

# BUDGET VOTE 6

## Economic Development and Tourism

22 June 2023  
10h00



**economic development and tourism**

Department of Economic  
Development and Tourism  
NORTHERN CAPE  
REPUBLIC OF SOUTH AFRICA



Honourable Speaker and Deputy Speaker,  
Honourable Premier — Dr. Zamani Saul,  
Colleagues in the Executive Council,  
Chief Whip of the Majority Party and Leader of the Official Opposition,  
Honourable Members of the Provincial Legislature,  
Director-General,  
Head of Department of Economic Development and Tourism  
Senior Management and State Officials,  
The Leadership of Trade Unions,  
Fellow Northern Cape Citizens,  
Distinguished Guests,  
Ladies and Gentlemen,  
Molweni, Goeie More, Sanibonani, Good Morning!!!!

Let me start my opening remarks by borrowing from one of the foremost revolutionary, a struggle icon and an outstanding hero of Guinea Bissau, Amical Cabral.

In one of his widely circulated essay, Cabral acclaimed that we must,

***“Always bear in mind that the people are not fighting for ideas, for the things in anyone’s head. They are fighting to win material benefits, to live better and in peace, to see their lives go forward and to guarantee the future of their children...”***

Cabral's charismatic and visionary leadership, his active Pan-Africanist solidarity, and his internationalist commitment to "every just cause in the world," remain relevant to contemporary struggles for emancipation and self-determination.

**Madam Speaker**, these words also resonate with the vision of the democratic state which was created post-1994 after a protracted struggle by the progressive forces in and outside our country for the total liberation of our people from the clutches of apartheid, neoliberalism, and colonialism of a special type which over the years, have confined our people to racial subjugation, famine, poverty, squalor, social injustice and degradation.

True to what Cabral said in 1965, our people are still engaged in a relentless struggle to reverse the legacy of apartheid and the exclusion of millions of our people from decision-making on critical matters affecting our country.

Furthermore, our people have an appreciation of the efforts of the democratic order to change the structure of our society which is mainly characterized by poverty, inequality, and unemployment.

**Madam Speaker**, This administration is mainly driven by our mission to build an effective government that is responsive to the needs of the people and that is driven by the idea of realizing a better quality of life for all the people of South Africa.

While progress has been made in the two-and-half decades of freedom to extend basic services and reduce poverty, the distribution of income and assets still reflects the fault lines of apartheid colonialism, "*The issue of distribution of national income – the fundamental question of political economy – now occupies an important place in mainstream discourse.*"

In short, the economic reconstruction and recovery plan, as well as refinements being introduced, provide an opportunity to embark on a new growth path and achieve a sustainable economic future based on economic inclusion, high rates of employment, and better levels of social equity. Sustainability also entails a just transition to a low-carbon future, sensitive to urgent environmental imperatives and the impact of the transition on the working people.

Honourable Speaker, Today, I stand before you to present the budget speech for the upcoming financial year, outlining our plans and initiatives to create an enabling ecosystem for economic growth and transformation in our province.

## **Economic Overview**

**Honourable Speaker,** The International Monetary Fund (IMF) warns that major economies like Europe and the United States are showing signs of weakening activity. The World Bank also states in its World Economic Prospects report that the global economy is vulnerable to adverse developments such as higher-than-expected inflation, abrupt interest rate hikes, a resurgence of Covid-19, or escalating geopolitical tensions. Such events could potentially push the global economy into a recession, which would be the second recession within the same decade. The global economic growth outlook for 2023 is projected to slow down to 2.9 percent, with significant risks leaning towards the downside.

**Ladies and Gentlemen,** While there has been an overall improvement in our macroeconomic fundamentals, it is important to acknowledge that significant challenges continue to exist in the medium term.

These challenges are primarily a result of the persistent impact of the pandemic, the volatility stemming from the Russia-Ukraine conflict, and the persistent issue of energy insecurity within our country.

**Madam Speaker,** in relation to the national economy, the most recent GDP data published by StatsSA has alleviated worries regarding a potential technical recession arising from both external and internal factors. According to StatsSA (2023), following a revised -1.1% contraction in the fourth quarter of 2022, the real gross domestic product (GDP) experienced a slight increase in the first quarter of 2023 recording 0.4% growth. Notably, the manufacturing and finance industries played significant roles in driving this growth,

Provincially, IHS MarkiT estimates that the economy will grow by around 2% in 2022 and projects positive growth for 2023. The provincial economy continues to be driven by the mining and community services sectors, this calls for the province to implement economic reforms and intensify the implementation of our interventions as highlighted in the Provincial Growth and Development Plan (PGDP). The PGDP identifies infrastructure development, innovation, agriculture, skills development, mining, and mineral beneficiation as paths of prosperity towards accelerated growth and job creation.

**Madam Speaker**, in terms of employment, the first quarter of 2023 showed positive growth, with approximately 3,600 new jobs created compared to the previous quarter.

Despite these employment gains, the provincial unemployment rate in the first quarter of 2023 increased by approximately 4.5 percentage points, reaching 26.6 percent which can be attributed to a decrease in the number discouraged work seekers (meaning that more people are actively looking for jobs).

Furthermore, although unemployment amongst the youth remains a challenge, the province recorded the second lowest youth unemployment rate in the country at 35.1% for quarter one of 2023.

## **Industrialisation**

**Madam Speaker**, I am happy to announce that the National Cabinet approved the designation of the Namakwa SEZ in Aggeneys in the Northern Cape which is part of the Presidential Investment Drive. The current administration places significant importance on advancing industrialization in the Northern Cape due to its potential for substantial economic growth and prosperity.

**Ladies and gentlemen,** Phase 1 of the Namakwa SEZ has already secured investments worth over R29 billion. This include commitments from Vendata Zinc (R16 billion), Frontier Rare Earth (R13 billion), Hive Energy (R200 million) and RRS Trade and Investment (R100 million) aimed at reversing persistent triple challenges of unemployment, poverty and inequality.

To proceed with the project after designation, the province has allocated R100 million for initiation and is considering additional funds for operationalization and meeting water infrastructure requirements, including bio-offset requirements and upgrades.

In addition, a Bulk Infrastructure Funding (BIF) submission is being prepared for the 2023/24 and 2024/25 Medium-Term Expenditure Framework (MTEF) to unlock R1.6 billion for bulk infrastructure enablement. These accomplishments represent significant progress in the Namakwa SEZ, attracting investments and promoting economic development in the region.

**Madam Speaker,** the Boegoebaai Green Hydrogen Development Programme holds a crucial role in the planned Namakwa Special Economic Zone (SEZ), for which the pre-feasibility design of the SEZ infrastructure has been finalized. The business case addresses the technical aspects necessary to create an environment conducive to attracting and accommodating investments in the SEZ.

Additionally, the Upington Industrial Park project has reached a significant milestone, transitioning from the procurement phase to the works phase. The construction phase to the tune of R50m, has commenced after the site handover, creating 600 job opportunities. As a result of the movement on the part of the government with the first phase, we notice that the private sectors began to co-invest to the tune of R300m.

**Ladies and Gentlemen,** Moving forward, the focus is on meeting the needs of beneficiaries and sponsors, particularly by promoting local employment and

empowering small, medium, and micro-sized enterprises (SMMEs) through inclusive work packages.

In terms of the Kathu Industrial Park, Anglo American has made progress by appointing a resource person to assist the Gamagara Local Municipality in developing the necessary internal capacity for the project's bulk infrastructure. Additionally, there has been a submission for project preparation, which will enable the submission for BIF application. An allocation of R4.5 million has been set aside and will be administered through the Industrial Development Corporation (IDC) for executing key design parameters and implementation philosophy.

### **Enterprise development**

Madam Speaker, in order to provide strategic policy direction for the country to enhance coordination and targeted support for small businesses, with the sole aim, to advance economic growth, the national government has adopted the National Integrated Small Enterprise Development (NISED) Masterplan. As a means of implementing key focus areas of the masterplan, I am pleased to announce that the Department will be hosting SMME engagement sessions in all districts across our province during the upcoming financial year.

These sessions will serve as a platform for dialogue, collaboration, and knowledge-sharing between the department and provincial SMMEs operating in various sectors. We will further develop an SMME database for all sectors, listing the micro and small enterprises supported during the year.

Collaboration with stakeholders will be vital in our endeavours. We are proud to announce that we will be piloting a Virtual Incubation Programme in partnership with Sol Plaatjie University, FNB, SEDA, MTN and municipalities. This program will support 500 enterprises, 300 of which concluded the formalization process last year.

We will actively engage with municipalities to provide the necessary facilities for its implementation.

Honourable Speaker, the province has developed the Northern Cape Enterprise Development Strategy which is currently in the consultation phase, we encourage all stakeholders to participate actively in shaping this strategic document.

**Madam Speaker**, Last year I announced the launch of the Township and Rural Enterprise Fund. The department received a total of 1,836 applications of these seven hundred and twenty-seven **(727)** were shortlisted after verification. The district breakdown is **Pixley ka Seme - 135, ZF Mgcawu - 162, John Taolo Gaetsewe - 129, Frances Baard - 272 and Namakwa - 29**. R12,15 million has been set aside for this entire process which is expected to be completed within the second quarter of this Financial Year.

**Ladies and Gentlemen**, the Northern Cape/NEF Blended SMME Fund has received 178 funding applications and so far, nine (9) transactions have been approved for funding, 83 applications have been declined due to a lack of commercial viability, and 36 deals were withdrawn due to insufficient information.

These nine (9) approved projects, through the Northern Cape/NEF Blended SMME Fund scheme, have created **588 jobs** thus far, with a total disbursement of **R 81,136 million**. The average cost per job is around R138,000, and the grant portion transferred amounts to R 26.68 million.

These projects are spread across different districts in the Northern Cape. **John Taolo Gaetsewe District** has **four (4)** projects with **387 jobs**, **Z F Mgcawu District** has **two (2)** projects with **149 jobs**, **Frances Baard District** has **two(2)** projects with **26 jobs**, and **Namakwa District** has **one(1)** project with **26 jobs**.

**Madam Speaker**, the Department of Small Business Development (DSBD) has allocated R1,4 million to the NCEDA, enabling artists to access markets, develop their products, and receive training. In line with the DSBD's program objectives, we have achieved outstanding results within the designated period.

Earlier this year the Premier Dr Zamani Saul launched the Northern Cape Recording Studio valued at R1,5 million. This studio is an important investment for the arts and creatives in the Province. It will go a long way in nurturing and exposing youth talent

in the sector, providing them with the necessary resources to record, mix, master, and produce various forms of audio art and media.

**Madam Speaker**, to ensure local communities benefit from the exponential growth of the renewable energy sector in our province, the department, through the Northern Cape SMME Trust, received a total of **112 applications** for the PV Green Card training. Of these, **53 SMMEs** were shortlisted for the program and to date **33** have passed the assessment and met the requirements for PV Green Card Certification.

Within the next two to three weeks the Premier will launch the successful candidates. This course is a continuous one and we encouraged qualifying SMMEs to take advantage of this initiative.

The Department continued to expose businesses to the export market through active participation in trade exhibitions such as the **Fancy Food Show in New York, the Keetmanshoop Agricultural Industrial and Tourism Expo 2022**, and **SAITEX 2022 in Midrand**.

As a result, several potential export deals were secured, including the export of Tiger's Eye and quartz minerals to the UK and China. The export of Rooibos and Green Rooibos Teas to a Mexican company based in New York, and the provision of decorative art and décor for a newly refurbished hotel in Keetmanshoop are other opportunities that emanated from these outbound missions.

### **Expanded Public Works Programme**

The Department received a total transfer of **R1,960 million** for the Expanded Public Works Grant in accelerating job creation. A total of **162** employment opportunities were created through implementation projects in Kakamas, Lekkersing, Langley and Schmidtsdrift.

### **Knowledge Economy and Innovation**

**Madam Speaker**, Broadband connectivity is essential for Internet access, which will boost the e-skills training of our investments in the mobile applications development laboratory (mLab) and support the Technology Innovation Agency (TIA) investments in the Virtual Living Lab (VLL) in Barkley West, and Mecwi Living Lab (LL) in Tsineng.

The Afrovation Foundation WiFi hotspots continue to expand with 16 sites now live. Some of those sites are the Manne Dipico Centre; Pampierstad Youth Service Centre; Floors High School; and even our own Khaya la Bantu building. Afrovation will target ZF MCGAWU during this financial year. Our own Seeding Community Network has also initiated one hotspot at the Soup Kitchen in Seeding Village and will expand their hotspots during 2023/24.

## **Tourism**

**Madam Speaker**, The Department has successfully established relationships with 17 Tourism entities to engage stakeholders. Over the past financial year, the tourism sector has accomplished three significant infrastructure projects: the construction of luxurious campsites in Witsand Provincial Nature Reserve, waterproofing and electrical works at the Northern Cape Theatre, and an upgrade of kitchen facilities at Magersfontein Battlefield Museum.

**Madam Speaker**, as we strive for excellence in the tourism industry, compliance is of utmost importance. It is for this reason that we have adopted a comprehensive approach to ensure adherence to regulations and requirements. Proactive engagement with 68 tourism business owners has provided valuable insights and identified areas for support and guidance. The department remains committed to fostering compliance, innovation, and sustainable growth in the tourism sector.

## **Northern Cape Tourism Authority (NCTA)**

**Honourable Speaker**, the NCTA has successfully supported 104 SMMEs in the tourism value chain, providing assistance in marketing, market access, trade platforms, online travel platforms, and media exposure.

Tourism spending has seen an impressive increase of 301%, attributed to effective international marketing campaigns that attracted more international visitors, increased spending, longer stays, and enhanced media engagement. These achievements highlight the significant impact of tourism on the Northern Cape's economy.

**Ladies and Gentlemen**, The NCTA has played a vital role in supporting 49 leisure events, drawing 96,130 visitors, a substantial increase from the previous year's 19,760. These events generated approximately R121 million in visitor spending, a notable 173% rise from the previous year's R70 million, and created 1,010 temporary jobs, contributing to the local economy.

The province successfully hosted the Africa International Tourism Investment Conference in Upington early this month under the theme: Forging inclusive global partnership for inclusive local economic development through sustainable investment. The event provides an opportunity to raise awareness, provide information about the investment climate of the destination and promote the destinations' priority investment projects.

### **Northern Cape Gambling and Liquor Board**

**Honourable Speaker**, the Gambling Board and the Liquor Board received allocations of **R16,800 million** and **R14,922 million** respectively for the 2023/24 financial year. These funds will empower the NCGB (Northern Cape Gambling Board) and NCLB (National Central Electronic Monitoring System) to establish a fair and socially responsible business environment that promotes predictability and facilitates economic growth.

**Honourable Speaker**, there has been significant progress made in addressing the challenges related to revenue collection, and it is essential to highlight the substantial advancements in this area.

The NGGB (Northern Cape Gambling Board) is actively collaborating with the Provincial Treasury to review licensing fees in accordance with Section 89 (1) (g) and (3) of the Act.

This strategic step aims to enhance revenue collection for the NCGLB (National Central Electronic Monitoring System).

Furthermore, the NCGLB has been committed to improving the organization's performance by conducting regular audits. These audits play a vital role in ensuring the accuracy of collected revenue submitted to the provincial fiscus and safeguarding against potential manipulation of gambling machines.

To address the anticipated economic downturn and promote economic activity and social interaction, the introduction of interactive gambling (digitally) has been proposed as a new mode of gambling and licensing. This initiative aims to mitigate the projected decline in the economy and enable the government to revitalize economic activity and social engagement.

In line with the vision of modernising the province, during this financial year, we will digitise liquor license applications and renewals, to allow businesses to do it online. This will enable any business person to submit liquor license applications or renewals from any part of the province and the country, thereby saving on transport and other related costs.

### **Northern Cape Consumer Protection Authority**

The Northern Cape Consumer Protection Authority continues to effectively address consumer complaints and provide speedy resolutions. During the previous financial year, 206 complaints were investigated of which 157 were successfully resolved. The

Authority conducted 290 inspections on businesses and issued 81 compliance notices to enforce consumer protection regulations.

Through education programs 2,248 individuals were reached across all five districts, empowering consumers to make informed purchasing decisions.

The province hosted the World Consumer Rights Day which is an international event that is celebrated annually on the 15th of March. This event was proudly hosted under the THEME: "CREATING A FAIR MARKET PLACE." The event was a huge success and contributed successfully to the sharing of information brought to the public in the Kalahari area.

The Department is facilitating the process and consulting with the Legislature and all the affected stakeholders for a smooth transition on the incorporation of the Tourism Authority, and White Fleet Trading Entity into NCEDA, and for the merger of the Gambling and Liquor Authority.

## **Budget Allocation 2023/24**

Speaker, I would like to present the budget allocation for the Department for the 2023/24 fiscal year. The department has been allocated a budget of **R328,185 million** to support the promotion of economic planning and drive growth through industry development.

## **Programme 1: Administration**

Honourable Speaker, a budget of R78,898 million has been allocated to the Administration sector, representing an increase of R5,529 million from the previous financial year.

This funding is designated to provide strategic, leadership, management, and support services to the department, as well as to facilitate the achievement of higher economic

growth, improved levels of employment and quality of life by rendering administrative support to the implementing arms of the Department.

The Department reviewed organizational structure, which places the staff compliment at 175 posts. Currently, we have a vacancy rate of 13%, which is higher than the desired target of below 10%. To address this vacancy rate, the department is actively working on filling the vacant and funded posts.

### **Programme 2: Integrated Economic Development Services**

The Integrated Economic Development Services program is implementing integrated enterprise development services to foster economic growth in the province. For the current financial year, the program has been allocated a total budget of **R64,269 million** of this amount, **R12,043 million** is allocated to the Blended fund for 2023/24, in collaboration with the National Empowerment Fund.

As part of our youth development initiative, the Department we will launch a Youth Pitch programme to allow young people to pitch their innovative business idea, the winner of the best pitch will be awarded a small start-up of **R50 000** for first prize.

Madam Speaker, to enhance the empowerment of individuals living with disabilities, we will conduct focused training sessions in key areas such as record and bookkeeping, basic business skills, and beads training. These sessions will take place in central locations, namely Springbok, Carnarvon, and Upington covering each district, ensuring a broader reach and inclusivity.

### **Programme 3: Trade and Sector Development**

The objective of the Trade and Sector Development program is to enhance economic growth by fostering the development of identified key sectors, facilitating trade, and attracting domestic and foreign investments. A budget of **R75,414 million** has been allocated for this purpose, with **R19,883 million** designated for the acceleration of economic growth through catalytic projects and other initiatives to be transferred to

Northern Cape Economic Development Agency (NCEDA) and the Northern Cape Tourism Authority has been allocated **R26,336 million** for destination marketing.

#### **Programme 4: Consumer Protection and Business Regulation**

Honourable Speaker, a budget of **R42,920 million** has been allocated to support the Office of the Consumer Protector in enhancing the education of our youth regarding consumer rights, which has now become a part of the school curriculum. This allocation aims to increase the reach of consumer education, particularly among individuals in rural areas who may lack basic literacy skills.

#### **Programme 5: Economic Planning**

Honourable Speaker, for the 2023/24 financial year, a budget of **R19,665 million** has been allocated to the program, aiming to facilitate and support the transformation of the economy through the development of economic policies and strategies and support innovation and connectivity in the province. These policies will be informed by relevant economic research as guided by the Departmental Research Agenda.

#### **Programme 6: Tourism**

Honourable Speaker, the Tourism program has been allocated a budget of **R47,019 million**, to lead tourism growth, development and destination promotion in the Northern Cape.

#### **Madam Speaker,**

President Ramaphosa captured our determination to reset the South African economy when he said: ***“We are determined not merely to return our economy to where it was before the coronavirus, but to forge a new economy in a new global reality.”***

While our economy is facing a crisis of unprecedented scale, it is also a rupture with the past, and an opportunity to drive fundamental and lasting change.

Just as the post-war era enabled the restructuring of economies, societies and the global order, the economic reconstruction and recovery plan will herald a transformation of social and economic relations in South Africa.

South Africa's growth story will rely on a massive investment in infrastructure, including in energy, telecommunications, ports and rail.

It will be propelled by swift reforms to unleash latent potential, and supported by an efficient state that is committed to clean governance. It will be inclusive, digital, green and sustainable, and it will invest in our human capital to lay the foundations for the future.

The latest cabinet announcement for the designation of the Namakwa Special Economic Zone (SEZ) brings a new glimmer of hope to our people, it is the right spark that we have all been waiting for.

As I move towards my closing remarks, I wish to take this opportunity to remind our people that we have set out a bold vision and immediate actions to enable an economic rebound and to build the economy of the future which brings together the work of government departments and all stakeholders in the realisation of the vision of this administration of building a modern, growing and successful province which we all desire.

I once-more wish to pass my sincere gratitude appreciation our Premier, Dr Zamani Saul who has been steering this ship amid all the challenges that confronts us, colleagues in the Executive Council for their support, the chairperson of the portfolio committee on finance, economic development and tourism, who is also the Chief Whip of the Northern Cape Provincial Legislature Honourable Neo Maneng, members of the portfolio committee on finance, economic development and tourism for their support and honourable members of this august house.

I also wish to extend my sincere appreciation to the Head of Department, Mr Thami Mabija for his leadership in the department, senior management and the entire staff of the department for working around the clock in carrying out difficult assignments, at times working under extremely difficult conditions.

Special gratitude to the support staff of my office, stakeholders and everyone who has contributed in making our tasks easy.

I thank you.