

Honourable Speaker,  
Honourable Premier,  
Cabinet Colleagues,  
Leader of the Opposition,  
Members of the Provincial Parliament,  
Heads of Departments,  
All the staff of the Department of Economic Development and  
Tourism, and  
Citizens of the Western Cape

In her State of Province Address last month, Premier Helen Zille spoke about the achievements we have made since taking over this government in 2009, and about our economic successes.

She spoke about how in the Western Cape, we have continued to add jobs to our economy despite low growth nationally, about our unemployment rate which now stands at 20.5 per cent, compared to 26.5 per cent countrywide. Her address explained how property prices here have continued to climb and how business confidence is on an upward trajectory.

Today, I'd like to talk about how we intend to build on this momentum.

We are living in a period of exponential change, of self-driving cars, food delivery by drone, the advent of artificial intelligence,

robotics and gene editing which has the capacity to radically prolong human lifespans.

It is the kind of change that is fundamentally altering almost every sector of our economy, and it is change that demands an urgent response from us.

The onset of the Fourth Industrial Revolution, characterised by the confluence of a wave of new technologies, is reconfiguring the world we live in. While governments around the globe have been challenged in keeping pace with these rapid changes, they have, in the main, yielded very positive impacts. Indeed, new technology is dismantling the barriers to entry in most industries, generating an increase in the number of people who can meaningfully participate in the economy.

We have also seen the ongoing impact of extreme weather events on our economy. The United Nations marks climate change as the biggest threat facing development. We know that if we fail to take action, we are exposing our economy to risk. During my Agriculture Department budget speech later this morning, I will share some of the devastating effects of the current drought on this important sector for our economy, and how we are moving to mitigate these threats.

While these are new times, the Western Cape Government's number one priority remains as relevant today as it was when I

took up this job eight years ago: to create opportunities for growth and jobs. In 2017/18, we are sending the Department of Economic Development and Tourism a budget to make sure we can expand access to these opportunities to residents across the Western Cape. With this budget, we will support our residents and our enterprises to advance their potential, to become more competitive, and to embrace innovation - in short, to make sure that here at the Southern tip of Africa, we can play a leading role in driving the new economy.

We know that to make a meaningful impact on growth and job creation, we need to continue creating an enabling environment for business. Our Red Tape Reduction Unit, which we launched in 2011, remains the only government team dedicated solely to ensuring that unnecessary regulations, across the board, do not hamper economic growth.

This team has dealt with over 6 000 cases since its inception, with a 93 per cent per cent success rate.

An independent assessment of a sample of cases the unit attended to between 2014 and 2016 confirmed that, through their interventions, businesses have saved R600 million.

I'd like to mention just one example:

In September last year, the unit, working with the Western Cape Department of Transport and Public Works, assisted a local

company, Phoenix Marine, to receive an abnormal load permit so that the company could ship a yacht worth R12.5 million to the Annapolis boat show in the United States of America. As a direct result of this intervention, the manufacturer sold two yachts worth R29 million and received two awards from the prestigious SAIL magazine. This marked a critical turning point in the business. It secured foreign investment of US \$2million. Its annual production is set to triple, and turnover is set to climb from R38 million to R62.5 million by 2019. The most important impact this team is making is in job creation. Before this deal, the company was facing the prospect of retrenching 40 employees. It is now making plans to employ an additional 100.

We've also become the first government that requires all proposed legislation to be subjected to a Regulatory Impact Assessment before it is passed. In our province, we will not tolerate businesses being slowed down by unnecessary regulations.

The rise of Airbnb illustrates this dilemma. Last week, I met with the global founder and CEO of Airbnb, a dynamic and innovative young man named Brian Chesky. He told me that it took him eight months to get his company to the same size as Hilton, a brand which is 90 years old. Across the world, Airbnb has 60 million properties on its database.

In the past month alone, the number of Airbnb properties in our region has climbed from 16 000 to 17 500. That's an additional 1 500 households making an income from their spare rooms.

Brian shared the story of his company's phenomenal growth with me during our meeting, and I should tell you took place on surfboards. Our coach was Apish Tshetsha, an activist and Airbnb Experience host from Masiphumelele.

Apish provides surfing lessons through his Surf with Purpose offering, under the Social Good Experience category. All the proceeds from any guest booking completed on the Airbnb platform go to Waves for Change, a not-for-profit initiative which is helping young people to overcome the circumstances of their pasts through sport.

We know that there are regulatory concerns around Airbnb, a fact which is common for most new technology companies. We are eager to become a place of learning for disruptors, and are active in engaging these players to ensure they are able to thrive, while meeting good practice standards.

At the same time, the conventional hotel industry has also demonstrated its business confidence in our region.

This year, the Silo hotel opened at the V&A Waterfront. Last year, Marriott International, in partnership with Amdec, announced a R2 billion investment into the development of three new properties here. Tsogo Sun is currently adding 500 rooms to their hospitality offering in Cape Town CBD, through the opening of a R680 million hotel complex.

The Carlson Rezidor Hotel Group has also invested significantly into our province. The group has launched the Radisson Red at the V&A Waterfront's Silo District, and the Radisson Blu Hotel and Residence at the old Triangle House Building. The Ritz has also completed a revamp.

The Leeu Collection has committed significant investment into Franschhoek's hospitality offering. New hotels have been built along the Weskus and the Garden Route. And in Grabouw, the Trail's End hotel seeks to cater to adventure tourists.

These investments prove that in our economy, it's not about divvying up the same old pie. Here, the size of the pie is growing.

As a government, we support our traditional businesses, and the growth of innovators like Airbnb which throw the economy wide open.

Later this year we will host a conference in partnership with Wesgro, focused on developing our response to disruption. We need to be active participants in this changing global economy. It's going to happen with or without us. We cannot afford to be left behind.

It is my goal to see that more residents like Apish are able to use innovation to take charge of their destinies.

We know that successful entrepreneurs like Apish are driven by passion, knowledge and hard work. They also need a support network to put their ideas into action. As government, it is our role to give these risk takers access to the tools they need to follow their dreams.

Through our Emerging Business Support Programmes, 2 000 entrepreneurs have received the training they need to pursue their ambitions. In 2017/18, a further 1000 entrepreneurs will attend sessions across the province. We have been able to drive this programme over the past two years through our collaboration with ABSA, a partner which shares in our commitment to growing entrepreneurs.

We've seen the tremendous value of partnerships like these. Working with Deloitte, we have hosted an annual Western Cape Funding Fair for the past two years. Close to 2000 entrepreneurs have attended the Funding Fair since its launch in 2015, which seeks to connect businesses with funders. This initiative has resulted in small enterprises securing over R11 million in funding to take their business ideas forward, with deals worth a further R45 million in the pipeline.

Because new technology is a stepping stone into the economy, we are also building partnerships to extend affordable Internet access to residents in every corner of this province.

Our Public Access Wi-Fi project with Neotel has seen the installation of 150 hotspots, with 250 new users signing up to the service each day. In the past year, 70 000 devices have connected to our public Wi-Fi hotspots. In 2017/18, a further 224 hotspots will be rolled out.

To ensure that entrepreneurs are enabled to participate in the new global economy, the Cape IT Initiative, which we co-fund, is providing entrepreneurs with incubation space at the Bandwidth Barn in Woodstock and Khayelitsha. At the Barn Khayelitsha, 50 innovative entrepreneurs are working to solve the specific challenges of their communities, which they understand best. These initiatives form part of our 10-year broadband roll-out programme, a R3 billion government investment.

I'm glad we stayed the course, because in the past few years, the benefits of this investment have become clear.

It is playing a role in establishing the Western Cape as a centre of activity for tech innovations.

Yoco, a city-based card payments start-up, welcomed significant venture capital funding earlier this year. The company, which focuses on payment solutions for small businesses, is poised to take their business to the international market.

Our broadband project proved to me that a focused approach, and stable, transparent implementation are the keys to success.

This fact is further showcased by Project Khulisa, our action plan to dramatically accelerate growth and job creation in the most promising sectors of our economy: namely tourism, agri-processing and oil and gas. Project Khulisa is an exemplar for government delivery into the future. It was our first take at developing a concise, project-based plan of action, led by inputs from the private sector, informed by the best economic data we could get our hands on, with clear targets to measure our progress against.

It gives me pleasures to report on the successes we have achieved through this project to date.

In the past year, the sector recorded one of its best peak summer periods. Between July and September, traditionally a quieter time, tourists spend was recorded at R3.8 billion, a 31 per cent increase over the same period in 2015.

Our mission to make it easier to travel here through more direct flights to our region, has yielded fantastic results.

In a very short time, we have added over 600 000 additional two-way seats flying directly into Cape Town, with a notable increase in air travel between our region and chosen strategic markets.

Forward booking data shows we can expect a significant rise in traffic over the next few months. Forward bookings from Angola are up by more than 500 per cent, and Ethiopia is reporting a 17 per cent increase. China is showing a 29 per cent increase. We are forging ahead with lobby efforts to secure a direct route between the United States and Cape Town. In true partnership style, the Cape Town Air Access project is jointly undertaken by the Western Cape Government, the City of Cape Town, Wesgro, Airports Company of South Africa (ACSA) and Cape Town Tourism. ACSA is an important partner in this growth. Last year, for the first time, they achieved 10 million passengers in a calendar year. They also remain Africa's most award-winning airports.

Through improved air access, we are also securing more business tourism. In 2016/17, Wesgro secured 30 conferences for the province, with an estimated economic contribution in excess of R387 million. To build on this momentum, we are implementing a Delegate Boosting and Conversion programme aimed at increasing delegate attendance and length of stay.

Another sure way of attracting more visitors is by building more attractions. Iconic landmarks such as the V&A Waterfront and Kirstenbosch Botanical Gardens record consistent growth because they constantly reinvent their offering. As government, we are in the process of building three new attractions, namely a cycle route network, a Madiba Legacy route and a packaged

food and wine offering. These attractions will serve as drawcards to encourage year-round tourism and greater regional spread.

To ensure that our sector is responsive to global trends, we have launched a real-time tourism intelligence dashboard.

To boost Western Cape agri-processing, a fast growing sector which currently employs over 135 000 residents, we have put focused interventions in place to support emerging businesses in several competitive sub-segments, including in the Halal space. In 2017/18, we will invest R4 million to take local entrepreneurs through our supplier development programme. We have also allocated R5 million to the development of investor prospectuses for three strategically-located land sites which showed potential to become private-sector led clusters of Halal firms, leveraging off available provincial and local government incentives.

We will also boost businesses across the economy by marketing the Western Cape's competitive products to the world, in partnership with Wesgro. In the year ahead, we will invest R1.7 million in wine promotion campaigns in Angola and China, which has seen a double digit increase in wine sale volumes. We will also lead an international Halal food export drive into key regions to assist our emerging export businesses to tap into new markets.

Our third focus sector is oil and gas, with the Saldanha Bay Industrial Development Zone leading the way in positioning the

Western Cape as a hub for rig repair. In partnership with the National Department of Trade and Industry, we have invested over R300 million in the development of core infrastructure at the IDZ. Finance Minister Pravin Gordhan has signed off on the Saldanha Bay Industrial Development Zone Licencing Company, hereby registering the company.

There are currently 34 investors in the pipeline, who have calculated their desire to occupy space in the IDZ. One investor has already signed a long term lease agreement and two more investors are expected to sign in the next week.

It is my aim to ensure that local residents benefit from the economic boost expected as a result of the IDZ. We are working with the Saldanha Bay IDZ Licensing Company to put together an enterprise development programme for local contractors, and a digital procurement portal which will enable small and emerging businesses to benefit from big international contracts. It is set to go live in July.

In addition to the IDZ, we also anticipate the designation of the proposed Atlantis Special Economic Zone (SEZ), a project for which we have set aside R7.6 million, which will be used for infrastructure development, skills development for residents and the promotion of the SEZ to potential investors.

The SEZ will promote the location of green technology companies in the Cape, who will use us as a base from where to sell the energy of the future.

This project is just one part of our investment into driving the shift to cleaner forms of energy. We've also selected 'energy security' as a provincial government game-changer because we know that a sustainable and affordable energy supply is essential to attracting even more job-creating local and foreign investment. In our campaign to increase the uptake of rooftop solar Photovoltaic (PV), we have set ourselves the target of 135 megawatts of power produced in this way by 2020.

Our efforts are paying off. South Africa is the world's fastest-growing green economy. And in partnership with GreenCape, we are establishing the province as the hub of this growth. The Western Cape is home to 60 per cent of the country's green project developers and two thirds of South Africa's green manufacturing happens in this province.

The last year has seen considerable growth in this space from 10 megawatts installed to 32 megawatts installed, in this province alone. This was made possible through support from forward-thinking municipalities to allow grid-tied installations, giving environmentally-conscious households and businesses the ability to sell power back into the grid. The Western Cape is home to 16 of the 23 municipalities in the country with this capability. To build

on our successes, we will be investing R14.8 million into the energy game-changer and into growing the green economy in the 2017/18 financial year.

The final game-changer we are pursuing is the development of vocational and technical skills, matched to the demands of business. Our priority is to ensure that young people are enabled to take advantage of new economic opportunities, by providing them with the wherewithal to do so.

Since, we took office in 2009, 8 000 young people have participated in our various capacity building programmes. We will invest a further R63.2 million in our skills game-changer in the year ahead, to support learners in their journey toward taking up meaningful employment in the economy.

Part of my commitment as a public representative, is to make it easier for members of our community to reach me. In 2016, I shifted my office to 142 Long Street, a previously-unused government building on street level. Since then, entrepreneurs and businesses have been able to visit my office more easily. We also formally joined the First Thursdays programme in February last year. Since then, we have opened our doors on the first Thursday evening of every month to residents from all sectors wishing to talk about- and showcase their business ideas. Our First Thursday programme for the past year has included a focus on youth entrepreneurship, a creative and design showcase, an exhibition

of green technologies and an exhibition of local agri-processed goods, such as wine and olives. As part of my programme for First Thursday this March, we teamed up with GreenCape to showcase the most innovative water-savings technologies.

I'm thrilled to see that the idea of 'First Thursday' events has spread. Earlier this year, I was fortunate to receive an invitation to 'First Friday', a gathering of 150 young emerging businessmen and women in Khayelitsha. This energy in the room tells a story of growth, of hope, and of excitement for a new economic future.

Here in the CBD, I've also been inspired by the work of one of the entrepreneurs who is operating from the Western Cape Government's kiosk spaces in Long Street. Panashe Designers SA, which is co-owned by Sphiwe Jele, has attracted overseas clients since he started operating from the space. It's been so exciting to watch Sphiwe truly transform his space, putting his unique stamp on it. I am sure it will not be long before his products are stocked in more international stores.

It is these types of stories that make me very proud to do the job I do, and to play my part in helping others to build new lives for themselves, and their families.

To drive the creation of opportunities for jobs and growth, the Department of Economic Development and Tourism is allocated R427.3 million in the 2017/18 financial year.

Programme 1: Administration receives R61 million to provide strategic direction and to lead the team;

Programme 2: Integrated Economic Development Services will invest R37.1 million into the growth of the province's entrepreneurs by reducing red tape, and offering a range of support services to businesses;

To build on the successes of our key sectors, Programme 3: Trade and Sector Development, is allocated R51.4 million;

Programme 4: Business Regulation and Governance receives R11.9 million to ensure consumers are safe-guarded in the market place;

Programme 5: Economic Planning is allocated R146 million to support our major infrastructure projects, including the broadband roll-out;

Programme 6: Tourism, Arts and Entertainment receives R56.5 million for the continued growth of our tourism sector;

Programme 7: Skills Development and Innovation is allocated R63 million, to ensure our young people are equipped to take advantage of economic opportunities.

I'd like to thank Solly Fourie, the Head of DEDAT and his team, who are here in the house today for the good work they are doing in taking our economy forward. With this budget, we are sending them the blueprint to expand opportunities for economic prosperity to every resident in this province, so that the Western Cape becomes that place where people can reach their full potential.

I thank you.