at the same time protect the vulnerable persons from being harmed or exploited.

88. MER will in the current financial year, **continue to regulate the gambling industry**, being mindful of the obligation to have regard to the desirability of economic growth, while at the same time, ensuring a positive balance of the social costs and benefits to our people.

89. With regard to liquor outlets, the Entity will **heighten enforcement on compliance to liquor license conditions**, in a bid to promote responsible trading within the liquor retail sector and to reflect on societal expectations for consumer safety and protection.

90. As a responsible government, we have through the Mpumalanga Economic Regulator (MER), **commissioned a research study to determine the socio-economic impact of liquor** in the Province. Important findings can be expected in this regard, given current assumptions of the high level of alcohol abuse and accessibility of liquor to minors. Conclusions and recommendations from the study would inform policy and legislative amendments, going forward.

91. Furthermore, in order to further stimulate economic growth and development, the MER **intends to issue 23 Bookmaker licences**, which will culminate in the

creation of job opportunities for our people, as well the generation of additional fiscal revenue for the Province.

92. In respect of **public education and awareness drives on responsible gambling, liquor trade and consumption**, the MER will continue to partner with Miss Mpumalanga to create a pool of societal role models in order to drive our social mobilisation campaigns against social ills within the communities.
93. With regards to protecting **consumers from unscrupulous business behaviour**, we have done so with distinction. Our efforts continue to bear fruit, as we have recovered **6 million, 103 thousand, 932 Rands (R6, 103, 932)** on behalf of consumers in the previous financial year. We will continue with this work in the current financial year.
94. We are currently finalising the **appointment of new consumer court members**, following the expiry of the term of office of the previous members of the Consumer Court. Once the vetting process is finalised, new members who qualify will be appointed and their names will be published for the public to know them.

Financial allocation (Per Programme): 2019-2020

Madam Speaker;

95. After presenting our proposed interventions in the form of our Plans for the 2019-2020 financial year, I therefore present financial resources required to enable us to realise these commitments. I now present the proposed **Budget for Vote 6: Department of Economic Development and Tourism**, per Programme, for the financial year ending 31 March 2020:
96. **Programme 1: Administration**
In order to amongst others, continue to provide political policy directives; administrative, financial and other support functions to the Department,

Programme 1 (Administration) has been allocated a total amount of **110 million, 798 thousand Rands (R110, 798, 000)**.

97. Programme 2: Integrated Economic Development

Programme 2 (Integrated Economic Development) has been allocated an amount of **598 million, 397 thousand Rands (R598, 397, 000)**, to amongst others, continue to promote and develop small enterprises; facilitate local economic development and ensure the implementation of the Broad-Based Black Economic Empowerment Policy.

Included in this amount, is an amount of **197 million, 923 thousand Rands (R197, 923, 000)**, to fund the requirements of the **Mpumalanga Economic Growth Agency (MEGA)**.

98. Programme 3: Trade and Sector Development

Programme 3 (Trade and Sector Development) has been allocated an amount of **24 million, 191 thousand Rands (R24, 191, 000)**, to amongst others, continue to ensure growth in exports and investment in the Province.

99. Programme 4: Business Regulation and Governance

Business Regulation and Governance, that is Programme 4, has been allocated an amount of **114 million, 722 thousand Rands (R114, 722, 000)**, to continue to ensure compliance with applicable liquor laws; gambling, business practices; and to implement consumer protection and awareness strategies.

Included in this amount, is **93 million, 855 thousand Rands (R93, 855, 000)** to enable the **Mpumalanga Economic Regulator (MER)** to continue to fulfil its legislative mandates pertaining to gambling and liquor regulation.

100. Programme 5: Economic Planning

Programme 5 (Economic Planning) has been allocated an amount of **17 million, 743 thousand Rands (R17, 743, 000)** to continue to provide economic analysis and planning services to the Province.

101. Programme 6: Tourism

Programme 6 (Tourism) has been allocated an amount of **395 million, 87 thousand Rands (R395, 087, 000)** to continue to grow the sector and to promote Mpumalanga as the tourist destination of choice.

Included in this amount, is an amount of **389 million, 974 thousand Rands (R389, 974, 000)** to fund the requirements of the **Mpumalanga Tourism and Parks Agency (MTPA)**.

Proposed Budget Allocation for Vote 6

Madam Speaker; Honourable Members;

102. The total amount proposed to be appropriated for **Vote 6** for the **2019-2020 financial year is One (1) billion, 260 million, 938 thousand Rands (R1, 260, 938, 000)**. This amount includes transfers to our three (3) Public Entities, totalling **681 million, 752 thousand Rands (R681, 752, 000)**. These transfer amounts represent slightly over **54 percent** of the total budget allocation to the Department.

103. As the Executive Authority of the Department of Economic Development and Tourism (Vote 6), I now request the House to consider and approve the total budget of **One (1) billion, 260 million, 938 thousand Rands (R1, 260, 938, 000)** to enable it to carry-out its constitutional mandate during the financial year ending March 2020.

Conclusion

104. In closing, our government believes in partnering with social and the private sector in order to realise our plans. We are cognisant that we cannot do it alone. Growing our economy requires partnerships, hence my message to all our partners is that: ***Let's grow Mpumalanga together!***

105. Before I leave the podium, may I take this opportunity to express our sincere gratitude to the Honourable Premier, *Make Refilwe Mtshweni-Tsipane*, for believing in me to lead this all significant Department in our Province. To my colleagues in the Executive Council, thank you very much for your selfless support.
106. We further extend my appreciation to the Chairperson and Members of the Portfolio Committee on Premier's Office; Finance; Economic Development and Tourism for overseeing our work.
107. My appreciation also goes to the Acting Head of Department; Chairpersons and CEOs of our Public Entities; and their dedicated teams. I would have committed a grave mistake, if I did not also thank my family, for allowing me to serve the people of our beautiful Province of Mpumalanga – *the Place of the Rising Sun*.
108. To our beneficiaries – the members of the public who have graced this occasion, thank you very much for showing interest in your future. We are nothing without you.

Ngiyabonga/ Ke a leboga!