

SPEECH BY THE MEC FOR ECONOMIC DEVELOPMENT AND PLANNING, MR SW LUBISI ON THE “REPOSITIONING OF PROVINCIAL PARASTATALS FOR EFFECTIVE GOVERNANCE AND SERVICE DELIVERY” – AT THE 2ND ANNUAL BATHO PELE LEARNING NETWORK AT EMNOTWENI ARENA, NELSPRUIT

After the 2004 general elections, there has been a huge paradigm shift in the way of thinking and doing things in the public service. This has been characterised by more emphasis on quality and accelerated service delivery.

The argument is that the learning curve is over and public institutions should deliver nothing, but quality.

With the advent of change that the Premier announced in the first State and Second State of the Province Addresses, the Department of Economic Development and Planning was compelled to reposition itself to be able to carry out the new mandate.

The restructuring of the Department meant that there needed to be an alignment of purpose and intent and a unity of vision with its sub-structures, including parastatals.

As you might all know by now, the Department is engaged in an involved process of merging compatible parastatals. The Department of Economic Development and Planning is small in comparison with sister departments that have regional offices such as Education, Health and Public Works. This fact makes it untenable for such a small Department to steer, co-ordinate and monitor a plethora of institutions under its wing.

The shortage of human resources makes it difficult for a Department like ours to carry out its oversight function, especially when there are too many Parastatals. It is for this reason that the Department is involved in a repositioning and prioritisation of its sub-structures to be in line with the new mandate as espoused by the Premier.

It is envisaged that after completion of the process of mergers service delivery will be improved dramatically. The department cannot afford to be a bystander when it comes to the main functions of the Parastatals.

One of the ways of improving the capacity and capability of the Department to properly manage Parastatals is by way of reducing the numbers, without losing essential functions that must be carried out.

The Premier has announced that there must be a merger between Mpumalanga Tourism Authority and the Mpumalanga Parks Board on the one and on the other between Mpumalanga Economic Empowerment Corporation and Mpumalanga Investment Initiative (MII).

Allow me ladies and gentlemen to give you a simplistic rationale of the pairing of these institutions.

1. The MTA-MPB merger makes sense in that it will promote and make live the concept of sustainable development. The Department is charged with the responsibility of developing tourism products which are marketed by MTA and on the other hand, the Parks Board is there to safeguard and protect the environment for future generations. Bringing together the seemingly contrasting functions under one roof improves the checks and balances and eliminates situations where one Parastatal might pursue projects and policies that are harmful to another's plight.

In addition the Parks Board, has in its possession a number of State-Owned facilities which could be turned into products that could be allocated to Black enterprises in order to level the ground and improve the equity levels

2. The MEEC-MII merger is also influenced by a simple rationale based on the economies of scale. The MII's core function is to attract investment into Mpumalanga by facilitating a business-friendly environment, while MEEC's function is to generate Small and Medium businesses and develop local entrepreneurs.

However, in a sense, MEEC also plays a role in bringing investment to the Province through the Industrial Parks that they manage. Ladies and Gentlemen you can begin to see the compatibility of functions between these two institutions.

In brief, ladies and gentlemen, the MII and MEEC will focus on economic development whilst MTA and MPB will play a role in unlocking the eco-tourism and ensure the development of responsive tourism.

If you agree with me, and I am sure you do, that these institutions can live as one. You will notice that by merging the two, you will be eliminating two mutually-exclusive Board of Trustees. Ladies and Gentlemen you will be eliminating two CEO's. You will be eliminating two CFOs and you will be eliminating two COOs. In a long and short way the merger will eliminate a lot of duplication and wastage of resources that we can ill-afford.

The MEEC alone, for example, has staff in the excess of 100. It is almost equal to the number of staff in the core-Department. The corporation has offices in many parts of the Province, which means more office space, more telephone lines, more computers! The list is endless.

As separate entities, these Parastatals are costing the public more than the public gets on their investment. Therefore, logically we are engaged on this merger to save the public a lot of money that would be used to attract more investment and create more businesses.

If we succeed, and I know we will, in attracting more investment and creating more enterprises in the Province, we will directly reduce the rate of poverty and increase the creation of jobs, which is why we exist as a Department.

Parastatals, ladies and gentlemen, are significant strategic public assets that must be included as an integral component of our approach to service delivery – BATHO PELE. The Mpumalanga Provincial Government (MPG) must ensure that it retains the strategic and regulatory control of the infrastructure, instruments for services, such as trade promotion, small business development and equitable access to finance.

The main purpose of establishing public entities at provincial level, therefore, is to enhance operating mechanisms of government in order to expedite service delivery on its mandate, legislative or otherwise. This is a result of a variety of skills and expertise and in some instances, special attention required for the performance of certain functions of government in order to satisfy the socio-economic needs of its citizens.

The above stands to reason that there will always be a need for responsibilities to be properly assigned within the resources available in the Province and should be structured in such a manner that all aspired goals of government are achieved. In this regard it becomes very important to clearly distinguish between matters of policy and those which should be left for the operations.

Government needs a strong arm to ensure that its policies are observed by all in the province to realize the promises it made to the voters. If these matters are not enforced, entrenched in all systems of governance and carefully monitored, this can easily results in failures which may cause discontent among the public and even discredit some of the government departments and or agencies.

It becomes very important to note that government departments should at all times be seen to be facilitating processes which will bring about results linked to the overall goals of government, thereby enhancing service delivery. In this regard, government should through representation and oversight monitoring activities ensure that its policies are observed and implemented by all.

This is what in certain instances leads to establishment of Public Entities which should serve, as vehicles to expedite service delivery and to improve the lives of the people. At this point, critical decisions are made. The relevant structures must be put in place and must be properly organised, clear reporting lines must be determined, accountability and responsibility should be defined and monitoring systems must be established and implemented.

The Mpumalanga Provincial Government and its social partners have recently adopted the Provincial Growth and Development Strategy (PGDS), and we have realised that the attainment of the PGDS objectives needs the realignment of Government's delivery instruments. Similarly in order to achieve the objectives of the PGDS, the Department is confronted with the imperative to re-organise or review the institutional configuration of the provincial administration, including parastatals, into coherent and competent instruments for implementing government policies and meeting basic needs of the people in line with BATHO PELE.

Ladies and Gentlemen, in line with the topic of the day, namely "REPOSITIONING OF PROVINCIAL PARASTATALS FOR EFFECTIVE GOVERNANCE AND SERVICE DELIVERY." I wish to emphasise on the need for institutional reform in order to enhance service delivery. At the helm of effective governance and service delivery, the following parastatals exist, namely:

- Mpumalanga Investment Initiative (MII),
- Mpumalanga Economic Empowerment Corporation (MEEC),
- Mpumalanga Tourism Authority (MTA),
- Mpumalanga Parks Board (MPB),
- Mpumalanga Gaming Board (MGB),

- Mpumalanga Regional Training Trust (MRTT),
- Mpumalanga Housing Finance Corporation (MHFC), and
- Mpumalanga Manufacturing Centre (Mpumac)
- Mpumalanga Agricultural Development Corporation (MADC)

Therefore, as illustrated above, the merger of some of these parastatals will eliminate duplication of services and unlock resources to be deployed in needy areas. With regards to the MII-MEEC and MTA-MPB, the Government intends to enact Legislation to ensure that the newly formed agency comply with effective and efficient good governance within the scope of the law such as the Public Finance Management Act (PFMA), Public Service Management Framework (PSMF), Intergovernmental Relations Bill (IGRB), etc. Likewise, the above will ensure, *inter alia*;

- Transparency,
- Accountability,
- Improved service standards,
- Integration, and
- Coordination

This review/ reform/ reorganisation will ensure that MADC remains razor-sharp to implement the emerging farmer support programmes whilst MRTT will continue focusing on skills development with emphasis on relevant skills for growing our economy. Our exemplary gambling management will be enhanced by alignment with the National Gaming Act. MPUMAC will find a new home in the new Small Enterprise Development Agency (SEDA) structures aimed at beefing up business support programmes.

Our challenge will be drawing in, at Board and Management levels, competent individuals to drive our parastatals. We will pull out all stops to maximise the capacity of these institutions to deliver to our communities and ensure maximum adherence to corporate governance.