Department of Economic Development and Tourism

Mid-term budget allocation

Through this mid-term allocation request, the Department of Economic Development and Tourism aims to build on the momentum it has achieved in growing the economy and creating jobs, through its focused approach on Project Khulisa and our Game Changers.

We have the lowest unemployment rate in the country, and we continue to attract significant international investment into our province’s key sectors.

This month, I attended the launch of French Tech Labs, an incubation hub for tech entrepreneurs.

The French Information and Communication Technology sector is among the largest in Europe. Through the French Tech Lab, our entrepreneurs will now be able to tap into this world-class expertise.

This is an R11 million investment into our region.

In October, Marriott International unveiled its R2 billion plan to add over 500 hotel rooms in Cape Town’s city centre.

In a partnership with the Amdec Group, Marriott International is developing three properties in our region.

These investments are excellent news for our economy and speaks to the business confidence international firms have in the Western Cape.
As a regional government, we continue to operate in a constrained national environment. Increasing demands on public money call on us to take an innovative approach.

At the start of the current term, we implemented our Project Khulisa growth strategy. We have focused on three high-potential sectors, namely tourism, agri-processing and oil and gas.

Tourism is one of our most important sectors, employing over 200 000 people. Through Project Khulisa we are seeking to increase the number of tourism jobs by up to 100 000.

We decided to prioritise air access and we are pleased with the significant impact this decision has made in boosting arrivals to our province.

For the upcoming summer season, we have seen a rise in forward bookings from our key markets.

In the past year, we have managed to secure nine new direct flights into the region, which translates to 400 000 extra two way seats coming directly to Cape Town.

I would like to commend the Cape Town Air Access team for their hard work in landing these new flights.

Air access receives an additional allocation of R5.5 million to boost its efforts to make it easier to travel to our region.

We know that in order to increase our competitiveness, we need to be able to make knowledge-based decisions based on real-time data and market intelligence.

For the 2016/17 financial year, R1 million has been allocated toward building the capacity of our data dashboards.

We are making progress in our plans to establish a Madiba heritage tourism route. Through this adjustment budget, R1.7 million will be allocated to fund
the memorial statue of former President Nelson Mandela at City Hall. This is a joint initiative with the City of Cape Town, set to be completed in the 2017/18 financial year.

Along with tourism, agri-processing was identified as one of the Western Cape’s most fastest-growing sectors.

Our efforts to add up to 100 000 jobs to agri-processing include boosting wine exports to strategic markets. This mid-term budget allocates R1.6 million for the promotion of Western Cape wine and brandy to China and Angola.

We’ve also set ourselves the goal of capturing a larger share of the lucrative Halal market. Our initiative to promote Halal exports to new markets receives R1.7 million.

Project Khulisa’s third focus area is oil and gas, driven by our flagship project, the Saldanha Bay Industrial Development Zone (IDZ).

This IDZ will deliver a significant contribution to the creation of opportunities for jobs and growth. It is estimated that 1 500 people from 30 different occupations are needed to repair one rig. By the time the IDZ comes online, there will be a demand for 18 000 jobs in Saldanha.

The IDZ concluded the purchase agreement with the Industrial Development Corporation for the back-of-port land portion, which has been developed and will be investor-ready by the end of this financial year. On the back of this agreement, we will be able to put together a compelling offering which will ensure we can land tenants into the hub. We have invested R100 million to achieve this goal.

Through the Western Cape’s Apprenticeship Game Changer, we have set a target of introducing 32 500 qualified apprentices into the labour market by 2019.

To reach this goal, a total of R191 million is allocated to the Apprenticeship Game Changer over the medium term.
Along with skills, energy is another of our economic Game Changers. We are positioning the Western Cape as an energy node, backed by significant public and private sector investment into clean energy projects.

In the Western Cape, our approach is to diversify our sources of energy and become energy secure. We are making significant progress.

There are already 218 approved solar photovoltaic (PV) installations in Cape Town alone, representing 7.7MW of capacity. I know that many people have put up PV systems without applying to the municipality, and I want to encourage them to make their installations safe and legal.

We have also worked with municipalities across the province to ensure they too can approve PV installations. At last count, 11 municipalities have systems in place to approve applications, and this is out of 16 in the country as a whole.

We continually engage with national government on energy policies, laws and regulations, and will be providing inputs to the draft Integrated Energy Policy (IEP) and Integrated Resource Plan (IRP), which were released last week. The Western Cape has an energy vision that supports significant expansion of renewables and gas, and our comments on the draft IEP and IRP will be based upon this vision.

I have also written to National Energy Minister, Tina Joemat-Pettersson, on the decision to exclude Saldanha Bay from the first phase of the gas-to-power programme.

Saldanha Bay should be included in the process, and it must be left to the private sector to decide on the most viable port.

We are still moving ahead with our plans to import Liquefied Natural Gas (LNG) into Saldanha Bay, as the national decision does not prevent our own initiatives from going ahead. There is a proven case for LNG into the West Coast. Eskom needs gas to fuel its Ankerlig power station. There are many
industries that want to switch to a cleaner fuel like natural gas, and the National Government has previously announced that a 600MW gas-to-power plant will be built in the West Coast.

We are taking these opportunities forward by investigating the most feasible gas pipeline route between Saldanha Bay and Atlantis and exploring ways to import LNG on a smaller scale, so as to build up the gas market over time.

I would like to commend Solly Fourie, the head of the Department of Economic Development and Tourism, and his team for their commitment to creating growth and jobs in this province, and to driving Project Khulisa and our Game Changers. Together, we will continue to make sure the economy works for all of the residents of our province.

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