

**ADDRESS BY MR MARUPING LEKWENE: MEC FOR FINANCE, ECONOMIC
DEVELOPMENT AND TOURISM TO THE NORTHERN CAPE PROVINCIAL
LEGISLATURE ON THE OCCASION OF TABLING BUDGET VOTE 6**

10 September 2019

Honourable Speaker and Deputy Speaker

Honourable Premier – Dr Zamani Saul

Honourable Members of the Executive Council

Honourable Members of the Provincial Legislature

Executive Mayors, Mayors and Speakers of our municipalities present

Heads of Department and officials of the Provincial Government

Chairpersons of Boards and representatives of the Provincial Public Entities

Representatives of Business, Labour, Civil Society and the Media

Ladies and Gentlemen

Distinguished Guests

People of the Northern Cape

Good Morning, Dumelang, Goeie Môre, Molweni,

Madam Speaker, allow me to use an inspiring quote from U-Tata Madiba relevant and appropriate to this occasion.

“Overcoming poverty is not a task of charity; it is an act of justice.” President N. R.Mandela.

Economic Overview

Statistics South Africa (Stats-SA) estimates that the provincial economy grew at 2.8% in 2017, an improvement from the below par growth of -1.2% experienced in 2016.

The primary sector led the growth with both agriculture and mining recording positive growth during 2017. This is an indication that industrialisation in the mining sector and modernisation of the agricultural sector should lead the transformation of the economy of the province.

Honourable Speaker, the national GDP grew by 3,1percent in the second quarter. This after the contraction of of 3.1 percent in the first quarter of 2019 with mining, finance, trade and general government services being the largest positive contributors.

Honourable Members, the province recorded an unemployment rate of 29.4% for the second quarter of 2019, while national unemployment rate stood at 29.0%. There are currently 125 313 people without employment in the province. This increase in the provincial unemployment rate in perspective suggest that 12 652 more people were without work, in comparison to the first quarter of 2019.

Ladies and Gentlemen, of significant concern to the province is that we recorded the highest rate of young people aged 15-24 years **Not in Employment, Education or Training (NEET)** and the second highest for those aged 15-34 at the rate of 45, 9%.

In context, the high youth unemployment means young people are not acquiring the skills or experience needed to drive the economy forward. This inhibits the province's economic development and imposes a larger burden on the state to provide social assistance.

Honourable Members, with this in mind, it behoves us to remind ourselves of the words uttered by the then Deputy President Matamela Cyril Ramaphosa, whilst addressing Youth Day commemoration in 2014,

“If SA can effectively address youth unemployment, not only will the country lift millions of South Africans out of poverty, but it also places the economy on a new trajectory of sustainable, inclusive growth...”2014.

The Honourable Premier of the Northern Cape Dr. Zamani Saul, responded to this provincial challenge, by envisioning a “Modern, Growing and Successful Province”;

At the State of the Province Address (SOPA) on 27 June 2019, the Premier tabled the nuts and bolts of building such a province.

INTERVENTIONS 2018/19

Enterprise Development

A total of 107 businesses were funded across the province, creating in excess of 350 jobs through the Economic Growth and Development Fund (EGDF). Furthermore, a total of 26 enterprises and co-operatives were supported with funding and business incentives in collaboration with institutions such as Small Enterprise Development Agency (SEDA) SEFA and NEF.

Total of 182 enterprises and cooperatives were assisted onsite and in districts with Companies Intellectual Properties Commission (CIPC) and Cooperative Incentives Scheme (CIS) registration and business advice.

During the year under review, the Preferential Procurement Initiative (PPI) unit forged a partnership with the Sol Plaatje University (SPU) to create opportunities for Small Medium and Micro Enterprises during the SPU Procurement Open Day & Business Incubator including infrastructure development.

The Preferential Procurement unit is collaborating on a continuous basis with (State Owned Enterprises (SoE's) e.g. Transnet provided information on goods and services rendered by Northern Cape Province's Small Medium and Micro Enterprises (SMME's) in terms of the procurement opportunities and review of their Procurement Policy.

ASSISTANCE TO MUNICIPALITIES

Honourable Members, as a means of rendering assistance to municipalities, on an annual basis the Department identified six municipalities based on their needs and renders local economic development (LED) assistance to them. For the 2018/19 financial year the Khai-Ma, Joe Morolong and Siyathemba Municipalities were supported with the LED components of their IDP while Pixley Ka Seme District, Kgatelopele and Dawid Kruiper municipalities were supported with the development of their LED Strategies.

Economic Empowerment

As a means of empowering target groups 10 skills training interventions were implemented by the department in collaboration with other stakeholders such as Mme re ka Thusa; private service providers; the National Youth Development Agency (NYDA) and SEDA respectively.

A total number of 49 learners were trained in the areas of diamond beneficiation as well as diamond valuation in the 2018 academic year. Of the total 30 were males and 19 females.

The Kimberley International Diamond and Jewellery Academy (KIDJA) and the Sol Plaatje University (SPU) have commenced work on the development of an academic project between the Kimberley Diamond and Jewellery Incubator (KDJI) and Heibei Geo University (HGU) to develop a documentary book to introduce the history of the SA diamond industry, so as to reinforce the brand of Kimberley diamonds in the Chinese market.

The Driver Training Programme in Colesberg has reaped fruits with 40 trainees successfully acquiring learner licenses; 58 trained on soft skills; and 23 completing practical vehicle training. The programme has since expanded to Kuruman with an intake numbering 75.

The Department through the Knowledge Economy and Innovation sub-programme coordinated 14 e-Skills initiatives targeting young people in the province. These initiatives were conducted in partnership with Department of Science and Technology (DST), Sol Plaatje University (SPU), Geekulcha, mLab, Northern Cape Development (NCDEV) (which is an Application Developers ecosystem coordinated by SPU Students).

The department hosted training workshops at the Mobile Applications Development Laboratory (mLab) in Galeshewe on Digital Empowerment and Cell Phone Repair skills amongst other programmes to introduce the youth, scholars and SMMEs to

digital technologies. Our emergent prowess in digital technologies is demonstrated by our SPU scholars, who for the second year running were placed second at a national ITWeb Security Summit. Team Dumela's success this year shows that the Northern Cape has the potential for the dynamic industrialisation required for the 4th Industrial Revolution (4IR). ...Give them a resounding round of applause!

Initiatives to Promote Trade and attract Foreign Direct Investment (FDI)

During the 2018/2019 financial year the Province exposed 23 Northern Cape companies to export markets through participation at the following local and international exhibitions:

AIM exhibition in Dubai, United Arab Emirates

Chenzhou Mineral and Gem Exhibition in Chenzhou, Hunan Province, China

Broad-Based Black Economic Empowerment (BBBEE) Rural and Township Economy Summit in East London

NOCCI Business Expo in Kimberley

China International Fair for Trade & Investment (CIFIT) in Xiamen (China)

SIAL show in Paris

Global Expo Botswana

In our efforts to grow the export base of the Province, the department in collaboration with the Department of Trade and Industry (dti) and SEDA rolled out Export Awareness Seminars in Upington, Kimberley, De Aar, Kuruman and Springbok. Ninety two (92) companies participated.

The department also hosted Global Passport Exporter Programme (GEPP) phase 1 and phase 2 training workshops in conjunction with the dti in Upington and Kimberley. Forty eight (48) companies participated.

The Department supported provincial mega-projects such as the envisaged Upington SEZ, Boegoebaai Deep Port Harbour and the De Aar Logistics hub through marketing of the projects during outward visits to UAE and China.

Exposure was also given to investment opportunities in the Northern Cape, through marketing publications such as the Frontier Invest e-marketing platform and the Northern Cape Business Publication.

The Department also hosted the Northern Cape Renewable Energy Conference (NCREC) in De Aar in August 2018 at which a number of resolutions were adopted. These include:

Measures to support local manufacturing

To empower young people with skills to do the installations of solar water heaters/geysers and maintenance thereof

Commitment to pay municipal rates and taxes by Independent Power Producers (IPPs)

Introduce training centre to empower communities to prepare themselves for Enterprise Development projects

Improve capacity at the municipal level to ensure their state of readiness to participate in IPPs Economic Development obligations

Establish a Renewable Energy Directorate

Upington SEZ

The application for designation of the Upington Special Economic Zone (SEZ) served before the Department of Trade and Industry (dti) Advisory Board Technical Committee. An announcement will be made on the final decision in due course.

Namakwa SEZ

Honourable Speaker, I am also happy to announce the establishment of the technical committee that is overseeing progress in relation to the designation of Namakwa SEZ.

As a result of the presence of an anchor investor in the form of Vedanta Zinc International (VZI) and the Gamsberg Mine development at Aggeneys, the development and designation of the SEZ in Namakwa will be prioritised by this administration. We will continue to update this august house on further developments around this initiative.

Business Regulation and Governance

During the previous financial year the Consumer protection unit have reached a total of 8 721 people and saved consumers an estimated R1. 9 million.

Honourable Speaker, the Department started the rationalisation of both the Gambling and Liquor Boards. A departmental rationalisation committee has been set up to oversee finality of this process.

The Northern Cape Gambling Board which is tasked with the responsibility of regulating the gambling industry in the Province, collected almost R24 million during the 2018/19 financial year.

The Northern Cape Liquor Board (NCLB) continue to develop and strengthen existing partnerships with a variety of stakeholders to stem the tide of alcohol abuse

in our province and country. I am particularly pleased to report that for the period under review our partnership with South African Police Service (SAPS) resulted in the closure of illegal alcohol trading operations throughout the Province.

The Northern Cape Liquor Board (NCLB) conducted an average of 1 500 compliance inspections and 30 educational awareness programmes across the province.

The annual licensing process have been successfully executed totalling on average of R4 million per annum in license fees accrued to the fiscus.

The Square Kilometre Array (SKA) and MeerKAT

We were greatly pleased to be part of the launch of the 64 Dish MeerKAT Telescope on July 13, 2018 officiated by the Honourable Deputy President Mr. DD Mabuza. Through this project we currently have 10 learners from Carnarvon High school participating in the South African Radio Astronomy Observatory (SARAO) Undergraduate Bursary Programme. The electrical artisan training programme at Klerefontein is ongoing. There are 12 artisans undergoing training at the Artisan Training Facility at Klerefontein and 11 are in the employment of SARAO. The TVET Bursaries issued this year are 12 out of a total of 84.

Tourism Growth and Development

The Department funded the water supply to Hakskeenpan in Mier and the upgrade of the Dawid Kruiper Local Municipality (DKLM) Waste Water Treatment Works towards the development of Hakskeenpan as open-air mega event venue. The Department thus far has transferred R1, 8 million to the municipality to date so that the implementation of the upgrades could be fast tracked. The municipality has commenced the tender process already.

With regards to Operation Phakisa and the Oceans Economy the following has been completed:

Master Plan development for Hondeklipbaai to Port Nolloth as well as for the Orange River Mouth;

The feasibility study for the coastal aviation infrastructure;

The concept document for campsite development for Hondeklipbaai and McDougall Bay; and

Kleinzee Tourism Beach Precinct Plan.

Honourable Speaker, the Northern Cape Tourism Authority (NCTA) through their efforts to market and promote the province recorded an amount to the tune of R1.3billion to the tourism industry in the province, which is a positive development to the provincial Gross Domestic Production.

During that period, a total of 1 664 temporary employment opportunities for unemployed youth were created. These opportunities emanated from creative arts, tour guides, Women in Tourism event, routes products, accommodation and experiences on the various marketing platforms of the NCTA.

Furthermore, 162 temporary employment opportunities ranging from cleaning, security, and event coordination services were created amongst others at the Mittah Seperepere Convention Centre.

MATTERS OF EMPHASIS

The department is at the centre of the implementation of the province vision of building a modern, growing and a successful economy. At the heart of it, is to restore the credibility of our own internal programmes including our provincial state owned entities.

We will be paying particular attention to the Economic Growth and Development Fund (EGDF) as it relates to the Makgotla resolutions on the decentralisation of the fund to the districts.

Our aim is to ensure that there is transparency, equitable distribution across all the districts, accountability and that the allocations which are given to the SMMES reach its intended purposes.

We are also working towards the integration and rationalisation of all our state entities, we are aiming to strengthen our capacity to exercise oversight, to strengthen efficiency and effectiveness of these entities and ensure that they deliver on their mandate.

We are setting ourselves a timeframe of rationalising both the Liquor and gambling board by the end of the year.

Our immediate task is to look into the following areas:

Strengthening and expanding the Northern Cape Economic Development Agency's (NCEDA) mandate to fulfil its functions as an agent in the area of trade and investment promotion which should grow the exports and attract foreign direct investment into the province.

The department will create a special fund which would focus on immediate relief for businesses which requires immediate assistance

Explore prospects from the oceans economy specifically looking at the implementation of tourism masterplan for Hondeklipbaai, Mc Dougall Bay, Kleinsee Tourism Beach Precinct Plan

The emphasis will also be around the high impact projects which has the capacity to stimulate the economy of the province and create sustainable jobs

To pay particular attention on the economic opportunities which are largely untapped at the Square Kilometre Array (SKA), Southern Africa Large Telescope (SALT) and forge working relations with the Universities in research and innovation

2019/20 BUDGET ALLOCATION AND IMPLEMENTATION PLANS

The 2019/20 Budget and Policy Statement seeks to reflect our commitment to create a people-centred society to restore human dignity in our communities by achieving the vision set by the Premier of a Modern, Growing and Successful Northern Cape.

Honourable Speaker, please allow me to table the budget allocation of the Department for 2019/20 financial year which amounts to R 327, 997 million. The departmental budget has been cut in terms of the Technical Guidance Framework by 5.6% and 7% respectively over the 2020/21 Medium Term Expenditure Framework (MTEF) period. The total cuts amount to R67 million over the MTEF.

Programme 1: Administration

Honourable Speaker, a total of R 70, 053 million is allocated to Administration, to provide strategic economic direction to the province and municipalities and facilitate the implementation of our mandate.

In order to support the core functions of the department, Programme 1 seeks to render strategic direction through the coordination of the Economic Cluster. Informed by the principle that structure follows strategy, department will engage in the process of 5-year strategic planning, which will be followed by the review of the organogram to address the strategic thrust of the department aligned to the MTSF Apex Priority. This will see us doing away with duplication of functions between the Departmental public entities and the department. In line with that we will then deploy the appropriate skills and personnel to these functions in the Department and public entities. We will also strengthen our internal monitoring and tracking of all High Impact Projects.

Collaborate with all tiers of government, especially local municipalities.

Improve DEDAT visibility in the municipalities.

Part of this strategic plan and review of the organogram is to look at the possibility of implementing Makgotla Resolutions to insource security and cleaning services.

We plan to do this to make our modest contribution to creating decent jobs for our people in the Province. To this end, the aim is to ensure that the department has a footprint in all the districts.

Programme 2: Integrated Economic Development Service

The programme has been allocated R66, 389 million which includes an amount of R29, 900 million towards the EGDF. This allocation will be utilised for support to enterprises, development of local economies and the empowerment of historically disadvantaged individuals (HDIs).

This August House might be aware that the department made a few commitments about the funding of EGDF during the 2018/19 budget speech. This was to look at various models to ensure that we affirm our SMME's in projects that can become sustainable and therefore result in optimum impact and value.

We have directed that the 2019/20 application process and administration be put on hold as a result of the challenges which were experienced from the administration of the fund. As indicated earlier, the disbursement of the fund will be decentralised and we will announce the modalities of implementation in due course. This will allow the DEDAT to provide adequate support and formulate a proper framework that can satisfy all stakeholders and enhance transparency.

In our desire to realise the vision of a "Modern, Growing and Successful Province (MGSP), we need to radically transform, modernise and re-industrialise our provincial economy.

The department has also taken a decision to establish district incubation centres which will be centres of economic activity in the various districts of our province. These centres will also serve as catalysts towards the implementation of the "Khawuleza" model. This district Coordination model intends to look at the improvement of impactful government service development delivery.

We will accelerate our support to Small Enterprises, Co-Operatives and the Township and Village Economies for economic transformation, job creation and innovation and encourage all forms of entrepreneurship.

The government will provide infrastructure for these economies and markets, so that people who have business ideas can have space from which to promote and sell their products.

For the current financial year Khai Ma, //Kai Garib and Siyathemba local municipalities will be assisted with the development of LED strategies. Emthanjeni Local, Hantam Local and Frances Baard District Municipalities respectively will be assisted with the development of LED components for their IDPs.

Programme 3: Trade and Sector Development

Honourable Speaker, this programme has been allocated **R50, 218 million** of which **R18, 304 million** is to be transferred to the Northern Cape Economic Development, Trade and Investment Promotion Agency (NCEDA). This budget will assist to stimulate economic growth through the promotion of key sectors, trade facilitation and attraction of investment.

The Department is still consulting stakeholders on the Provincial Investment Booklet, which will feature high impact projects of the province and will be distributed widely in order to reach potential investors. This Investment Book is to be finalized by end of 2019.

Honourable Speaker, during the State of the Province Address, the Premier announced the establishment of a provincial state mining company. To this effect, a Special Task Team has already been established and the Department through its various programmes will proactively support the Task Team.

Honourable Speaker, the Department of Economic Development and Tourism and the Provincial Department of Mineral Resources have joined hands in efforts to assist artisanal miners in the Namakwa region and Sol Plaatje Municipality to create harmonious relationship between stakeholders. Progress is being made to formalise the miners by getting permits.

The department is also collaborating with Investment South Africa (Invest SA) to ensure the establishment of a Northern Cape One Stop Shop. The initiative is geared towards providing investors with services to fast track investment into the country and reduce government red-tape when establishing a business.

Programme 4: Business Regulation and Governance

Honourable Speaker, the programme has been allocated **R 43, 270 million** of which the Liquor Board received **R13, 309 million** and the Gambling Board **R15, 531 million**. This allocation will enable the programme to ensure an equitable, socially responsible business environment that allows for predictability, investment and economic growth.

Honourable speaker, we will be initiating the process of the amendments to both the Gambling and Liquor Acts and Regulations. This is to give impetus and fast track the process and rationalisation of both the Gambling and Liquor Boards.

Both the NC Liquor and Gambling Boards will look at the possibilities of enhancing their technology to be competitive, developing an electronic licensing system for online applications; online renewals of licenses complaints lodging and payment.

While pursuing this initiative the department will continue to eradicate illegal liquor trading and the proliferation of illegal gambling establishments through increased investigations and raids. The change of the provisions in the Act of the powers of inspectors will complement existing cooperation with the South African Police Services (SAPS) to eradicate illegal liquor trading and related crimes.

The Consumer Protection Authority will enhance awareness campaigns to promote business consumer education. It will also, through the Provincial Justice Forum takes on unscrupulous business owners and clamp down on illegal trading and selling of dangerous and illicit goods.

Programme 5: Policy, Research and Innovation

Honourable Speaker, the programme has been allocated **R24, 050 million** for the 2019/20 financial year to implement economic strategies informed by relevant economic research.

The Policy and Planning sub-Programme in collaboration with Sector Development will prioritise the review of the Renewable Energy (RE) strategy that is aligned to the Provincial Growth and Development Plan (PGDP), Provincial Spatial Development Framework (PSDF) and the Northern Cape Renewable Energy Conference (NCREC) 2018 resolutions.

The Research and Development Directorate unit, in partnership with the Economic Analysis Directorate at the Provincial Treasury, will host the 11th Annual Congress of the Public Sector Economist Forum (PSEF) on 27-29 November 2019 in Upington.

The Department's work in this era of digitalization, will see the Knowledge Economy and Innovation unit expand the Cell Phone Repair Technician training to the other four districts this financial year.

Innovation, is the precursor for our aspirations to modernise and grow the Northern Cape. Broadband telecommunications under the SA Connect Policy, continues in Pixley Ka Seme District with 16 SITA Next Generation Network (NGN) sites upgraded to 10 Megabites Per Second (Mbps) and 19 Broadband Sites access links to be installed and tested.

The Department's own efforts have brought WiFi to KIDJA, the Visitor Centre at the Big Hole and the SMME Village in Galeshewe, where the mobile applications development laboratory (mLab) is located. For this financial year we are looking at expanding the service to three more sites namely: Frances Baard Incubation centre in Colville, the NC SMME Trust and the Kimberley Skate Plaza.

The department works closely with Sol Plaatje University to launch the Northern Cape Innovation Forum (NCIF) by the third quarter on 2019. The Forum is chaired by SPU and comprises of government, business, academia and civil society, and is currently preparing an innovation baseline of the Province.

Programme 6: Tourism

Honourable Speaker, Tourism has been allocated **R 74, 017 million** of which **R24, 036 million** will be transferred to NCTA to promote us as a competitive tourist destination.

In the financial year 2019/20, our pursuit to transform the provincial tourism industry will see 125 tourism enterprises benefiting with financial and non-financial support.

The department will continue to play a role in improving products and experiences in historically disadvantaged communities to unlock the Township Tourism Economy and fast track transformation in the tourism sector.

To this end, we will extensively leverage partnerships and collaboration with the National Department of Tourism (NDT), South African Tourism (SAT), the Tourism Business Council of South Africa (TBCSA), the National Empowerment Fund (NEF) and the private sector amongst others.

Organised skateboarding in South Africa has found its prominence through the Kimberley Diamond Cup (KDC) brand to the extent that it has been recognised as one of the sporting codes by the International Olympics Committee (IOC).

This has afforded us the confidence to introduce skateboarding as a flagship event. The KDC brand elevates the Northern Cape as a premier destination for extreme adventure events as per our tourism value proposition.

Note that the KDC will be preceded by the Bloodhound Land Speed Record attempt at Hakskeenpan in Mier starting from 21 October until 30 November 2019. The build-up and hype kicks off right from the landing of the supersonic car at OR Tambo International Airport on 11 October 2019 and its transportation to the pan for the preparations.

To us, the project is about developing Hakskeenpan as an open-air mega event venue to unlock the tourism potential and local economic development of Mier as a destination. The project has the potential to create 25 permanent employment opportunities within five years, 100 EPWP employment opportunities during track preparation for Bloodhound and up to 100 temporary employment opportunities during all other future events.

Astro and science tourism will receive a significant boost through the establishment of an SKA Science Exploratorium dedicated to the SKA radio telescope in Carnarvon. The project is a partnership initiative between the department, National Department of Tourism (NDT), as well as the Kareeberg Local Municipality.

The Exploratorium will include a tourism visitor centre, digital planetarium, multi-purpose training centre, exhibitions and a model radio telescope dish. Through the departmental efforts, we were able to secure R57, 6 million from the Department of Science and Technology and National Department of Tourism respectively.

During 2019/20 the NCTA will support 65 events; inclusive of flagship, strategic and provincial events with 3 000 temporary jobs to be created through these events.

Honourable Members economic growth and development of the province can only be achieved through partnerships with the private sector and relevant partners.

Honourable Speaker, it is with outmost pride that I am acknowledging the presence of a person who has catapult himself into being a global asset in fashion design. History was made last week in Paris (France) when our very own from the Northern Cape, raised in the dusty streets of Galeshewe, Mr Thebe Magugu, was cast into the spotlight on South Africa and the Continent.

Having competed against 1700 other young designers from over 110 countries, Magugu is the first- ever African to win the prestigious house of Louis Vuitton, Moët and Chandon and Hennessy (LVMH prize) from the multi-national conglomerate. The LVMH prize serves to recognise the talent of the most outstanding young fashion designer in the World. Mr Magugu is present here today.

In conclusion, let me quote one of the Africa's finest son Kwame Nkrumah who had this to say, "The forces that unites us are intrinsic and greater than the superimposed influences that keep us apart".

Let me take this opportunity to pass my gratitude to the Ministry and the entire team of the department for their dedication and continued support.

The 2019/20 policy and budget statement seeks to inspire hope by affirming the New Dawn of the country's' political discourse. We need unity of purpose expressed in the National Development Plan as we march side by side to realise the vision of a "Modern, Growing and Successful Province".

I thank you,

