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Department:
Economic Development, Environment and Tourism
MPUMALANGA PROVINCIAL GOVERNMENT

Policy and Budget Speech

2010 / 2011



MEC JL (Jabu) Mahlangu



VOTE 6: POLICY AND BUDGET SPEECH PRESENTED BY THE MEC FOR ECONOMIC DEVELOPMENT, ENVIRONMENT AND TOURISM, MR J.L MAHLANGU, MPL, TO THE MPUMALANGA PROVINCIAL LEGISLATURE, RIVERSIDE, MBOMBELA LOCAL MUNICIPALITY.

Thursday, 27 May 2010

On the occasion of 8 May 1996, our people mandated their freely elected representatives under the leadership of the first President of a democratic South Africa, Dr Nelson Mandela, to amongst others, *“Improve the quality of life of all citizens and free the potential of each person.”*

Honourable Speaker, Mr William Lubisi;
Honourable Premier, Mr David Mabuza;
Honourable Deputy Speaker, Ms Violet Siwela;
Chief Whip of the Majority Party, Mr Siphosezwe Masango;
Colleagues in the Executive Council;
Honourable Members of the Provincial Legislature;
Executive Mayors and councillors present;
Chairperson and members of the House of Traditional Leaders;
Director General of the Province, Mr Jacob Rabodila;
The Head of Department, Mr Rabeng Tshukudu;
Chairpersons of the Boards and CEOs of our Public Entities;
Other Heads of Departments present;
Representatives from the business community;
Educators and learners from my adopted school, Tikhuni Secondary School;
Members of the media;
Distinguished guests;
Comrades and friends;
Ladies and gentlemen;

Ndi Masiari!

Honourable Speaker, the ‘birth certificate’ of South Africa in the form of our progressive Constitution adopted 14 years ago, continues to compel us to remain unwavering in continuing to realise **“A better life for all”** citizens. When we adopted the African Claims document at the Annual conference of the African National Congress in Bloemfontein on December, 16, 1943, we committed to fight relentlessly, and even some of us lost their lives as a result, to ensure that all South Africans, both black and white, are free and equal in the eyes of the law. When we converged in Kliptown in 1955, we, the then oppressed, collectively agreed to ensure **“A better life for all,”** even when we were staring at death from the barrel of the tyrant. This commitment has since become our guiding principle, which we promise never to renege on.

The freedom we attained in 1994, and the mandate that was subsequently given to the ruling ANC with confidence since then, was an instruction by our people to *“Improve the quality of life of all citizens and free the potential of each person.”* It continues to be non-negotiable – we are the only hope for our people, and cannot therefore fail them. The plans we are tabling to this house today, supported by the proposed budget, reaffirms our commitment to continue on a road towards a **better life for all.**

Honourable Speaker, **speeding up growth, creating more jobs, decent work and sustainable livelihood** is one of the five strategic developmental priorities of the current administration. As the Department charged with a mandate to position Mpumalanga to be a leader in the creation of equitable economic growth, quality jobs and sustainable livelihood; and being the ultimate tourism destination, we continue to develop and implement strategies which will realise the fulfilment of the said developmental priority. As you will hear later on, our determination is justified by the significant progress we made in implementing the commitments we made to this house last August, when we tabled our Policy and Budget Speech.

This we continue to perform, in order to realise the vision of the ruling African National Congress; that of ensuring the development a **people-centred and people-driven developmental state.**

ECONOMIC OUTLOOK

Honourable Members, we can all breathe a sigh of relief, for the economic storm is now over! The past year was a difficult one as a result of the global economic meltdown. It is regrettable that a number of companies shut down; many breadwinners lost their livelihoods; and our once thriving economy shrank as a result. According to Statistics South Africa, Mpumalanga lost 82 000 jobs since the recession; that is, 53 000 in 2009 and 29 000 during the first quarter of this year, accounting for 17% of the national job losses. This has made our province the second highest of the nine (9) provinces, in terms of unemployment in the first quarter of 2010, with a rate of 29.3%.

We remain a youthful province, with 65% of the total population of 3.6 million people being the youth up to the age of 30 years. Ehlanzeni is home to 41.7% of the population, followed by Nkangala at 30.1% and Gert Sibande at 28.2%. The trade sector employs 25.7% of the population, followed by the community and social services sector which includes government, at 17.9%; manufacturing at 8.9%; whereas agriculture and mining sectors employ 7.5% and 5.7% respectively. The good news is that the inflation rate of Mpumalanga has dropped to 4.5% in the first quarter of 2010 from 8.2% in 2009. It is now below the national average rate of 5.1%.

This has been primarily influenced by the drop in food inflation since food contributes just over 20% to the inflation basket of products. However more urbanised areas like Mbombela and Emalahleni experienced a higher inflation rate of 5.7% due to high demand of goods and services. Water, energy, services as well as insurance are still a challenge as they showed significant rises of over 10% each. Nonetheless, expectation is that the provincial economy will recover this year, with a positive growth rate of approximately 2.4 percent; 2.9% in 2011 and 4.1% in 2012 and 2013. Over the same period, the national growth rate is forecast to be also 2.4% in 2010; 3.4% in 2011; 4.5% in 2012 and 4.4% in 2013. The good news is that Statistics South Africa has just 2 days ago, released figures indicating that the national GDP growth for the first quarter of 2010 was 4.6%. This is mainly attributed to infrastructure investment for the 2010 FIFA World Cup.

It is expected that Gert Sibande and Nkangala Districts will lead the recovery due to the upturn in mining and manufacturing activities. Our challenge now, is to collectively work together with all stakeholders to devise strategies to revive our economy, in order to do much more in our continuing quest to improve the lives of our people.

REVIEW OF THE 2009-2010 FINANCIAL YEAR

Honourable Speaker, Honourable Members, when we stood before this house on Friday, 21 August 2009, we requested the appropriation of funds to continue to carry-out our legislative mandates. It is therefore proper that before we table our plans for the 2010-2011 financial year, that we should report back to the house on the progress made on the commitments we made then. As they say, the past provides a firm foundation for the future. Allow me then to give a progress report on just a few, given the limited time at our disposal:

Convene a Provincial Economic Summit (in order to craft better mechanisms to respond to the crippling recession).

As promised, we were able to convene the Provincial Economic Summit from 15-16 October 2009. At the end of the summit, all stakeholders agreed on a set of strategic projects. Amongst others, the stakeholders agreed that there is a need to **establish a University and a tertiary hospital for the Province**; that there is a need to **construct an International Convention Centre in the province**; that **major provincial hospitals and the coal haulage network route** should be upgraded and maintained.

Parties also committed to support the government in its rollout of infrastructure projects in the province, especially in rural areas, through various financial models such as Public-Private Partnerships (PPPs).

Honourable Members, we acknowledge and highly appreciate Eskom's commitment to partner with us, through the Mpumalanga-Eskom Principals Forum. The forum which reports to the Executive Council, is aimed at ensuring that communities around Eskom projects benefit from these projects, since Eskom has committed to procure goods and services locally, and to employ and develop the skills base of the local people. We therefore at the same time, call upon other businesses operating in our province, to follow on Eskom's footsteps.

Merge MEGA, MADC and MHFCo (before the end of the financial year).

We are also delighted to inform the house that we have successfully merged three of our public entities, that is, the old MEGA (Mpumalanga Economic Growth Agency), MADC (Mpumalanga Agricultural Development Corporation), and the MHFCo (Mpumalanga Housing Finance Company) by the end of March 2010, to establish the new MEGA, in terms of the Mpumalanga Economic Growth Agency Act 1 of 2010. We have further appointed a nine member Interim Board, chaired by Mr Zweli Mncube, and appointed Mr Gijimane Dladla as an acting CEO.

Facilitate the establishment of four (4) Business Process Outsourcing Centres at Dr JS Moroka, Govan Mbeki, Emalahleni and Mbombela local municipalities.

With regard to facilitating the establishment of four (4) Business Process Outsourcing Centres in the Dr JS Moroka, Govan Mbeki, Emalahleni and Mbombela local municipalities, we can report that we have appointed a service provider to fast-track the process, and that work has already begun in this regard. It is envisaged that over 500 jobs will be created from these centres, which will target mainly the unemployed graduates and the youth.

Continue to facilitate exposure to markets and open new markets (through trade missions and exhibitions).

In respect to market exposure for emerging exporters, we facilitated participation of 139 businesses in the crafts, agro-processing, apparel, chemicals, stainless steel and furniture sectors in exhibitions such as the Southern African International Trade Exhibition; the South African Handmade Collection exhibition; and the FIA LISBOA Handcraft exhibition in Portugal, just to mention, but a few.

Activate the Tourism Airlift Strategy by launching the tourism airlift contract.

Our entity responsible for tourism, the MTPA, has activated the Tourism Airlift Strategy by signing a deal with Comair Limited, which has realised affordable airfares to the KMIA (Kruger Mpumalanga International Airport). The inaugural Comair flight, with the first ever business class section, was launched on the 4th of May 2010.

The contract will see bigger planes carrying up to 120 passengers, landing at the KMIA six times per week.

Maximise tourist spend in the province, including attracting a huge number of visitors to the province during the forthcoming 2010 FIFA World Cup event.

Through various platforms and initiatives, we have empowered international tour operators on how to package the province, and keep visitors longer by exposing them to more attractions in the province, so that they can extend their stay and spend more. We have also finalised the Regional Tourism Partnership agreement with Mozambique and Swaziland which we will launch very soon. We are delighted that the Chilean team has chosen our province as their base camp, for the World Cup games, and will thus bring along a huge number of their fans.

Finalise post-settlement and co-management agreements with the land claimants of the seven nature reserves (Songimvelo, Blyde River Canyon, Loskop Dam, Mthethomusha, Manyeleti, Mdala and Mabusa).

We managed to finalise settlement and co-management agreements with land claimants of four reserves, namely, Manyeleti, Mabusa, Mdala and Mkhombo Dam, and commit to finalise the remaining ones in the current financial year.

Approve approximately 1000 liquor licenses.

Due to the large volume of applications for liquor licences we receive continuously, we had envisaged to approve approximately 1000 licences. However as a caring government concerned about the effects of drinking, we have approved only 552 out of 1003 applications received, and disapproved 260. The remaining 191 applications will be considered in the current financial year. We further continued to enforce compliance with the Liquor Act by conducting regular inspections of the licensed liquor outlets.

Enforce responsible gambling initiatives through awareness campaigns.

During the financial year under review, we visited seventeen (17) schools and spoke to 9540 learners; we also visited social grants payout points and reached-out to 2790 beneficiaries to warn about the effects of irresponsible gambling. We further reached out to the communities of Badplaas, Matsulu and Ermelo to caution them against illegal gambling.

Appoint members of the Mpumalanga Consumer Court (to protect consumers from anti-competitive practices such as price-fixing).

In fulfilling the mandate to protect consumers against unscrupulous business practices, we have inaugurated six (6) members of the Mpumalanga Consumer Affairs Court. The court is now operational and has already held three (3) sittings since its inception on March 11, 2010. We can also report that the Office of Investigation of Unfair Business Practices has managed to investigate 2480 reported cases, and successfully resolved 2319 of those cases, which saw just over R16 million being returned to the pockets of consumers.

Implement the National Environmental Management Act and the environmental impact assessment regulations.

We continued to review and authorise applications for environmental impact assessments of listed activities, in terms of regulations under the National Environmental Management Act (NEMA) 107 of 1998 as amended. We managed to authorise 236 development applications for environmental impact assessments, and referred 300 mine prospecting and mine license applications to the Department of Mineral Resources, since mining is a national competency. We further conducted a total of 164 inspections to ensure compliance in terms of the NEMA.

Implement the short-term recommendations of the Provincial Hazardous Waste Management Plan on hazardous waste disposal.

As promised, we implemented the short-term recommendations of the Provincial Hazardous Waste Management Plan on hazardous waste disposal. The feasibility studies conducted to date, have indicated the need for the inclusion of hazardous waste disposal cells in the planned disposal site at Charl Cilliers. An application for a Waste License in this regard has been submitted to the Department of Environmental Affairs.

Continue to gather data and maintain the Air Quality Monitoring Network in the Highveld Air Pollution Priority Area.

We have compiled a baseline study report on sources and amounts of emissions across the Highveld Air Pollution Priority Areas. This data is used as part of the information that will influence the development of the Air Quality Management Plan of the priority area, scheduled for completion by the end of this year. The plan will set targets to gradually reduce air pollutant levels in the area.

Fulfil our mandate of greening Mpumalanga by planting 150 000 trees.

Due to financial constraints, we were only able to plant 58 thousand 527 trees out of the targeted 150 000 across the province.

OUR PLANS FOR THE 2010-2011 FINANCIAL YEAR

Honourable Speaker, Honourable Members, the budget we are requesting today is intended to execute the commitments we agreed to, when we renewed the contract with our people last year. This, we will continue to do as directed by Constitution of the Republic of South Africa, Act 108 of 1996; the PFMA, Act 1 of 1999 (as amended); and the Treasury Regulations. Allow me then to table our plans for the 2010-2011 financial-year:

Integrated Economic Development

In order to increase the number of entrepreneurs in the mainstream economy, we plan to continue with the *Business Launchpad* competition, which gives funding opportunities to all those aspiring entrepreneurs, who've found it difficult to get start-up or expansion funding from conventional commercial banks.

MEGA (Mpumalanga Economic Development Agency)

The MEGA Act Number 1 of 2010 mandates the new agency to promote foreign trade and investment; provide funding for property development, housing loans and enterprise development. In promoting foreign trade and investment, the agency will amongst others, facilitate investments to the value of R200 million and exports to the value of R80 million. It also plans to fund 300 aspiring entrepreneurs to the tune of R500 000 each; and implement two (2) technology transfer projects. It should further be noted that work to finalise the integration of the former three (3) entities, which resulted in the new agency, is progressing exceptionally well.

Trade and Industry Development

Our plan is to finalise the Export Strategy; develop the Provincial Investment Strategy; support potential SMME exporters towards becoming export-ready; implement bi-lateral trade agreements; and continue to guide and give exposure to emerging exporters in the arts and crafts, agriculture, and manufacturing sectors during the current financial year. In our quest to revitalise the deteriorating mining towns like Pilgrim's Rest, we will solicit investment to establish a theme park in Pilgrims Rest.

MTPA (Mpumalanga Tourism and Parks Agency)

Honourable Members, the Mpumalanga Tourism and Parks Agency Act 5 of 2005 mandates us to manage and promote tourism and nature conservation in the province. The MTPA will therefore continue to build strong partnerships with the tourism trade domestically and internationally, to increase travel to the province.

It will enter into tour operator alliances and agreements to package and sell our destination. The MTPA is also currently soliciting funding from outside government, in order to conduct feasibility studies for the development of a world class theme and amusement park; development of the Blyde River Canyon Nature Reserve cable car and the development of the bio-park in Barberton. It is our intension also, to conclude post-settlement and co-management agreements with land claimants, on the remaining nature reserves. They are the Blyde River Canyon, Mthethomusha, Songimvelo, Loskop Dam, Andover, Bushbuckridge, SS Skosana, Sterkspruit, Ohrigstad Dam, Nooitgedacht Dam and Blouswaelvlake.

Business Regulation

We will continue to enforce compliance in terms of the applicable liquor laws by inspecting licensed liquor outlets in partnership with the South African Police Service. Those who do not adhere to the applicable laws will be arrested and penalised. The protection of consumers from unscrupulous business practices will remain on our radar screen, and such practices will be referred to the Mpumalanga Consumer Court for adjudication.

Mpumalanga Gambling Board

In continuing to regulate the gambling and betting industry in our province, the Mpumalanga Gambling Board (MGB) will conclude consultation processes to ensure that all major license holders with an annual turnover exceeding R5 million achieve a level two (2) BBBEE status by 2015, in line with the requirements of the Codes of Good Practice issued by the Department of Trade and Industry.

The MGB will also continue to collect gambling levies due to the provincial fiscus, and at the same time, continue to encourage responsible gambling by intensifying public awareness campaigns to warn people about the negative impact associated with irresponsible gambling.

Economic Planning

With regard to the function of economic planning, we will in this current financial year, review the Provincial Economic Development Strategy; launch the Information Communication and Technology Strategy for the province; develop a Mineral Beneficiation Plan; a Forestry Plan; and an Industrial Development Plan for the province.

Environmental Development

In terms of pollution and waste management, we plan to complete the Centralised Integrated Waste Management facilities by December 2010.

It is also our intention to complete the Air Quality Management Plan for the Highveld Air Pollution Priority Area by December this year. The Plan will set targets to gradually reduce air pollutant levels in the area, which is a national priority area. It will further assist us to develop the Provincial Climate Change Mitigation Strategy to ease the effects of global warming we are currently experiencing. In continuing to green our province, we will during the current financial year, plant 91 thousand, 473 trees to add up to the promised 150 thousand trees.

ALLOCATION PER PROGRAMME: 2010-2011

Honourable Speaker, allow me to present the proposed budget for **Vote 6: Department of Economic Development, Environment and Tourism**, per programme, for the financial year ending 31 March 2011:

Programme 1: Administration

An amount of **R83 million, 117 thousand** is proposed to be allocated to Programme 1 in order to amongst others, continue to provide political policy directives; administrative, financial and other support functions to the Department.

Programme 2: Integrated Economic Development

In order 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, an amount of **R172 million, 626 thousand** is proposed to be allocated to Programme 2 (Integrated Economic Development). Included in this proposed budget, is an amount of **R141 million, 937 thousand**, to fund the requirements of the new MEGA.

Programme 3: Trade and Industry Development

Programme three (3), which is Trade and Industry Development, is proposed to receive an amount of **R245 million, 45 thousand** in order to amongst others, continue to ensure growth in exports and investment in the province; ensure the development of competitive industries in growth sectors; and create a platform to enhance sustainable tourism growth. This amount includes **R200 million, 861 thousand** to fund the requirements of the Mpumalanga Tourism and Parks Agency; and a further **R14 million** to fund the Zithabiseni Resort.

Programme 4: Business Regulation

An amount of **R56 million, 50 thousand** is proposed to be allocated to Programme 4 (Business Regulation), to amongst others, continue to ensure compliance with applicable liquor laws; gambling, betting and business regulatory policies and legislation; and to implement consumer protection and awareness strategies. Included in this amount, is **R36 million, 648 thousand** to enable the Mpumalanga Gambling Board to continue to fulfil its legislative mandates.

Programme 5: Economic Planning

In order to continue to amongst others, formulate provincial economic policy priorities; drive provincial integrated economic planning; determine the impact and effectiveness of economic policy priorities, it is proposed that an amount of **R13 million, 950 thousand** be allocated to Programme 5, Economic Planning.

Programme 6: Environmental Development

Programme 6, Environmental Development is proposed to receive a total amount of **R72 million, 212 thousand**, to amongst others, continue to facilitate sustainable development through environmental planning and co-ordination, greener governance, environmental awareness; integrated pollution, waste management and the promotion of biodiversity management in the province.

PROPOSED TOTAL BUDGET

Honourable Speaker, Honourable Members, the total amount proposed to be appropriated to fund the requirements of **Vote 6: Department of Economic Development, Environment and Tourism for the 2010/2011 financial year is R643 million**. This amount includes transfers to public entities totalling **R393 million, 446 thousand**.

CONCLUSION

Like President Jacob Zuma said on the occasion to celebrate the 98th anniversary of the people's caring movement, the ANC, we will continue to strive towards realising a developmental state. It is therefore our belief that the approval of the proposed budget by this house, will enable us to carry-out our mandates which in turn will ensure that the ruling African National Congress delivers on its election commitments. It is our intention not to falter on these commitments, for we cannot fail our people.

Honourable Members, in 14 days time we will play host to the world during the FIFA World Cup games. As international visitors descent in our country, we must treat them in such a manner that they will never forget our hospitality, thus guaranteeing their return to our beautiful province. We were humbled and honoured as the province, to have received the FIFA World Cup trophy on Tuesday, 25 May 2010. We believe that the economic spin-offs from the soccer spectacular, will boost our economy and thus propel job creation. This is based on the fact that tourists influence job creation. We will never compromise on our commitment to **create decent job opportunities and sustainable livelihood.**

As I close, allow me Honourable Speaker to pay homage to the leadership of our caring movement, the African National Congress, under the leadership of the Honourable Premier, Mr D.D Mabuza, for continuing to believe in my capability to foster economic development in our province. I continue to receive much appreciated support and encouragement from colleagues in the Executive Council and the Provincial Legislature. My gratitude also goes to the Chairperson of the Portfolio Committee on Agriculture, Rural Development; Economic Development, Environment and Tourism, Honourable Member Refiloe Mahlobogoane, and her team for continuing to guide and advice us.

I am also grateful to the Head of Department, Mr Rabeng Tshukudu and staff; the Boards and CEOs of our Public Entities and Flagships, for continuing to live the dream of our people. I value your contribution and eagerness to fulfil the mandate being given to me.

I am indebted to the staff in my office and the Communication unit for continuing to support my work with zoom and zeal. I pay special tribute to Mr Manzimane Sarel Mtsweni for his political support and advice over the years. *Nondarhan'liwa, Mphangandlala, ngithokoza khulukhulu!*

To my wife, Julia and son, Sibusiso, thank you for continuing to be a pillar of strength in my life and work. By allowing me to serve our people, you are indirectly contributing towards realising a dream of our caring movement; a dream for **a better life for all.**

May I also pass our appreciation to our benefactor, Metropolitan, for having partnered with us by sponsoring the gifts which we are presenting to the Members of the House this afternoon.

Indeed, **working together, we can do more** to *“Improve the quality of life of all citizens and free the potential of each person.”*

Honourable Speaker, Honourable Members, our country has disappointed the prophets of doom by delivering the required infrastructure for the 2010 FIFA World Cup, in time. And in celebrating that achievement, we are presenting to you a token of remembrance to confirm that we've made it. The same token also serves to remind you to encourage your children and your communities, to save for the future.

As former US President, Bill Clinton puts it, *"the future is not an inheritance; it is an opportunity and an obligation."*

It is an opportunity for you and I, to pave the way towards a brighter future. It is an obligation for you and I, to ensure a better life for future generations.

We are also presenting to you, other paraphernalia to promote our national flag and to encourage you to rally behind our national soccer team, *Bafana Bafana*, all the way; with the hope that they will beat Mexico during the opening match on June 11.

Go out there, and spread the message of saving – a brighter future belongs to all those who plan for it now.

Ri khou Livhuwa!



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