

**ADDRESS BY MACCOLLEN NTSIKELELO JACK: MEC FOR FINANCE, ECONOMIC DEVELOPMENT AND TOURISM TO THE NORTHERN CAPE LEGISLATURE ON THE OCCASION OF TABLING THE BUDGET VOTE 6: 27 JUNE 2017**

Honourable Speaker and Deputy Speaker

Honourable Premier - Mme Sylvia Lucas

Honourable Members of the Executive Council

Honourable Members of the Provincial Legislature

Executive Mayors, Mayors and Speakers of our municipalities present

Chairpersons of Boards and representatives of the Provincial Public Entities

Senior management and officials of the Provincial Government

Distinguished Guests

People of the Northern Cape

Ladies and Gentlemen

Good Morning, Dumelang, Goeie More, Molweni

Honourable Speaker! Thank you for this opportunity to table the Department of Economic Development and Tourism budget for the 2017/18 financial year.

We should admit that the economic circumstances we face at present are the most complex and the context within which we are to discharge our responsibilities to deliver goods and services will be badly affected.

Despite the recent down-grade by three rating agencies with a continuous negative outlook and the recent announcement of a technical recession, we should be comforted by the fact that this is not just an ordinary year in the history of our country.

We are not only celebrating twenty three (23) years of democracy, Oliver Reginald Tambo's Centenary, forty (40) years of Steve Biko's

passing on, the year coincides with the sinking of the S.S. Mendi Troopship's Centenary.

The story of the SS Mendi is that of supreme courage in the face of death and valour shown between brothers toward each other in dire circumstances. The courage displayed by these men should be the courage we display in this country during these difficult times.

Honourable Speaker! In memory of the June 16 Youth, the Department of Economic Development and Tourism, firmly believes that the fundamental changes in the structure of the economy can be achieved through youth enterprise development and support.

But this requires self-driven and brave young people who will take full ownership of radical economic transformation and drive it without fear. The future belongs to the youth.

### **Economic Overview**

The provincial annual growth for 2015 was 0.9% measured at constant 2010 prices compared to national growth of 1.3%. This was a significant decline in provincial growth against 2.8% in 2014. The provincial GDP contribution to the South African economy in 2015 was recorded at 2.1% at current prices. The International Monetary Fund expects a modest recovery for South African national growth rate to 0.8% in 2017 as commodity prices recover, drought conditions improve, and electricity capacity expands. The World Bank on the other hand expects growth to come in at 0.6%.

These modest projections are likely to be further revised downwards, as the South African economy is officially in a technical recession.

The wide-reaching implications of these ratings will have to be overcome through collective action by all. Oversight over government spending should be prioritised, now more than ever to address the negative impact of the downgrading on investment and lending.

The latest labour force statistics from Stats-SA indicate a year-on-year increase in the working population from 773 000 in 2016 to 783 000 in 2017.

The Department will continuously strive to create an enabling environment for social and economic transformation through inclusive growth and job creation despite the current economic climate and related challenges.

## **2016/17 Highlights**

### **Programme 1: Administration**

During 2016/17, the Economic Technical Committee Secretariat unit compiled a position paper on the socio-economic effects of retrenchments on mine workers and their families.

A Memorandum of Agreement (MOA) between the Department of Economic Development and Tourism and the Sol Plaatje University (SPU) has been signed in terms of the knowledge partnership on research and Economy.

The analysis of the department's performance indicates that we achieved 66% compliance in the MPAT 1.6 cycle, improving from 61% in MPAT 1.5. Although this is below the targeted 70%, it shows significant progress.

The draft organisational structure has been completed and the Department is going ahead with filling of vacant and funded post. We are following all relevant processes in terms of the provincial moratorium to ensure compliance.

### **Programme 2: Small Business Development**

**Honourable Speaker, I am pleased to announced that as promised in my 2016/17 budget speech, the department hosted a successful SMME & Procurement Summit on 28-29 November 2016.**

In forging closer relations with State Owned Enterprises a total of 32 SMME's were linked with public procurement opportunities from Eskom, Transnet and ACSA.

During 2016/17, the Department completed the implementation of the NC SMME Capacity Building Programme which entailed training of 250 SMMEs/Cooperatives across the province on entrepreneurship, business management and financial management skills.

The Department also completed the training of 59 informal traders in Kimberley, Postmasburg, Kuruman and Upington on marketing and sales. They were provided with Flash machines that can sell prepaid electricity and airtime, pay Dstv subscriptions, place soccer bets, etc.

The Department in collaboration with the Companies and Intellectual Property Commission (CIPC) established a self-service centre in at the Umzimkhulu House in Kimberley.

Entrepreneurs register their businesses online and benefit from the ease of access to services provided by the CIPC

**Honourable Speaker! True to my commitment I made to people of the Province, in this august House in 2016, the beneficiaries of the Economic Growth and Development Fund (EGDF) were spread across the province.**

An amount of R26, 908 million was disbursed to SMMEs and cooperatives.

A total of 32 businesses where funded across the province; Twelve (12) in the Frances Baard District; Three (3) from Z F MCGAWU District; Six (6) from John Taolo Gaetsewe District; Six (6) from Namakwa District; and Five (5) from Pixley ka Seme District.

**Honourable Speaker! For the very first time in the history of the Fund, the Department ensured that it includes checks and balances to ensure proper monitoring of the funds disbursed.**

**Of the total beneficiaries, 32,1 % is women, 25% youth and 1% disabled.**

Honourable Speaker! Five (5) companies were earmarked for support as Black Industrialists and their business plans were submitted to DTI for financial and non-financial support. Three of these five companies have already received support through the EGDF.

The feasibility and business plan on the renewable energy incubator as well as the business plan for the renewable energy virtual incubator have been completed in 2016/17. An application was submitted to

Department Small Business Development for the Enterprise Incubator Programme (EIP) for funding.

The Department implemented three EPWP projects directly and in total reported five projects which accounted for 239 work opportunities. These were:

- Hopetown Pollution Control Project
- Kimberley Big Hole Precinct Tourism Cleaning and Greening
- Port Nolloth Tourism Cleaning, Greening and Infrastructure Development.

The Economic Empowerment Sub Programme provided training in basic business skills for 20 women with disabilities. Twenty women in each of the following districts: Namakwa, Pixley Ka Seme and John Taolo Gaetsewe received ICT training and 20 women were provided with accredited Project Management Courses.

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

Honourable Speaker! The highlight for this programme was the facilitation of the Bokpoort Concentrated Solar Energy investment project, to the value of R1.5 billion. The investment was part of the Department of Energy's renewable energy independent power producer programme (REIPPPP).

Honourable Speaker! The department participated in the Chenzhou Mineral Trade Show and exposed five SMMEs at this international platform. **Two companies namely Griquastad Semi-precious Stones and Jewellery as well as Prieska Loxton Hub received two export orders from a Chinese company, Marvelous Gems MPT Ltd to the value of US\$ 119, 000.** This is an outcome of the BRICS Conference held in 2014 in Kimberley.

Honourable Speaker! In 2016/17, the Sector Development continued with the implementation of the Metals Industrial Cluster which will be anchored around Steel Manufacturing. This will ensure that we build an

industrial base which is an imperative for radical economic transformation.

The achievements are the acquisition of 50 hectares of land in Ga-Segonyana Municipality, identification and securing of firms that will locate in the park for manufacturing activities, the completion of the business plan for the next MTEF for the Cluster, as well as the completion of the environmental impact assessment (EIA), geo-technical Studies and Land Survey.

Seven firms have been secured to participate in the Clothing Manufacturing Cluster and a Cluster Management Company has been established.

Our Strategy on diamonds and semi-precious stones in terms of mineral beneficiation enabled us to provide skills training in diamond cutting and polishing through our Kimberley International Diamond and Jewellery Academy (KIDJA). Nineteen students initially enrolled at KIDJA in the 2016/17 financial year with an additional seven registering later for training in a short course on rough diamond evaluation. This training enables people to acquire a diamond dealer's licence.

KIDJA also applied for a learner-ship from the Mining Qualifications Authority (MQA) and was awarded 61 NQF level 4 learner-ships.

KIDJA also managed to achieve its MQA accreditation in 2016 which means that they no longer require using service providers to conduct their training.

Honourable Speaker! The establishment of the Special Economic Zone in Upington has been moving swiftly in terms of its targets. The application for designation was completed and is due to be submitted for evaluation and approval.

The project has been fully funded by DTI at this stage to an amount of R28,6 million over the last 3 years. Three (3) definite investors have committed to invest in the SEZ, which are ACSA, Solar Africa Investment and CAMAC.

One of the mandates of NCEDA is the Craft Customised Sector Programme (CCSP) which has three elements namely product development, enterprise development training and market access

Fifty seven craft enterprises were supported to showcase their products at the following platforms namely.

Decorex Cape Town – 10 crafters  
Grahamstown Art festival – 5 crafters  
Gariiep Kuntefees – 14 crafters  
Decorex Johannesburg – 7 craters  
Macufe Art festival – 10 crafters  
Heritage day – 6 crafters  
Womens day – 5 crafters

Honourable Speaker! The occupancy rate in Witsand Tourism Nature Reserve has increased thus seeing attraction of tourists to the Nature Reserve. Seventeen (17) groups were hosted at Witsand Tourism Nature Reserve during the year.

#### **Programme 4: Business Regulation and Governance**

Honourable Speaker the report on the rationalisation of the Gambling and Liquor Boards has been completed, and its recommendations are currently being implemented.

The Consumer Protection Authority conducted 274 inspections for the financial year. A total of 673 cases were resolved from 852 cases received and 37 cases were adjudicated (heard) by the Consumer Court for the financial year.

Speaker a total of 53 Education and awareness programs were conducted throughout the Province.

I am proud to announce that we've influenced the curriculum of the Department of Education. Consumer Studies are now taught as an elective subject in schools.

The Province will be hosting the World Consumer Rights day which will be held on 15 March 2018.

During the 2016/17 The Northern Cape Liquor Board conducted 1,415 compliance inspections at licensed outlets, including awareness campaigns to the youth, liquor traders and pregnant women.

During 2016/17, the Gambling Board was dissolved because of an inability of them to discharge their fiduciary responsibilities.

Compliance inspections were conducted at casinos, bookmakers and totalisators and have expanded to Limited Pay-out Machines (LPM) sites throughout the province.

A Committee dealing with illegal gambling operations, which comprises of the Northern Cape Gambling Board; the National Prosecuting Authority (NPA); SAPS and all licensees has been established to tackle illegal gambling.

It must be noted that most illegal gambling nowadays is conducted online. This Committee is currently developing strategies to combat this new problem.

### **Programme 5: Policy, Research and Innovation**

Honourable Speaker! In our endeavour to implement the Nine Point Plan, District Economic Symposia were held. These focused on implementation of the Provincial Nine Point Plan.

**I am happy to announce that the framework for the development of the Economic Blue Print was developed and presented to EXCO.**

Research was also conducted on local procurement opportunities presented by SIP 3 (South Eastern Node and Corridor Development) and SIP 5 (Saldanha-Northern Cape corridor).

Furthermore, a basic synopsis was done relating to shale gas extraction and plans to extract shale gas in the Karoo region of the Northern Cape.

Knowledge Economy & Innovation conducted a number of ICT training sessions during 2016/17 to build an information society in order to promote a knowledge economy

We received funding to the value of R5.9 million from the Department of Science and Technology (over the MTEF) for the establishment of a mobile applications development laboratory (mLab) in Sol Plaatje Municipality.



The upgrade for the 80km gravel road to the SKA project resulted in 213 local persons out of a total of 280 being enlisted, this includes 32 subcontractors. Over R91.14m (45.5%) of the total project value of just over R200m has been spent on local procurement of goods and services.

### **Programme 6: Tourism**

Honourable Speaker! Departmental funding contributed to the building of Tree Top chalets in Mokala National Park, bird-hide in the Kgalagadi Transfrontier Park and a chalet overlooking the iconic Augrabies Gorge at Oranjekom.

This diversification of tourism offerings will impact positively on domestic and international arrivals to the province.

Tourism facilities at the Witsand Nature Reserve have been extensively upgraded thus improving facilities resulted in encouraging occupancy rates and an increase in publicity for the reserve.

Working with Open Africa, we not only achieved improved tourist route management, but also generating significant benefits for the youth and employment creation in the province. A total of 20 interns have been appointed on three routes over the course of 2016 with 11 of these youth finding permanent employment and four graduating to an Enterprise Development programme to help them start their own enterprises.

A survey done on the Richtersveld, Namaqua Coastal and Kalahari Red Dune routes revealed the creation of 102 new jobs since 2013 which includes 63 new jobs for the youth. Dirk Pienaar, a member of the Khomani San community in Mier travelled to Switzerland to participate in the Swiss Import Promotion Programme (SIPP)

Ten route representatives attended the Indaba 2016 international tourism expo in Durban while support was rendered to the Richtersveld Wildrun, Williston Winter Festival, Namaqua Trail Run and the Naba! Food & Wine Festival.

Road signs were erected on the Richtersveld, Karoo Highlands, Quiver Tree and Cape-to-Namibia routes. This will increase awareness of the routes and what is on offer, as well as to improve the visitor experience offered.

Honourable Speaker! The department opened the Frances Baard Flagship Visitor Centre in the Big Hole precinct which services the most visited destination in the province.

The department in collaboration with the Kalahari Red Dune Route Forum completed the visitor information office in Askham. Furthermore, the department funded the development of visitor information centres in Port Nolloth and Kakamas working in partnership with the respective municipalities.

**Honourable Speaker! Our efforts to scale down on the Kimberley Diamond Cup as promised, as a result of government reprioritisation exercise and cost cutting measures had unintended consequences.**

As a result, the event did not take place, and the matter is currently a subject of litigation.

Honourable Speaker, the Douglas Resort was registered with the Provincial Treasury as a public private partnership (PPP) in an attempt to revitalise municipal resorts in partnership with municipalities.

The Coastal and Marine Tourism Strategy has been completed. .

The study will assist the province to enhance policy intervention with regards to operation Phakisa and oceans Economy processes which are strategic in diversifying the economy on the West Coast from mining to tourism.

The study has been registered with Provincial and National Treasury as a Public, Private Partnership (PPP). This strategy will be supported by the implementation of the Small Harbours and State-owned Coastal Property Development initiative targeted for Namakwa District.

This is an effort of the national Department of Public Works (DPW) which is planning investments in three coastal municipalities in the Northern Cape, Eastern Cape and KwaZulu Natal respectively starting in the 2017/18 financial year.

Speaker, allow me to congratulate the NCTA on their sterling effort to promote the Northern Cape, culminating in them scooping many prestigious awards in the process:

- “Best Local Destination” awarded by the Cape Getaway Show.
- Gold Award - Provincial Authorities awarded by Indaba.

- Bronze award at Namibia Tourism Expo.

With regards to the agreement signed with the Hunan Province in China, NCTA liaised with South African Tourism China office to co-host Hunan buyers to attend the Indaba which was held on 16-18 May 2017. NCTA also hosted a Chinese tour operator on a three day visit to explore partnerships in the province.

Cross boarder partnerships established include the Eastern Cape Parks and Tourism Agency; Wesgro's co-promotion of the Cape Namibia route and flower offering; and the Namibia Tourism Board to enhance and expand the provincial footprint.

Honourable Speaker, NCTA's Tourism School Awareness Program was presented to tourism students at three schools in Colesberg.

A school group from Boitumelo Special Needs School in Kimberley visited the Mokala National Park; NCTA partnered with Frances Baard District Municipality Schools program targeting schools as well as hosting the 20 winners on an excursion in November 2016.

Honourable Speaker! I would like to congratulate Brown's Manor, our National Winner of the 2016 Lilizela Awards for the 4-Star Accommodation Category.

I would also like to congratulate The Big Hole and Oleander Guest House on their nominations for the National Award for the visitor experience and 5-Star Guest House category respectively.

### **Budget allocation and implementation plans 2017/18**

Honourable Speaker, please allow me now to table the budget allocation of the Department for the 2017/18 financial year which amounts to R296.518 million. This is an increase of R18, 603 million and therefore 6,7 per cent in nominal terms.

Honourable Speaker, I now provide a programmatic exposition of the departmental 2017/18 budget.

### **ADMINISTRATION**

The administration programme provides leadership, strategic management and ensures good governance in accordance with

government legislation and mandates. The sum of **R61, 897 million** is allocated to administration.

### **Small Business Development (Integrated Economic Development Services)**

The allocation to the programme for this financial year is **R84, 174 million**. Of this amount a total of R28, 165 million allocated to the Economic Growth and Development Fund.

Honourable Speaker! In the 2017/18 financial year the focus of the EGDF will be assisting SMMEs and cooperatives. This fund will be used as a catalyst to accelerate and support our efforts in the development and revival of the Township Economy.

Further funding of R1, 5 million has been committed to a youth business entity for a Toilet Paper Manufacturing and Bottled Water Plant in Colesbergone of the economically depressed towns in the province.

This is a commitment that was made in 2016/17. But because of certain compliance issues and urgent competing priorities, it was not done.

The SMME Development Unit will in this financial year increase its foot print to reach out to SMMEs and Co-operatives based in remote areas, through the implementation of the Unstructured Supplementary Services Data (USSD) services model.

Honourable Speaker! This Programme will also put significant emphasis on the revival of the Township Economy.

In supporting the development of Secondary Towns and Cities, in terms of their strategic location and economic activities Postmasburg and Colesburg were identified as pilot projects.

This initiative will also support the Municipalities identified in the roll-out of the Integrated Urban Development Framework (IUDF), such as in Sol Plaatje, Dawid Kruiper and Ga-Segonyane.

The Regional Economic Development Services unit will focus on assisting municipalities to improve their LED planning, implementation and stakeholder coordination.

### **Trade and Sector Development**

The budget allocation to this programme is **R36, 567 million** and its key mandate will be to promote trade and investment, sector development

and implementing strategic initiatives with the potential to have an impact on provincial economic growth and job creation.

Honourable Speaker, NCEDA has been allocated R5, 664 million for the financial year. This allocation will be increased further with an additional amount of R5 million in the Medium Term Expenditure Framework, to support the focus on the establishment of the Special Economic Zone and investment attraction in Upington.

The application for the designation for the Special Economic Zone will be submitted to the Department of Trade and Industry (DTI) during this financial year 2017/2018.

In the financial year 2017/18 the department will follow up on all agreements signed between the Province and Foreign Governments. This will include the Friendly Cooperation Agreement with Hunan Province in China and the //Kharas Region in Namibia.

Honourable Speaker! The Province recently undertook a successful outward Trade and Investment Mission to Sao Paulo and Curitiba in Brazil.

Meetings with the International Trade and Foreign Affairs Council of Parana, and the Federation of Industries of the State of Sao Paulo (FIESP) identified and agreed on collaboration on the following projects and Sectors,-

- SEZ- Potential partnership agreement between NCEDA and the Development Agency of Parana'
- Boegoe Baai Port Development
- Production of Solar Panels

Honourable Speaker, the implementation process for both the Clothing and the Metals Clusters will continue in 2017/2018. The Cluster Management Company of the Metals Cluster will be fully operational by the end of 2017/2018.

Honourable Speaker, in August 2017 we are co-hosting an Investment Conference on Small Harbours and State-owned Coastal Property Development Investment Conference targeted for the Namakwa District Municipality.

**This will be followed by the postponed Provincial Mining Indaba in September in Kuruman and Renewable Energy Summit in October in De- Aar.**

The Kimberley International Diamond and Jewellery Academy (KIDJA) has received grants from the Mining Qualification Authority (MQA), and will therefore pay monthly stipends to the 58 students currently enrolled for the NQF level 4 programme.

The Kimberley Diamond and Jewellery Incubation Centre (KIDJI) will continue to provide support services to established and emerging SMMEs in diamond and jewellery manufacturing.

Honourable Speaker! On the Boegoe Baai Port Development project:

The approval of scope of the Transaction Advisor has been granted. And, the following is expected to be completed in the next coming six months:-

- The Technical feasibility study
- Request for proposals on the Port Development
- Securing of investors

### **Business Regulation and Governance**

This programme is allocated **R36, 748 million** for the 2017/18 financial year. Of this amount, the Northern Cape Liquor Board is allocated **R11, 341 million** and Gambling Board **R13, 423 million**.

Honourable Speaker, I am pleased to announce that I will be appointing the new Northern Cape Gambling Board Members soon.

This process will not materially affect the rationalisation of the Gambling and Liquor Board, as its full implementation still requires legislative review and amendments.

**Honourable Speaker, the Department will further explore the possibility of securing a further two new casino licenses and Bingo operating License.**

The Consumer Protection Authority plans to implement 40 education and awareness programs and 300 compliance inspections this financial year.

The Liquor Board will continue to intensify awareness programmes and compliance inspections during 2017/18.

We will give attention and impress upon the Liquor Board, to manage the number of new liquor license approvals so as to militate against the abuse of alcohol and Foetal Alcohol Syndrome.

## **Policy, Research and Innovation**

The budget for the programme is **R20, 059 million** for the 2017/18 financial year.

The departmental research agenda outlines the research priorities over the MTEF and will consolidate all priorities into an annual research agenda.

The department will continue to participate in the SKA Steering Committee meetings and seek to identify opportunities for local businesses to benefit from the project.

## **Tourism**

The budget allocated to tourism is **R57, 073 million**. The Northern Cape Tourism Authority is allocated R21.43 million for marketing and promoting the province as a competitive and sustainable tourism destination.

Honourable Speaker! In this financial year, Township Tourism will be prioritised. We will establish Tourism Visitor Centre in Hanover as promised in my 2016/17 budget vote speech. The other areas will follow in the near future.

The Department will focus on facilitating the process of building Mini conference centres in the John Taolo Gaetsewe and Pixley Ka Seme District Municipalities.

We will revive, support and promote Tourism Activity Routes; Tourism establishments and Historical Monuments throughout the province such as the Galeshewe Activity Route and other historical routes in other parts of the province will be developed promoted.

Honourable Members! The Department of Economic Development and Tourism's budget of R295, 6 million is a tool for ensuring an environment that is conducive for investment by private enterprises for stimulating economic growth.

It is imperative that we redouble our efforts in this regard without increasing regulation or impeding private sector investment and activity.

## **In conclusion,**

Honourable Speaker, in order to achieve more with the little that we have, we will therefore devise strategies to strengthen the fight against

corruption and random life style audits for public representatives and senior managers.

I thereby, urge everyone who has information on any corrupt activities, be it private or public sector, to blow the whistle.

We will also embark on a review of all government contracts which have been issued, and those in the process of been issued. We need to ascertain if the allocation of the contracts was in compliance with the law.

There is a strong need for the review of the criteria by IDC and DTI for companies to participate in the Black Industrialist Programme.

In order to strengthen the secondary economic activities and create the much-needed job opportunities, we need to put in place a local beneficiation quota of at least 30% of minerals produced in the Province.

Honourable Speaker! Allow me to express appreciation to the Acting Head of Department, Mr. Darius Babuseng and the team he leads for their dedication and efforts.

Let me also thank my dedicated team in the Ministry, led by Acting Head of Ministry Ms. Sharon Plaatjies for their hard work and commitment.

I hereby table the 2017/18 budget of the Department of Finance, Economic Development and Tourism for the consideration of this house.

Ladies and gentlemen, I wish to thank you