

## **Report of the Select Committee on Trade and Industry, Economic Development, Small Business Development, Tourism, Employment and Labour, Jointly with Select Committee on Public Service and Administration and Public Works and Infrastructure on Oversight Visit to The Northern Cape 16-19 August 2022, Dated 30 November 2022**

The SC on Trade and Industry, Economic Development, Small Business Development, Tourism, Employment and Labour, jointly with Select Committee on Public Service and Administration and Public Works and Infrastructure, having undertaken an oversight visit to the Northern Cape from the 16-19 August 2022, reports as follows:

### **1. Introduction**

The Select Committees (SC) on Trade, Economic Development, Employment and Labour, Small Business and Tourism jointly with the SC on Transport, Public Works and Infrastructure and Public Service and Administration form an integral part of the economic cluster entrusted with overseeing eight (8) Departments in total with their respective entities. The two committees therefore embarked on an oversight trip to the Northern Cape with a particular focus on *John Taolo Gaetsewe District Municipality* and *Francis Baard District Municipality* from 15 to 19 August 2022 to oversee implementation of the funded programmes by the national departments and their entities. This included an assessment of how the three spheres of government work together in implementing national priorities in terms of job creation and spur change of the economic structure, and foster economic transformation in line with the aspirations of the District Development Model (DDM).

The purpose of this oversight was to oversee the implementation of various policies and legislation aimed at enhancing infrastructure development, industrialisation, and small business development towards employment creation. This is in keeping with the implementation of the economic policies such as National Development Plan, Economic Reconstruction and Recovery Plan, Re-Imagined Industrial Strategy National Infrastructure Development Plan for the advancement of an inclusive economic growth and development.

### **2. Purpose of the visit**

The purpose of the visit by the joint Select Committees was to receive briefings from national, provincial and local government with respect to assessing the progress made in various sectors of the economy to jumpstart the economic recovery plan in the Northern Cape after the devastating impact of the Covid-19 pandemic. Further to examine progress made in relation to the implementation of the Economic Reconstruction and Recovery Plan (ERRP), and the Re-Imagined Industrial Strategy including the implementation of high impact infrastructure development projects. The Committees visited two district municipalities, namely the *John Taolo Gaetsewe* and the *Frances Baard District Municipalities*.

### **3. Delegation**

The following members form part of the delegation:

Mr MI Rayi (ANC): *Chairperson SC on Trade and Industry, Economic Development, Small Business Development, Tourism, Employment and Labour.*

Mr K Mmoiemang (ANC): *Chairperson SC on Public Service and Administration and Public Works and Infrastructure.*

Ms ML Moshodi (ANC)

Ms ML Mamaregane (ANC)

Mr T Brauteseth (DA)

Ms HS Boshoff (DA)

Ms B Mathevula (EFF)

The delegation was accompanied by the following officials: Ms N Dinizulu; Ms M Solomons and Mr H Mtileni (Committee Secretaries); Mr L Sithuba (Content Advisor); Mr Z Ngxisha, Mr A Ganief and Mr T Makhanye (Committee Researchers); Ms O Siebritz (Committee Assistant).

#### 4. Northern Cape Economy and Investment Opportunities

In 2009, the economy of the Northern Cape and the country recorded a contraction of 2.3 per cent and 1.5 per cent respectively. After the contraction of 2009, the economy of the Northern Cape went on to grow positively for six consecutive years after which the economy contracted by 1.2 per cent in 2016. The economy of the province recovered in 2017 after output grew by 2.8 per cent and grew by a further 0.5 per cent in 2018.

The contribution that the Northern Cape made to national GDP decreased by 0.1 of a percentage point from 2.2 per cent in 2009 to 2.1 per cent in 2018, making it the smallest contributor to national GDP for both years. The contributions made by the Western Cape and KwaZulu-Natal declined by 0.1 and 0.3 of a percentage point respectively, while Gauteng's contribution increased by 0.5 of a percentage point. Mpumalanga's contribution increased by 0.2 of a percentage point, while the Free State's contribution declined by 0.4 of a percentage point. The contributions made by Limpopo and Eastern Cape each increased by 0.1 of a percentage point from 2009 to 2018. Gauteng remained by far the largest contributor to the national economy, accounting for just over a third of national output.

The *Northern Cape Provincial Department of Economic Development and Tourism* (NCDEDAT) reported that the Gross Domestic Product (GDP) of the Northern Cape is R104 billion, which accounts for 2.15 of the country's GDP. The top sectors within the economy are community services and mining (24 per cent); Finance (14 per cent); Transport (11 per cent); Trade (10 per cent); Agriculture (6 per cent); Manufacturing and electricity (4 per cent) and Construction (3 per cent).

The *Frances Baard district* was the largest contributor to the GDP of the province, accounting for more than a third (35.6 per cent) of the total GDP of the Northern Cape. The district with the province's second largest economy was *ZF Mgcawu*, which contributed 25.1 per cent to the economy of the province, followed by *John Taolo Gaetsewe* (16.9 per cent). *Pixley ka Seme* contributed 11.8 per cent and *Namakwa* 10.7 per cent to the province's economy in 2019.

The Tertiary sector was the largest sector in the Northern Cape, having made a contribution towards the provincial GDP of 53.7 per cent in 2017 and a slightly smaller contribution in 2018 at 53.4 per cent. The Tertiary sector grew by 0.5 per cent in 2017, compared to 8.1 per cent growth for the Primary sector and a 0.4 per cent contraction in the Secondary sector for the same year. In 2018, the Tertiary sector grew by 0.9 per cent, compared to a 0.3 per cent contraction for each of the Primary and Secondary sectors. In 2017, the Agriculture, forestry and fishing industry recorded the highest growth rate at 12.4 per cent but contracted in 2018 at -5.9 per cent. The industry with the highest growth rate in 2018 was General government services, growing at a low 1.3 per cent. Mining and quarrying remained the largest industry in 2018, contributing 20.5 per cent to the provincial economy, with Construction remaining the smallest industry, contributing only 2.7 per cent. In the *Frances Baard district*, Community services accounted for 29.7 per cent of the district's total industries in 2019, making it the largest industry in the district. Community services, representing 31.8 per cent of total industries, was also the largest industry in *Pixley ka Seme*. Mining was the largest contributing industry in the *Namakwa*, *ZF Mgcawu* and *John Taolo Gaetsewe* districts and accounted for 37.6, 23.0 and 64.6 per cent of the districts' total industries respectively.

Manufacturing was one of the small contributors to all districts' economies. According to National Treasury, the national economy is estimated to have contracted by a significant 7.2 per cent in 2020, but was expected to show strong recovery in 2021 with the economy projected to grow by 3.3 per cent. Before the start of the pandemic, South Africa was already in a recession. Gauteng made the largest contribution to the national economy in 2018, while the Northern Cape made the smallest. The provincial economy recorded low economic growth of 0.5 per cent in 2018 after growing at a higher rate in 2017 at 2.8 per cent. Provincially, Mining and quarrying remained the largest contributor to the provincial GDP. The district that made the largest contribution to the economy of the province, was *Frances Baard*. The largest industry in *Frances Baard* and *Pixley ka Seme* was Community services in 2019, while in *Namakwa*, *ZF Mgcawu* and *John Taolo Gaetsewe*, Mining was the largest.

John Taolo District Municipality (District). The John Taolo Gaetsewe District Municipality (previously Kgalagadi) is a Category C municipality located in the north of the Northern Cape Province, bordering Botswana in the west. It comprises the three local municipalities of Gamagara, Ga-Segonyana and Joe Morolong, and 186 towns and settlements, of which the majority (80 per cent) are villages. The boundaries of this district were demarcated in 2006 to include the once north-western part of Joe Morolong and Olifantshoek, along with its surrounds, into the Gamagara Local Municipality. It has an established rail network from Sishen South and between Black Rock and Dibeng. It is characterised by a mixture of land uses, of which agriculture and mining are dominant. The district holds potential as a viable tourist destination and has numerous growth opportunities in the industrial sector. The committees expressed their observation that the mining companies are generating massive dividends from their businesses in the area, but they do not contribute in the infrastructure development in the same area to attract more investment in the John Taolo Gaetsewe District Municipality. Also, the committees highlighted the negative impact of the increased movement of trucks on the road infrastructure in the area, a situation they said demands meaningful collaboration all stakeholders in the province and outside.

Frances Baard District Municipality, which consists of the Sol Plaatjie, Phokwane, Dikgatlong and Magareng Local Municipalities. In terms of economic sector activity at Dikgatlong local municipality, Agriculture dominates with 22 per cent, Mining (7 per cent) and manufacturing (7 per cent). Sol Plaatjie local municipality is the home of Kimberly (the City of diamonds) and district, provincial government legislative and administrative capital. In terms of economic sectors, community services (33 per cent) contribute the most, with finance (24 per cent) being the second biggest contributor. The Phokwane local municipality has its main contributors as agriculture, community development, retail and private households and informal trading. Magareng local municipality is the smallest of them all (1 546 square km) with a town situated 77 km north of Kimberly on the banks of the Vaal River. The Frances Baard district municipality shares its northern borders with the North West Province and its eastern border with the Free State Province. The municipality is the smallest district in the Northern Cape, making up only 3 per cent of provincial geographic area. The Frances Baard District Municipality was recorded as the most populous region of the Province in 2019. It accounted for a fraction of 438,904, or 32.4 per cent of the total population in the Northern Cape Province. Over the same period the municipality contributed a total of R 36.5 billion to the provincial Gross Domestic Product (GDP) and thus ranking the highest relative to all the regional economies in the Northern Cape.

It was reported that in 2019, the community services sector was the largest within Frances Baard District Municipality accounting for R 9.98 billion or 31.1 per cent of the total Gross Value Add (GVA) in the district municipality's economy. The sector that contributed the second most to the GVA of the district municipality is the finance sector at 18.3 per cent, followed by the transport sector with 15.7 per cent. In terms of geographic location, the Frances Baard District Municipality is located in Kimberley, which is less than 500 km away from Johannesburg in the North, less than 1000 km away from Cape Town in the South, and less than 800 km away from the port of Durban in the East. To its north east it shares provincial boundaries with the Dr Ruth Segomotsi Mompati of the North West Province. In terms of employment, in 2019, Frances Baard employed 117 000 people which is 33.05 per cent of the total employment in Northern Cape Province (353 000), 0.71 per cent of total employment in South Africa (16.4 million).

Employment within Frances Baard increased annually at an average rate of 2.13 per cent from 2009 to 2019. About 41 per cent of the economically active population was employed, 75 per cent of them were in the formal sector and 12 per cent were in the informal sector. The majority of the employed are in the community and government services sector, followed by trade, finance and households. In 2019, there were a total number of 49 400 people unemployed in Frances Baard, which is an increase of 11 500 from 37 900 in 2009. The total number of unemployed people within Frances Baard constitutes 35.92 per cent of the total number of unemployed people in Northern Cape Province. The unemployment rate in Frances Baard District Municipality (based on the official definition of unemployment) was 30.62 per cent, which is an increase of 0.628 percentage points. The unemployment rate in Frances Baard District Municipality is higher than that of Northern Cape. The highest unemployment rate is in Magareng (53,9 per cent) followed by Phokwane (47,8 per cent), Dikgatlong (44 per cent) and Sol Plaatjie (36,2 per cent).

The Districts municipality indicated that investment opportunities in the district comprises of sunflower seed processing, maize production, wheat production, Lucerne production, ground nut and pecan nut production, vegetable processing, meat processing, dairy production and diamond cutting and polishing. Members welcomed the investment brochure developed by the district which serves as a guide to potential investors who wishes to invest in the district.

The main economic corridors in the district are the N12, N8 and R31, there are 616 kilometres of unpaved roads within the district and 822 kilometres of paved roads. Unlocking the value of the corridors will play a significant role in accelerating economic growth in the region.

### ***Northern Cape Trade and Investment Opportunities***

The Department reported that mining contributes 23.4 per cent to the Northern Cape economy and makes up nearly 7 per cent of SA's total mining value with significant deposits of iron ore, manganese, zinc, copper, lead, titanium, pig iron, zircon and gypsum. The availability of natural resources, labour and infrastructure (including the Sishen-Saldanha railway line), make Sishen the country's most important iron-ore mine, where operations include extraction and four beneficiation plants.

In respect of agro-processing, wine, grapes and raisins, animal hides and abattoirs are among the processing operations along the Orange River in the ZF Mgqawu District Municipality. Other main towns are Groblershoop, Kakamas and Upington, dates, olives, citrus and rooibos tea providing excellent growth potential.

In terms of the ocean economy, notwithstanding growth in the abalone, fishing and lobster industries, economic potential lies in the 313km coastline, encouraged by the national Oceans Economy programme, with Port Nolloth, Boegoebaai and Hondeklip Bay harbours targeted for development. The latter has already received investment in the aquaculture sector. The province has been allocated an increased quota for landing fish (primarily hake) which makes Port Nolloth attractive for investment in fish processing and abalone ranching. The best Kelp in the world is found in the Northern Cape. In respect of energy, more than R200bn has been committed by the Renewable Energy Independent Power Producer Procurement Programme (REIPPPP) to renewable energy projects across South Africa (target: 13 225MW to the national grid by 2025); 60 per cent of the projects are in the Northern Cape and off base and the largest solar and wind turbines in SADC.

- ***As part of the renewable energy initiatives, NCDEDAT*** has started a pilot project in the Frances Baard district to provide technical, practical and business development training to SMMEs in the renewable energy sector in order to equip them with the necessary skills for the construction of rooftop solar systems and the maintenance thereof. 19 SMMEs in the Frances Baard district were trained in PV Green Card Training in Frances Baard. The first phase training (theory) took place in Kimberley from the 20th to 24th June 2022. The training took place in Kimberley at the newly established Northern Cape Solar Energy Incubator (NOCSOBI) from the 20th to the 24th of June 2022. The last phase (competency assessment) will take place in Johannesburg from 24th to 25th August 2022.
- Further, the Expression of interest have been send out to the other district to identify SMMEs for the second round of training. Plans are afoot to roll-out the project to the JTG districts during the 2023/2024 financial year.

In terms of logistics and infrastructure, the De Aar Logistics Hub: The Project entails construction of an inland intermodal system comprising: Container Terminal, Vehicle parking Terminal, Warehouse/Cold room Terminal. The province has focused its priorities (in alignment with the National Development Plan Vision 2030) and identified priorities to enhance the quality of life of the community.

Transnet role in enabling South Africa's transport intensive economy and overall economic activity in the Gamagara Development Corridor. In its presentation Transnet explained that as the custodian of ports, rail and pipelines, Transnet's objective is to ensure a globally competitive freight system that enables sustained growth and diversification of the country's economy. The committees were informed that Transnet is currently transitioning from its Market Demand Strategy, characterised by accelerated capital investment, towards the Transnet 4.0 Strategy, which is focused on repositioning Transnet, and the country's freight system, for competitiveness within the fast changing, technology-driven context of the 4th industrial revolution. The strategy's main growth thrusts include; geographic expansion, product and service innovation and diversification and expansion of the scope of Transnet's manufacturing business. The key objectives of Transnet's effort are directed towards increasing the connectivity, density and capacity of the integrated port, rail and pipeline network.

On the work around the Gamagara Development Corridor, Transnet highlighted on the importance of Iron Ore and Manganese Segments which are integral part of the Gamagara Development Corridor. The Gamagara Corridor “comprises the mining belt of the John Taolo Gaetsewe and Siyanda districts and runs from Lime Acres and Danielskuil to Hotazel in the north. The corridor focuses on the mining of iron and manganese.

Transnet reported on its plan to build a new deep-water port at Boegoebaai and a new 550km railway to connect it to mining and industrial centres. The new port at Boegoebaai would be built on a greenfield site to handle up to 17 million tonnes of dry bulk commodities a year, as well as containers, break-bulk commodities, diesel fuel and hydrogen under plans to develop it as a green hydrogen hub. The committees welcomed the intention to develop the Boegoebaai deep water port and related rail infrastructure as it will inevitably improve exportation, stimulate economic growth as well as to improve the movement of cargo. The committees are of the view that the huge investment required for these projects really calls for dynamic and concrete collaboration between the government, private sector and other critical role players.

Members expressed concern regarding the state of the R31 road, noting that it was not fit for purpose particularly given high use of the road by the mining industry to transport manganese. Given budgetary constraints, Members note efforts underway reclassify the road as a national road and to transfer the road to the national government following the completion of the assessment with SANRAL and the assessment application.

Further, the Delegation noted that Rural Road Asset Management Systems Programme, meant to assist rural district municipalities in setting up road asset management systems. This programme is a joint initiative of the National and provincial departments of roads, National Treasury and district municipalities. This programme is in alignment with the Road Infrastructure Strategic Framework for South Africa. The mission of the programme is to provide high quality training civil engineering technicians and technologists throughout the country. These graduates will assist municipalities where there is a shortage of skilled personnel, especially in the civil engineering field.

The department is finalising a Memorandum of Understanding with the Department Roads and Public Works to implement a renewable project of greening government building across the province. The project will be piloted in Frances Baard district and if it’s yielding success it will be rolled out to all the districts. The project will be implemented with the assistance of the Northern Cape SMME Trust and SEDA who will incubate the SMMEs that will participate in the project. It is expected that not more than 10 SMMEs in the pilot phase will be incubated.

Informal sector has proven to have the potential of creating job opportunities especially amongst the youth. Research on township economy will be conducted with the aim of identifying interventions that government could embark on to grow this sector.

Other high impact projects for the Northern Cape include the Boegoebaai Harbour and Green Hydrogen; the Namakwa Special Economic Zone; the Uppington Industrial Park and the De Aar Logistics Hub.

## **5. National departments and entities contribution in the province**

### **5.1. Department of Trade, Industry and Competition**

The *Department of Trade, Industry and Competition* (Dtic) through its entities, namely, the *National Empowerment Fund* (NEF) and *Industrial Development Corporation* (IDC) provides services to small and larger business enterprises in the Province.

#### ***National Empowerment Fund***

It was reported that in 2021, NEF and the *Northern Cape Provincial Department of Economic Development and Tourism* (NCDEDAT) set up a *Small Medium and Micro Enterprise Fund* (Fund). In this respect, the NCDEDAT, allocated a total of R57.2 million to be invested in grant funding in *Small Medium and Micro Enterprise* (SMMEs) which qualify from NEF funding. The funds are blended to ratio 60:40 between NEF loan and NCDEDAT grant with a maximum amount of R4 million per transaction. To date, transactions to the total of value of R41 million have been approved by the NEF committing R24 million. It is envisaged that the Fund will be fully invested by March 2023. The Fund is for the exclusive benefit of businesses that are domiciled in the Northern Cape province which meet the following funding criteria, namely:

- Majority ownership by black entrepreneurs;

- An entity of any size turnover, which is 51 per cent or more black owned or black women owned;
- Black women participation;
- Job creation and;
- Commercial sustainability.

To date, the NEF has supported 10 businesses in the Northern Cape with funding to the value of R168.5 million. The supported businesses operate across various sectors in the Northern Cape economy comprising: textile, agro-processing, transport and logistics, property development, tourism and hospitality, energy and fuel as well as waste-management services. Twenty per cent of businesses supported by the NEF to date are located in rural towns such as Richmond and Bathlaros. 60 per cent are located in Sol Plaatjie and Dawid Kruiper District Municipalities. Four or 40 per cent of businesses or transactions are black women owned and managed businesses. Approximately 1053 direct jobs have been facilitated through NEF investment. The following is a list of NEF beneficiaries in the Northern Cape province:

Company Name	Sector	Value of NEF investment
Luxe Boutique Hotel	Tourism and hospitality	R15.1 million
Nare Boutique Hotel	Tourism and hospitality	R14 million
Eden Est (Pty)Ltd	Tourism and hospitality	R15 million
OP Village Bathlaros (Pty)Ltd	Property Development	R26 million
Afri Devo (Pty) Ltd	Property Development	R53.8 million
Desert Oil (Pty) Ltd	Energy and fuel	R51 million
Waste Management and Spill FTT (Pty) Ltd	Waste Management Services	R6 million
Mekwatla Transport Solutions (Pty) Ltd	Transportation and storage	R3.5 million
Richmond Opkomende Boere Cooperative	Agro-processing	R3.9 million
Delswa (Pty) Ltd	Clothing and textile	R52.8 million

The provincial department responsible for economic development, emphasised that there has been slow progress on the implementation of the blended fund partly due to the NEF to the shift of resources as a result of the unrest that happened in some parts of KwaZulu Natal and Gauteng last year. It is expected that funds will pick up in the 2022/23 financial year and while a commitment of an additional R30 million to be matched with R45 million from the NEF, to become a R150 million fund.

### ***Industrial Development Corporation*** ***Kathu Industrial Park***

Anglo American Kumba Iron Ore (Kumba), as part of its *Corporate Social Investment programme*, initiated study into the establishment of an Industrial Park in Kathu, with the objective of creating a positive and sustainable socio-economic-impact to its Host Communities through SMME Development. As a result of the development initiatives, IDC was identified as a strategic partner. The Industrial Park forms part of the government broad development initiative carried in partnership with the private sector in line with the Government's National Infrastructure Plan-Strategic Integrated Project 5 (SIP5, Saldanha-Northern Cape Development Corridor. The bankability study, project development plan, environmental permitting and investor engagement phase have confirmed potential for an initial phase of development of a 91-hectare property and the participation of Kumba, the IDC, Sishen Iron Ore Company Community Development Trust (SIOC-CDT), ASSMANG and South32 as potential investors.

Kathu Industrial Park is to be developed on a well-positioned site close to the Kathu Central Business District. The site is 91ha in extent of which 62ha is developable land (the remaining portion cannot be developed due to environmental factors). It was intended that the first Phase be developed on 28hectares.

The industrial park's original design intended to provide customised warehouses and industrial buildings for established businesses and economic warehouse space for small businesses and start-ups provided on a rental basis. This will be supported by a Centralised Services Hub including administration offices, conferencing facilities, an auditorium, a security office, and restaurant, as well as a Business Incubation Centre and Training Centre.

The aim of the industrial park is to establish a greater than 51 per cent Black-Owned platform for sustainable economic development of all sectors in the Northern Cape, leveraging the mining industry as a foundation and targeting fresh industrialisation opportunity. The project has acquired significant traction in that it is seen as a key enabler for the Northern Cape Shared Value Initiative, is positioned as a *High Impact Project by the Northern Cape Provincial Government*. It is envisaged that the industrial park will consist of the following facilities and services, via two or three phases of development:

Facilities	Facility Management Services
Manufacturing	Maintenance and repairs
Warehousing	Safety, security and environment
Meeting and conference facilities	Cleaning services
Canteens	Leasing and sales
A training centre	Municipal services
A medical/ first aid centre	Public transport
A logistic distribution and consolidation centre	Retail
An incubation centre	
Workshops and offices	

It was reported that within the next eight months the project will go into design development stage, thereafter documentation, procurement and construction within the next 18 months. It is anticipated that occupation is expected to take place within the next 32 months. The expected capital expenditure for the industrial park is approximately R232.5 million.

**NCDEDAT reported that** the Kathu Industrial Park is a key priority for the province and was recently also presented at the Sustainable Development Infrastructure Development Symposium hosted by the President and coordinated by Infrastructure South Africa. The project received much interest from potential investors. By unlocking the bulk infrastructure for this development, we will mobilize approximately R580 million in private sector investment and create 450 permanent job opportunities. The Northern Cape Economic Development Agency is also involved in the development of the Kathu Industrial Park. NCEDA's partners include the Departments of Trade, Industry and Competition, Small Business Development; Home Affairs, Roads and Public Works; Environmental Affairs; Northern Cape Provincial Treasury; South African Revenue Service and Airports Company South Africa to drive key economic development partnerships such as Kathu Industrial Park. The Kathu Industrial Park as already stated is regarded as the key enabler for localised manufacturing initiatives via the Northern Cape Shared Value Initiative and Impact Catalyst. The concept is modelled on global best practice adapted for South African circumstances providing cluster synergies, outsourcing of logistic processes, shared processes, infrastructure and supply chain benefits. The project will be adopting a phased approach for implementation over a three-year period (2022/23 to 2024/25).

**NCDEDAT**, further reported that two special programmes have been prioritized for the Northern Cape Province. These are the Rural Roads Programme and the Northern Cape Schools Programme. The rural roads programme will make use of labour intensive methods for the construction and upgrading of roads in the province.

## 5.2. Department of Small Business Development

The Department of Small Business Development (DSBD) reported that it has embarked on a country wide product and programmes awareness campaign for SMMEs, Co-operatives and Informal Traders. The development and support of small enterprises are critical for economic recovery and job creation. SMMEs and Co-operatives are the key drivers for job creation, therefore unlocking value chains for the benefit of small businesses remains critical in resetting the economy, and creating needed jobs. Covid-19 has ravaged the economy, and damaged business activities and many people lost jobs. It was highlighted that the DSBD and its agencies led by Minister for Small Business Development, Ms Stella Ndabeni-Abrahams and Deputy Minister Sidumo Dlamini embarked on a journey of conducting roadshows and partnership dialogues in various provinces and districts themed: "unlocking opportunities for SMMEs and Co-operatives for economic growth and job creation". The roadshows and the Provincial Partnership Dialogue for the Northern Cape took place in three Districts: Namakwa, Pixley ka Seme and Frances Baard, from 15 – 18 March 2022, this also includes the Informal and Micro Enterprise Development Programme (IMEDP) equipment handovers. The roadshows aimed at showcasing the work of DSBD, its agencies and other strategic government departments (such as Provincial Departments of Economic Development and Tourism) involved in the development of SMMEs and Co-operatives, monitor the support and impact on SMMEs and Co-operatives through the interventions by the government, share challenges and listen to success

stories of entrepreneurs in various districts across the country. The aim is to improve government support and to better coordinate support for SMMEs and Co-operatives through partnerships with the private sector and various departments and agencies. The roadshows were also accompanied by a provincial partnership dialogue which was used as a platform to engage with different stakeholders from different sectors outlined in *National Integrated Small Enterprise Development (NISED) Master Plan*. The NISED Masterplan is a coordinated framework for the development and support of SMMEs and Co-operatives in South Africa. The ministerial roadshows and provincial partnership dialogues played a critical role in driving the mandate of DSBD, through ensuring that there is a seamless engagement across all spheres of government on the direction of the Department and its entities.

### **Implementation Plan**

It was reported that the issues that were raised throughout the three roadshows and provincial partnership dialogue that were held in the Northern Cape had common elements. They included the following amongst others – work in progress:

- The unhappiness of the SMMEs and Co-operative regarding the support or lack of support from their local and district municipalities, as well as the Northern Cape Provincial Government.
- The lack of delayed response of the Small Business Development Portfolio when SMMEs and Co-operatives have submitted their applications for funding.
- Not knowing much about the offerings of the Portfolio.
- Requesting to be trained on compliance matters, development of Business Plans and business development training.
- Requested for an Incubation Centre to assist with creation of jobs within their communities.
- Red tape and rigid criteria that inhibits the SMMEs and Co-operatives to have access to the offerings of the Portfolio, Municipalities and Provincial Government.
- Asking SBD Portfolio to come back to the provinces and not end at the stage of roadshows.
- Having to travel to the main town to submit applications for funding while they lack transport funds. This was mainly raised in Hartswater, Phokwane local municipality.

The Township and Rural Enterprise Programme (TREP) was developed as the response mechanism to support small enterprises in the country to mitigate the challenges posed by COVID-19 and target enterprises in various subsectors in the township like Bakeries, Tshisanyamas, Clothing and textile, Butcheries, etc. This was the entry point for DSBD in the districts to advance the DDM Model. The Northern Cape Small Business Development Portfolio Team is currently working on a cooperation and workshop earmarked for the 22nd of August 2022. This is to ensure that the Portfolio is organized first (strong) to be able to engage with other public and private stakeholders in the province from a coordinated position.

### **Working relationship with provincial government**

The Department reported that good relations have been established with the Premier and MEC for *Economic Development and Tourism* Offices. They have been responsive to the DSBD requests and have actively participated on the recently held national Small Enterprise and Cooperatives Policy Dialogue held in Mpumalanga from 4-5 August through the HOD and Chief Director from Dedat. This partnership was also illustrated by the Provincial Government when the Premier and MEC accompanied the Minister of Small Business Development during Northern Cape Provincial Roadshows.

The Department further reported that still there are pending developments to ensure that there are clear cooperation and coordination systems. There is still parallel planning and delivery of services, which contributes to duplications, multi-dipping and almost wastage or not using resources effectively. The evaluation of the last Small Enterprise Development Strategy, the Integrated Strategy for the Promotion of Entrepreneurship and Small Enterprises (ISPESE), found that part of its implementation failure was that there were no clear implementation guidelines and coordination structures. This still is a current observation from the practice. There are no formal structures where there is joint planning, resourcing, implementation. There is also a small technical issue regarding the Intergovernmental structures (IGR) in terms of small enterprise development matters. There is no Ministers and Members of Executive Council (MinMEC) nor Technical MinMEC focusing on small businesses. The existing one is facilitated through the national Department of Trade, Industry and Competition and has not met for almost for the past year if not more and this contributes to lack of coordination. These structures have to be resuscitated to track policy and programme implementation.

More work need to be done to improve capacity and build capability economic development functional programmes both in the districts to enhance district economic development and coordination. There is

cooperation with Dedat at District level, where there are officials attached to Districts. Department of Public Works in the Northern Cape – relating on Small Enterprise Development initiatives included women and cooperatives empowerment initiatives. It was further reported that the Cluster Development Roadshow led by the DSBD localization Unit will be taking place in the Northern Cape on 13 October.

#### **Working relationship with district and local municipalities**

Through the DDM, relations at District level were enhanced as means of advancing service delivery, especially after the devastations caused by COVID-19 on small businesses. There was participation/contribution by the Department and its entities on the development of the One Plan in the various Districts in the Province. The Northern Cape Small Business Development Portfolio Team started attending to the broad areas of concern as raised during the Ministerial Roadshow and also travelled back to the Northern Cape to undertake the following initiatives amongst others:

- *Frances Baard District, Phokwane Local Municipality (12 – 13 April 2022)*: Information session on the Portfolio's offering and assisted SMMEs and Co-operatives to complete the applications without them having to travel to Kimberley as they had complained during the roadshow. This was held in Phokwane Local Municipality.
- CEO of SEFA also committed to look into assisting Hartswater with the necessary technology that will assist the small enterprises to complete and submit their applications without travelling to Kimberley.
- IMEDP Workshop was conducted with the intention to go back and handover the equipment to the informal traders who would have qualified.
- At the request of the *Executive Mayor of ZF Mgcawu District*, the team had a meeting with the Executive Mayor on 21 April 2022, together with his team, to discuss areas of improvement within the District in getting more small businesses supported financially and non-financially. It was agreed at this meeting that the Mayor will convene the team on a quarterly basis to give progress reports and these meetings will be extended to the SMMEs and Co-operatives.
- Namakwa District, Port Nolloth and ZF Mgcawu District, Upington (10 and 12 May 2022):
- Presented on the Small Business Support and Enterprise Development to the SMMEs and Co-operatives that were invited to attend the Local Content Workshop.

A women's Empowerment session hosted in partnership with the Department of Public Works in the Northern Cape on the 30th of August 2022

- Within the John Taolo Gaetsewe District, a Forum inclusive of the District and Local Municipalities (LEDs); Provincial Departments Dedat and Public Works, Mme Re Ka Thusa and recently NYDA was developed focusing on small enterprise development issues, stemming from the economic recovery interventions to support small enterprises, e.g. Township and Rural Enterprise Programme (TREP). This forum has progressed beyond TREP and seek to work towards developing coordination systems in the District for the broader economic issues (LED) and small Enterprise Development (Seda to lead). It is currently about strengthening the public sector level for now and will progress to the wider ecosystem players like the private sector. The vision is also to link with the Technical Forum on Economic Positioning on the District One Plan.

The Department has highlighted the following challenges:

- Capacity to deliver on:
  - The District and Local municipalities always express challenges that they do not have the Human and Financial resources to start and implement projects and interventions related to Small Enterprise Development as they are mostly dependent on donations.
  - The function of LED is loaded with many other things and Small Enterprises are just but a component that in most cases does not even have a strategy nor resources to implement
- Stakeholder coordination to advance service delivery – there are no proper structures (LED) that are functioning to advance coordination amongst the ecosystem players within the District. There are various ecosystem players, including the mining houses with their obligations to serve the community. Lack of coordination structures and systems paves way for resource abuse through multi-dipping by entrepreneurs taking advantage.
- District One Plan Coordination – at the beginning, the role of COGTA to lead and guide was clear towards the development of the District One Plan. With the Plan developed, there lacked follow up and momentum to build coordination (implementing) structures. As it stands it is really not clear who is coordinating what.
- At a District level, District Champions and the Portfolio are also expected to convene meetings (engagements) with the LED Officials of the District and local municipalities to try

and develop a coordinating structure from the public sector and later the broader ecosystem. This will advance the coordination element.

NCDEDAT outlined the following development initiatives in relation to the support SMMEs and cooperatives, which include:

- Preferential Mining Procurement: The Department has established a website and support structure to prepare potential mining service providers.
- The Department and NEF blended funding program: A combined fund has been established to the value of R 143 million that local enterprises can access.
- To date, two enterprises (OP Village Pty (Ltd) – JTG and Eden Est - Diggies Lodge - FB) have been funded. The first is in Bathlaros, north of Kuruman (JTG). The company has established a mall situated in a rural area that has created 288 jobs, ~150 of these being permanent. The company is 100 per cent black owned with a 77 per cent women shareholding. The second is in Kimberley (FB) and relates to the acquisition of an existing lodge by youth and female owned entrepreneurs.
  - Competitive small businesses and cooperatives supported covered the following; Three hundred and fifty-four (354) clients assisted with CIPC services.
  - Seventeen (17) clients were referred to SEDA for business plan development.
  - Two POP-UP Mall Activation Programs were held in collaboration with SEDA, SEFA, DSBD, DPW, the Kimberley International Diamond and Jewellery Incubator (KIDJI), NYDA and Mme re Ka Thusa. At these events, held in Kimberley and Kathu, 36 and 31 enterprises respectively exhibited their products and services.
  - Supported the establishment of a recording studio in the Northern Cape through NCEDA

#### **Target Group Interventions in Frances Baard and John Taolo Gaetsewe districts**

- A collaboration between the National Youth Development Agency (NYDA), Department of Social Development (DSD) and the Department of Employment and Labour (DEL)
  - share information on the support provided to youth; career guidance, job readiness and entrepreneurship and link them with work opportunities through registration with the DEL to schools in JTG and FB DM.
- Ten (10) enterprises trained in accredited garment manufacturing in FBDM.
- Cleaning and Hygiene training was held for 9 enterprises. Eight were women owned businesses and one was a male youth.
- A seminar for 35 women in business held in Kimberley

#### **Persons Living with Disabilities**

- Basic business skills training for 18 persons
- A Compliance training for Seven (7) SMMEs, (6 youth and 1 adult male).
- Tender and Supply Chain Training where aspects regarding the CSD, policies and procedures of a tender and how to access the e-tender portal were shared.

#### **Local Economic Development**

- A detailed Section 47 LED maturity analysis was conducted in all 31 municipalities.
- Developed and implemented the Red Tape Reduction (RTR) Framework. The benchmarking against the Dawid Kruiper Local Municipality; based on the evaluation done on seven indicators, was implemented in Gamagara and Tsantsabane Local Municipalities.
- The Mega hydroponics proposal in JTG DM was supported through the development of a concept document and stakeholder coordination.
- LED Forum held in the JTG DM and Gamagara LM
- The following projects were implemented and reported in FB DM on the EPWPRS in 2021/22FY:
  - Sol Plaatjie Langley Resort, 60 employment opportunities created,
  - Inner City Revitalisation project where 40 work opportunities were created.

**In terms of the Export development, NCDEDAT**, in order to grow the export base of the Province it has collaborated with the *Department of Trade, Industry and Competition* to implementing Export Awareness Seminars and the Global Exporter Passport Programme training (GEPP).

The following are some of the Export development initiatives that were undertaken:

- 2021/2022: 20 companies trained on Export Awareness in Frances Baard

- 2022/2023: In the first quarter of the financial year, the unit in collaboration with the national department, hosted export awareness training workshop on 24 June 2022 in Kuruman, where 14 companies participated.
- Export Awareness Training also to be rolled out in Frances Baard in the third quarter of the financial year.
- The Global Exporters Passport Programme (GEPP) provides training to small, medium and large enterprises that wish to expand their export opportunities. This financial year the training will be rolled out in De Aar, Pixley Ka Seme District.
- The Global Exporter Passport Programme to be rolled out next financial year in JTG District, Kuruman

With regard to Frances Baard District, Members noted the district municipality's SMME capacitation programme which is an initiative of the district and its local municipalities. It is a tailor-made management course (business administration, marketing strategy, writing business proposals and business finance) which were offered to 30 local businesses throughout the entire district in the 2021/22 financial year. Further, Members further noted the district's Youth Entrepreneurship Training Programme which is an ongoing programme employing eleven graduates for 24 months and providing training on project management, local economic development and computer literacy.

Within the Frances Baard District, SMME are further supported through exposure through international and local platforms whereby their products and services are exhibited at the South African Trade Exhibition (SAITEX), Small Business Expo and Flamingo markets. The district takes three SMME's annually to the expo's.

Members noted that the district is currently assisting SMME's with machinery and equipment to ensure that their businesses yield higher production output. For the 2020/21 financial year, nine SMME's were assisted. The district reported that it is in the process of acquiring machinery and equipment for an additional 17 SMME's.

### 5.3. Department of Tourism

The *Department of Tourism* reported that in terms of *Destination Development*, it has funded a number of tourism infrastructure projects in the Northern Cape province which range from developing new facilities, maintenance and upgrading of new facilities. These projects are completed in partnership with various national entities and provincial development agencies. The Destination Development Team is supporting the implementation of the following projects in the Northern Cape province, namely:

- Maintenance of provincial reserves;
- Community owned tourism projects;
- Community museums;
- Projects requiring Tourism Investment Facilitation and Promotion.

Key infrastructure projects include the *Platfontein Lodge and Mcgregor Museum*. Key Community Based tourism projects include the *Kamiesberg Tourism Development Project*, the *Khomani San Interpretative Centre and Narrative Development* *Khalagadi Transfrontier Park*, SANPARKS Infrastructure Maintenance Programme and Square Kilometre Array (SKA) Visitor Interpretation Centre.

Other destination development initiative in the Northern Cape include the following:

Completed projects (2019-21)	2021/22 projects	Current and planned projects (2022/23-onwards)
Carnarvon Tourism Precinct Plan	Maintenance projects	Maintenance projects
Big Hole Precinct	Community Owned Tourism Projects	Community Owned Tourism Projects

Tourism Interpretative Signage at World Heritage Sites: <ul style="list-style-type: none"> <li>Richtersveld WHS</li> <li>!Khomani Cultural Landscape in the Kgalagadi Transfrontier Park</li> </ul>	<ul style="list-style-type: none"> <li>SANParks Infrastructure Maintenance Programme in 5 national parks in the Northern Cape Province</li> <li>!Khomani San (Twee Rivieren) Interpretative Centre</li> </ul>	<ul style="list-style-type: none"> <li>SKA Interpretation Centre</li> <li>!Khomani San (Twee Rivieren) Interpretative Centre (to be completed end fin year 2022/23)</li> </ul>
Sutherland to Carnarvon master plan	Implementation of Sutherland to Carnarvon master planning initiatives	Continue implementation of Sutherland to Carnarvon master planning initiatives
Hondeklipbaai to Port Nolloth Master Plan	Implementation of Hondeklipbaai to Port Nolloth master planning initiatives	Continue implementation of Hondeklipbaai to Port Nolloth master planning initiatives
Orange River Mouth to Vioolsdrift master plan	Implementation of Orange River Mouth to Vioolsdrift master planning initiatives	Continue implementation of Orange River Mouth to Vioolsdrift master planning Initiatives
Kleinzee Tourism Precinct Plan	Implementation of Indi-Atlantic Route initiatives	Continue implementation of Indi-Atlantic Route initiatives
<b>Completed projects (2019-21)</b>	<b>2021/22 projects</b>	<b>Current and planned projects (2022/23-onwards)</b>
Orange River Mouth Tourism Concept	Orange River Mouth tourism concept initiatives	Continue Orange River Mouth tourism concept initiatives
Karoo Highlands Concept	Karoo Highlands concept initiatives	Continue Karoo Highlands concept initiatives
Galeshewe Township Tourism Precinct Plan	Galeshewe Township Tourism Precinct Designs	Galeshewe phase 3a tourism precinct methodology
NC Coast Airport Infrastructure Feasibility	NC Coastal Waterpark facility concept	NC Coastal Waterpark facility feasibility
-	-	Karoo Tourism Strategy
-	-	National Tourism Spatial Layer (starting with the Karoo)

**In terms of Tourism Sector Support Services, the following key programmes were implemented:**

- Capacity Building which include the hospitality programme and training of tourist guides. In terms of the hospitality programme beneficiaries, it reported that: Upington (13); Kimberley (28); Warrenton (23) and Kuruman (23).
- Domestic Tourism Enterprise Development and Transformation* which include *Tourism Safety Awareness Campaigns*, and *Tourism Monitors Programme*. In terms of the *Tourism Guides* – the Department implemented Phase 1 of the mandarin language training programme. Phase 2 is currently underway and a total of four tourist guides from the Northern Cape out of 34 nationally are currently completing a six-week training programme in Gauteng.
- Enterprise Development Programme which include tourism incubators, Women in Tourism Provincial Chapters and Women in Tourism Empowerment Workshops. A Women in Tourism Chapter was established in the Northern Cape in 2018.
- Tourism Incentive Programmes which include the Green Tourism Incentive Programme, Tourism Transformation Fund, Market Access Support Programme and Tourism Grading Support Programme. In respect of Tourism Grading Support – 95 graded establishments in

the Northern Cape benefitted from the discount on grading assessment fees during the 2021/22 financial year.

NCDEDAT reported that in terms of tourism and destination, the Northern Cape is an extraordinary destination vastly different from the rest of South Africa. The province boasts two world heritage sites – Richtersveld and Khomani Cultural landscape, six national parks (two are trans-frontier), six provincial nature reserves, 2 largest rivers in South Africa – Orange & Vaal, second largest dam in South Africa – Vanderkloof, three desert-like areas – Kalahari, Richtersveld & Karoo, star-gazing, 250 km stretch of vineyards, Namaqualand flowers, diamond heritage and many different cultural identities. Hunting is a lucrative subsector, contributing to the economic development of rural communities.

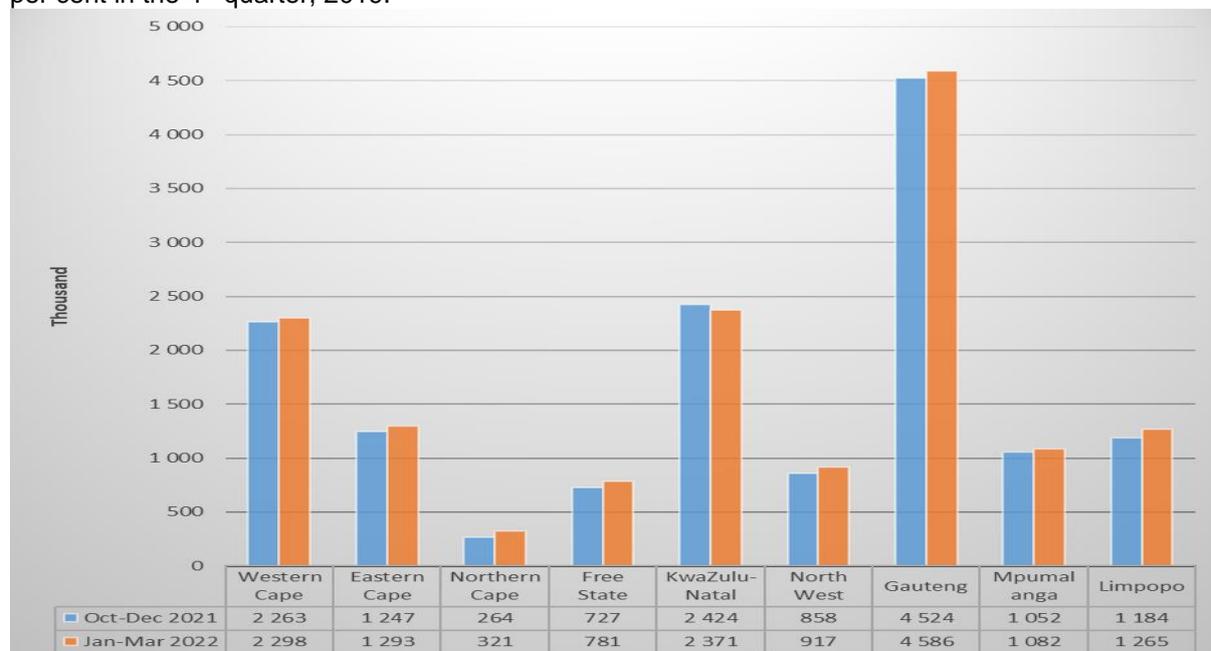
NCDEDAT highlighted that it has also the responsibility to support tourism enterprises so that they can adapt to the new normal of doing business, experience growth and infrastructure development. This will be guided by the provincial tourism recovery plan in partnership with the Northern Cape Tourism authority. The assistance of tourism enterprises will continue in the 2022/23.

Frances Barard District municipality highlighted the Ganspan Wetland Development, which is an initiative between the district and Phokwane Local Municipality which requires both public and private sector investment. The development entails the upgrading of the formerly known Ganspan-Pan Waterfowl Nature Reserve situated in the Phokwane Municipality. The project involves the development and upgrading of infrastructure on the banks close to Ganspan in order to restore the area as a safe, attractive and durable tourism attraction. Members noted that all necessary specialist studies have been conducted and completed and that the Department of Environment and Nature Conservation has issued Environmental Authorisation for development.

#### 5.4. Department of Employment and Labour

The *Department of Employment and Labour* reported that the unemployment rate in South Africa and in the Province remains a challenge. It was indicated that in the first Quarter of 2022, Northern Cape employment numbers were expressed in the following sector and industries: Agriculture, Mining, Manufacturing, Utilities, Construction, Trade, Transport and Finance

According to Statistics South Africa (StatsSA) the key findings in quarter 4 of 2019 (October – December 2019), prior Covid 19, shows an increase of 13 000 in employment that was experienced in the Northern Cape Province, from 322 000 in quarter 3: 2019 to 355 000 in the 4th quarter, 2019. The unemployment rate decreased by 2.9 per cent from 29.4 per cent in the 3rd quarter, 2019 to 26.9 per cent in the 4<sup>th</sup> quarter, 2019.



Employment statistics equating Q4:2021 and Q1:2022 by province have been well captured on Figure 2 above. A total number of working individuals increased from 264 000 in Q4:2021 to 321 000 in Q1:2022 and this represents a 21,6 per cent increase of employed persons. It can also be noted that there has been a slight decrease in the unemployment rate in the Northern Cape from 25 per cent to 24.9 per cent in Q1:2022.

The Northern Cape province was not immune to the ravages of the COVID-19 pandemic. In terms of the COVID-TERS funding was disbursed by the *Unemployment Insurance Fund*, the number of employers who applied for funding from 2020 to date was 3201, the number of employees paid was 43169, the number of transactions or payments made to employers was 114802 and the Covid-TERS amount paid to the Northern Cape province from April 2020 to date is R482 518 539.48. These were primarily paid to the following industries: trade; mining; agriculture; personal services; textiles; leather industry; banking; building; fishing; professional services and educational services. The largest proportion of funding was paid to the mining sector R71 million; building R39 million and agriculture R19 million.

### Performance in the John Taolo Gaetsewe and Frances Baard Districts

The following is a snapshot of performance in terms of the *Department of Employment and Labour services* in the John Taolo Gaetsewe and Frances Baard *districts* for the 2021/22 financial year:

#### Public Employment Services

*Public Employment Services* (PES) plays a major role in employment promotion and employment preservation as well as assist employers and work seekers to adjust to changing labour market conditions. PES is supported by an electronic system called *Employment Services of South Africa* (ESSA) which matches job seekers with available job opportunities for placement purposes. These services include *Work Seeker Services and Employment Counselling; Employer Services*. Within the John Taolo Gaetsewe District, for the 2020/21 financial year, the Department of Employment and Labour reported performance as follows:

<b>2020/21</b>		
	<b>Annual target</b>	<b>Target achieved</b>
Work seekers	3913	4258
Opportunities	679	1170
Employment Counselling	1746	2296
Placement	204	522
<b>2022/23</b>		
	<b>Target Quarter 1</b>	<b>Target achieved Quarter 1</b>
Work seekers	1227	1603
Opportunities	356	446
Employment Counselling	461	927
Placement	187	192

#### Frances Baard District

<b>2020/21</b>		
	<b>Annual target</b>	<b>Target achieved</b>
Work seekers	8784	10887
Opportunities	1358	2148
Employment Counselling	1826	2877
Placement	679	1089
<b>2022/23</b>		
	<b>Target Quarter 1</b>	<b>Target achieved Quarter 1</b>
Work seekers	2147	2982
Opportunities	357	621
Employment Counselling	461	788
Placement	187	469

#### Inspections and Enforcement Services

For the 2020/21 financial year, outcomes in the John Taolo Gaetsewe and Frances Baard Districts were as follows:

##### John Taolo Gaetsewe

<b>Legislation : COID Act (COID PAYROLL AUDITS )</b>			
<b>John Taolo Gaetsewe</b>			
<b>Areas</b>	<b>Number Conducted</b>	<b>Complying</b>	<b>Non-Compliant</b>

Kathu	41	7	34
Kuruman	15	2	13
Hotazel	10	1	9
	<b>66</b>	<b>10</b>	<b>56</b>

**Frances Baard**

<b>Frances Baard</b>			
<b>Areas</b>	<b>Number Conducted</b>	<b>Complying</b>	<b>Non-Compliant</b>
Barkly West	5	1	4
Hartswater	16	2	14
Jan Kempdorp	5	0	5
Kimberley	84	11	73
Pampierstadt	1	0	1
Warrenton	9	1	8
	<b>120</b>	<b>15</b>	<b>105</b>

**Legislation: Unemployment Insurance Acts**

**John Taolo Gaetsewe**

<b>Areas</b>	<b>Number Conducted</b>	<b>Complying</b>	<b>Non-Compliant</b>
Kathu	49	29	20
Kuruman	41	34	7
Olifantshoek	3	1	2
Hotazel	2	1	1
Dibeng	2	1	1
	<b>97</b>	<b>66</b>	<b>31</b>

**Frances Baard**

<b>Areas</b>	<b>Number Conducted</b>	<b>Complying</b>	<b>Non-Compliant</b>
Barkly West	3	2	1
Delpportshoop	0	0	0
Hartswater	64	35	29
Jan Kempdorp	1	0	1
Kimberley	104	52	52
Pampierstad	16	10	6
Ritchie	3	1	2
Warrenton	6	3	3
	<b>197</b>	<b>103</b>	<b>94</b>

**Legislation: Basic Conditions of Employment Act**

<b>AREA: John Taolo Gaetsewe</b>						
<b>Areas</b>	<b>Number Conducted</b>	<b>Complying</b>	<b>Non-Compliant</b>	<b>Compliance per cent</b>	<b>Referred for prosecution</b>	<b>Amounts enforced "R"</b>
Kathu	158	156	2	99 per cent	1	73 000
Kuruman	138	125	13	96 per cent	3	38 040.08
Hotazel	5	5	0	100 per cent	0	0

	301	286	15	95 per cent	4	111 040.08
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AREA : Frances Baard						
Areas	Number Conducted	Complying	Non-Compliant	Compliance per cent	Referred for prosecution	Amounts enforced "R"
Barkly West	21	14	7	67 per cent	0	0
Delporthshoop	3	3	0	100 per cent	0	0
Hartswater	151	122	29	81 per cent	0	0
Jan Kempdorp	54	46	8	85	0	41 486.88
Kimberley	467	394	73	84	15	17735.2
Pampierstad	7	5	2	71 per cent	0	0
Ritchie	3	3	0	100 per cent	0	0
Warrenton	15	14	1	93 per cent	0	0
Douglas	75	71	4	95 per cent	0	39 286.43
Windsorton	2	2	0	100 per cent	0	0
	<b>798</b>	<b>674</b>	<b>124</b>	<b>85 per cent</b>	<b>15</b>	<b>98 508.51</b>

**Legislation: Occupational Health and Safety**

Area: John Taolo Gaetsewe			
Areas	Number Conducted	Complying	Non-Compliant
John Taolo Gaetsewe	192	76	116
	<b>192</b>	<b>76</b>	<b>116</b>

Area : Frances Baard			
Areas	Number Conducted	Complying	Non-Compliant
Frances Baard	486	326	160
	<b>486</b>	<b>326</b>	<b>160</b>

**6. Site Visits**

**6.1. Vimo Hometextiles**

The Committees conducted a site visit to Vimo Hometextiles Boutique (Pty)Ltd is owned and managed by Vinolia Tokotshane. This business is funded and supported by the Small Enterprise Finance Agency (SEFA) and Small Enterprise Development Agency. The business manufactures and sells curtains, beddings, tablecloths, kitchen bags and chair covers. The client has been operating from home since 2017 in Mapoteng village Kuruman.

Through SEFA, the Vimo Hometextiles received total funding of R 245 600.00 for equipment and working capital. R50 000 was allocated as a grant and the remaining balance of R 195 600 was allocated as term loan. Funds were disbursed in November 2021. Funding assisted the business to operate at full capacity as new equipment was bought. One job was maintained.

**Observations:**

- Vimo Hometextiles was previously a business which operated from the home of the mother and daughter business owners. As the size of the business grew the manufacturing component was

moved to site within Kuruman. Members noted with concern that the site from which the business was operating from was a high crime area.

- The business owners noted that crime was a daily occurrence.
- Members urged the Department of Small Business Development, together with SEFA, SEDA, the Northern Cape Provincial Department of Economic Development and Tourism and the John Taolo Gaetsewe District Municipality work together to find an alternative site for the business in a safer area, particularly as this was a business run by women.
- Members further urged the John Taolo Gaetsewe District Municipality to work closely with the South African Police Service in setting up a mobile law enforcement caravan in the vicinity to monitor and protect vulnerable business owners.
- Members urged the Northern Cape Provincial Department of Economic Development and Tourism to work together with the Department of Public Works to find an alternative site of municipal or departmental property.
- Members were encouraged by the ambition of the business owners to extend its business to an online to store to reach a wider market.

## **6.2. OP Village Mall**

The Committees conducted a site visit to OP Village Mall, which was previously known as OP Supermarket and has been in existence since 1978 in Batlharos village. Batlharos is situated 20km's from Kuruman town and 236km from Kimberley. The previous business comprised of OP Sentra supermarket, OP Liquor store, Clothing store, Post point, and a Hardware store. All of these shops were operated by the late Mr. Ontisitse Peter (OP) Kesiamang, and later Amanda the wife and her daughter Grace. The shopping centre was named after the late Mr. OP Kesiamang. OP Village Batlharos (Pty) Ltd was established in 2015 with the purpose of converting a family supermarket into a shopping centre. OP Village is 100 per cent black owned by Retail Development Trust (90 per cent) and Ba-Ga Motlhwane Community Development Trust (10 per cent). The Retail Development Trust's beneficiaries are Mrs. Mmatshoko Amanda Kesiamang (35 per cent), Ms. Grace Outlwile Kesiamang (35 per cent) and The Batshweneng Trust (30 per cent). The Batshwaneng Trust's beneficiaries are all Kesiamang family members (including Grace and Amanda). The Retail Development Trust nominated Mr. Andrew Kesiamang and Ms. Grace Kesiamang as the directors of OP Village (Pty) Ltd. The Ba-Ga Motlhwane Community Development Trust was formed as a result of Minister's condition for a 30-year lease, that The Retail Business Trust pay the community 10 per cent free rider shares on the OP Village development. The structure is designed to benefit the community from Ba-Ga Motlhwane who will form part of the beneficiaries. In order to mitigate the delays in benefits accruing to community trust that are normally associated with transactions of this nature, OP Village will begin setting aside 20 per cent of its cash flow (free cash flow after servicing its operations and debt obligation) to a trust for the benefit of the trust beneficiaries. OP Village extended the existing Kesiamang family business (OP Supermarket) into a shopping centre where Shoprite, PEP and KFC are anchor tenants with an initial lease period of 10 and 5 years respectively. Prior to committing to the development, Shoprite performed a feasibility study and concluded that Batlharos and surrounding villages have the right population size and sufficient monthly income to support the shopping centre. It was reported that currently, the shopping complex is 99 per cent occupied with a mix of national and local tenants. The following are the current tenants:

- Shoprite
- Shoprite Liquor
- PEP
- PEP Cell
- Kings Hardware
- Doctors' surgery
- Cell phone store
- Cosmetics store
- Hair Salon
- Water shop
- Fast food and restaurant
- Clothing store
- Printing store

## **6.3. Kudumane Magistrate's Court**

The committees received a short briefing and tour of the facility. Kudumane Magistrate's Court located at 1269 Kgosi Mothibi Road, Mothibistad and Mothibistad is a rural town situated 9 kilometres northeast of Kuruman in the Northern Cape Province of South Africa. Before 1994 it was in the former Bophuthatswana Bantustan and after 1994 until a border change in 2006 it was in North West province. The facility is state-owned and DPWI is the custodian. The SAPS is adjacent and SASSA in close proximity. The scope The upgrading of the facility was necessitated by the poor condition and the constant utility service interruptions which hampered court proceedings. The scope of work is upgrading of all bulk services, i.e. Electrical supply, sewer mains upgrade, water reticulation upgrade and storm water management of the entire property. The timeframes for the site hand over were on 10 November 2020 which the progress on site was reported to be at 85 per cent and the anticipated practical completion date is anticipated to be on 31 August 2022. The expenditure to date which include contract amount of approximately R10 million and R2 million in consultant fees.

The following were reported challenges:

- Due to the nature of court proceedings, construction work has been stopped on regular occasions (noise disturbance).
- During the State of Disaster, the various Alert Levels affected the number of persons that could enter the facility for social distancing purposes.
- The contractor's work schedule lacked appropriate structure (site management, etc.).
- Removal of old installations such as CCTV, telephone and data cabling by the end-user.

#### **6.4. Northern Cape Division of the High Court**

The committees received a short briefing and tour of the facility. The project was to install new air conditioning system at the Northern Cape Division of the High Court of South Africa which is a superior court of law with general jurisdiction over the Northern Cape province of South Africa in Kimberley. The facility is located at 8 Jan Smuts Boulevard in Kimberley. The facility is state-owned and the Department of Public Works and Infrastructure is the custodian. This capital project was registered by the Department of Justice and Constitutional Development for the replacement of the antiquated air-conditioning system. The scope of work for this project were to supply and install new air-conditioning air handling units; supply and install VRF air-conditioning system; remove and replace all single type air-conditioner units with energy efficient type DC inverter units including refrigerant piping and brackets; and repair ceilings when removing old redundant equipment. Repair and paint walls when removing redundant air-conditioner units. The timeframes for the site hand over were on 22 June 2021 which the progress on site was reported to be at 100 per cent and the completion date was on 14 June 2022. The expenditure for the project which include contract amount of approximately R14 million and R 1,4 million of consultant fees.

The following were reported challenges:

- Coordinating works schedule with Court schedules.
- Keeping noise levels to minimum so as not to disrupt court proceedings.

#### **6.5. Kele Mines**

The Committees received a briefing and conducted a site visit Kele Mining operations in Kathu. Kele Mining Services (KMS) is a mining services company established in 2008 by Ms. Kifilwe Komo (55 per cent shareholder) and Mr Jomo Komo (45 per cent shareholder). KMS' core services comprise of load and haul and drilling operations which are predominantly undertaken on the iron ore belt of the Northern Cape Province of South Africa. KMS' head office is situated in Kathu being strategically close to their key customer sites. In addition, KMS has an office in Pretoria which was previously housed at the Innovation Hub. These premises hold the benefit of placing KMS close to the mining house offices and allows KMS to broaden its view beyond the Northern Cape province which holds the potential to diversify into other mining activities outside of Iron Ore. In 2016/17 KMS was selected as one of the companies to participate in the Kumba Iron Ore Limited's ("Kumba") supplier development programme which the company successfully completed resulting in KMS being highlighted in Kumba's 2017 sustainability report. As a result of successfully completing the programme KMS secured a long-term relationship with Kumba and has been awarded various contracts at both Kumba's Sishen and Kolomela mines. KMS has benefited from contracts outside of Kumba including ongoing contracts with Assmang (Pty) Ltd ("Assmang") on its Kumani mine and more recently at Kudumane Manganese Resources (Pty) Ltd ("KMR") at its mine near Hotazel (through Kele Drilling Solutions ("KDS") a company established during 2020). KMS has grown to become a noteworthy participant in the Northern Cape mining environment. The business is a winner of the inaugural 2019 CEO Circle National Entrepreneurs Award, which identified it as a medium

black-owned business with growth potential. As a result of KMS being awarded new contracts from 2016 onward it became viable for KMS to acquire its own fleet of earth moving Equipment (“yellow metal”) as opposed to the historic model of solely relying on rental assets. KMS required funding to acquire various pieces of equipment including Articulated Dump Trucks (ADT’s), Drill Rigs, Excavators, and certain other trucks amongst others. In addition, working capital funding was also required to sustain increasing operations. In August 2018 IDC approved a total funding package of R145 million to support KMS’ growth. The approved facilities included a suspensive sale facility of ca R85,5m, VAT facility of ca R18m, Subordinated loan of R35m, Working capital facility of R6m and a business support facility of R0,2m. In August 2019 IDC approved a request permitting KMS to encumber certain of the assets funded by IDC’s subordinated loan facility as collateral to Reichman’s (Investec) who advanced additional funding to KMS to acquire 4 additional ADT’s to expand operations on the Kolomela mine. Additional funding of ca R60m was approved and supported by the registration of Notarial bonds over certain assets which IDC had previously funded. As a result of KMS’s growing reputation in the mining sector, particularly the reputation of Mr Jomo Khomo (MD of KMS), KMS was approached to participate in several other opportunities which resulted in the establishment of 3 other business ventures (Kele Drilling Solutions (Pty) Ltd (“KDS”), Kele Logistics Services (Pty) Ltd (“KLS”) and Kele Engineering and Construction (Pty) Ltd (“KEC”) supported by KMS financially.

### **6.6. R31 road project**

The Northern Cape Provincial Department of Roads and Public Works in its presentation to the select committees provided a background around the bulk of the minerals within the Northern Cape which are transported across the province roads network which include the R31 road from John Taolo Gaetsewe District transported to the coastal provinces. The R31 route is known as the manganese corridor because is used as a shorter passage to for haulage of manganese. The transportation of minerals on the R31 in particular is the major contribution to the poor condition of the road. The Department of Roads and Transport in the Northern Cape reported that approximately R600 million budgeted and spent in the past five years to improve the condition of the road but to the high volume of heavy trucks using the road, the road still remains in a bad condition.

The Department explained to the committees that due to the funding conditions of the Provincial Road Maintenance Grant (PRMG), the only activity the department may do is repair and reseal of the road. This activity is not strengthening the road itself to be able to handle the load it is carrying but rather is a holding measure as the reseal it strengths the surface and not the layers underneath. The road has very high accidents within the province and poses a risk as a department is faced with litigations and this could increase drastically in the future if it is not addressed urgently to the increased heavy load traffic. The road cannot handle the load is carrying currently and the Department cannot afford to upgrade this road at the condition that it can handle the traffic on it.

The road assessment survey highlighted several substandard and dangerous aspects, which include amongst others, severe edge breaks; narrow width of road; no stopping areas for heavy vehicles; high shoulder drop-offs; road pavement failures and cracking; dry and brittle condition of surfacing seal; rutting; prevention of stray animals in road; trucks bumping the guardrails. The Department embarked on widening and resealing of the sections from Danielskuil to Barkley West which the project cost estimated at R59 million with the project duration scheduled for six months. The project started 10 August 2022 and expected completed around February 2023

The committees were informed about other work taking place around the R31 in Platfontein. The section of the road was constructed through the ponds which were dry for many years and because of the climate change, the Northern Cape province in 2019 experienced abnormal rain fall. The heavy rainfall contributed to the high water level which in turn submerged the top surface of the road. The storm water and leaking water pipes and faulty sewage pump stations of the Sol Plaatjie Municipality flow into the Platfontein pan. The pan became full and overtopped the road which caused the diversion of the heavy vehicles to alternative roads. To address the water challenge on the section of the road, Department commissioned the process to uplift the vertical alignment of the road up to 1.5 meter. The project of raising of the vertical alignment on the road started on 24 January 2022 and expected to completed 24 August 2022 with the estimated budget of R34 million and project 91 per cent complete.

On the future of the pond, Northern Cape Department of Roads and Public Works, National Department of Water and Sanitation, Sol Plaatjie Municipality are investigating the feasibility of pumping water from the pan to Vaal River. With regard to the strategy of R31 for future sustainability, the Northern Cape Provincial Government through the Office of the Premier has written to the Minister of Transport to request that the R31 road be transferred to SANRAL. According to the Department of

Roads and Transport the transfer would assist the province to offload the maintenance burden of the road as the road would be part of the national roads. The committees welcome the assurance that the Northern Cape provincial government has already written to the National Department of Transport for the South African National Roads Agency to take responsibility for the R31. The committee has called on the Department of Transport to expedite this process as this move will ensure that necessary investments are made to rehabilitate the road.

The committees' concerns emphasise the need for massive investments in rail infrastructure to move cargo transportation from the road to rail networks. Furthermore, as the province implements its economic recovery plans anchored on the export of iron ore and manganese mining, the need for a reliable rail infrastructure to transport cargo to ports is essential. Tourism will also play a critical role in unlocking economic potential in the province and reducing unemployment.

### **6.7. Platfontein Lodge**

The Committees conducted a site visit to the Platfontein Lodge. It was reported that the community of Platfontein, the! Xu and Khwe!, are the indigenous first peoples of the Northern Cape. They are one of the communities to have their land rights restored to them through the Restitution of Land Rights Act. The vision of the community was to establish the Platfontein lodge as an economic hub which would not only be a source of employment but also a springboard for the development of other economic ventures and activities, which would benefit the community into the future. The community boasts a significant cultural heritage, which is showcased throughout the lodge. From a tourism perspective, the Platfontein Lodge offers the opportunity to preserve a culture that is quickly being lost and to offer an unforgettable hospitality experience and conferencing and events venue for the Kimberley area. The Department of Tourism, through the Working for Tourism Programme funded the refurbishment and conversion of an old farm house into a lodge. All buildings that formed part of this Departmental project had been constructed before and were part of the abandoned farmland of Platfontein. The main focus of the Departmental project was the refurbishment of these dilapidated structures. The delegation was informed that the project started in March 2017 and was completed in October 2018. The project was handed over to the community and an Operator in November 2018 for operations. At the beginning of 2019 the Operator wrote to the Department alerting the department of the latent defects. The Department in turn communicated with the contractor who fixed the snags that were identified, however a few months later the operator wrote again to the department indicating that it had rained heavily and the roof leaked and that there were cracks in the building. The Department then took the decision attend to all the remedial works and this work is currently being completed through the Development Bank of South Africa.

#### ***Completion of the project through the Development Finance Bank of South Africa***

The Department entered into a partnership agreement with the Development Finance Bank of South Africa (DBSA) for the fixing of the identified defects and snags. The DBSA has finalised the planning and submitted to the department for approval, and thereafter a contractor will be appointed for the actual remedial works.

- Convert a farm house into a 12-bedroom lodge with ablution facilities, reception area, dining area;
- Swimming pool;
- Convert hall into conference centre with kitchen;
- Constructing of guardhouse;
- Upgrading of pump house;
- Sewer and water reticulation;
- Entrance road 1.2 KM gravel;
- Renovate the current 55,6m2 structure to a storage facility;
- Refurbish the existing building into a staff facility;
- Renovate existing facilities in a manager's house; • install street lighting on the 1.2km entrance road; and
- Cleaning and clearing of Platfontein area.

#### ***Ownership:***

The project is built on communal land which is under the custodianship of the ! XU and Khwe Communal Property Association (CPA) The owning entity is the! XU and Khwe CPA. The project was handed over to the CPA who continues to act as a custodian of the project on behalf of the community.

#### ***Observations:***

- The Platfontein Lodge was meant to be generate revenue from both the accommodation and conference sections. To date, the Lodge has only been able to generate revenue from the conferencing. This has resulted in annual revenue between R1.5 million and R1.8 million.
- Upon conducting a site visit of the accommodation section of the Lodge, Members were saddened to see that structural defects that was pervasive throughout the site barely five years since construction. These include cracks in the foundation, pool, walls, ceilings. In addition, moisture and damp was observed on the walls and ceiling. These structural defects resulted in loss of income and loss of job opportunities for XU! And Khwe communities.
- The Management of the Lodge indicated that its venue higher section was in high demand by the public sector.
- Members noted that the Department and DBSA are in the process of repairing these defects which involves underpinning foundations which were found to be unsuitable for the type of soil and other defect in the structures. There is no storm water management on the sight, so whenever it rains water does not flow away from the buildings hence the problems with the foundations. There is no proper landscaping to help control the movement of water.
- Members were of the opinion that the contractor needed to be held accountable and legal action taken for the shoddy workmanship and wasted expenditure.
- Further concerns were raised that the project still has to service the R35 million loan it received from the IDC which is hindered by the loss of income in the accommodation section of the lodge.
- It was further noted that roadworks has limited access to the lodge thereby inhibiting clients access and entry to the lodge.
- Concerns were raised regarding the Sol Plaatjie Local Municipality not attending to complaints relating to sewer leakages which is affecting approximately 800 hectares of land.

## 7. Recommendations

1. Over the 2023 medium term, the National Ministers responsible for transport, roads, public enterprises, energy, water and sanitation including trade, investment, infrastructure and small businesses working together with the Member of the Executive Council responsible for economic development, transport and roads including the John Taolo Gaetsewe district municipality need to develop an integrated plan to operationalise the Strategic Integrated Project 5 (SIP5, Saldanha–Northern Cape Development Corridor including Khathu Industrial Park. The plan should be submitted to the Select Committees on Trade, Economic Development, Employment and Labour, Small Business and Tourism and Transport, Public Works and Infrastructure and Public Service and Administration, by the end of the 2023/24 financial year.
2. Further, over the 2023 medium term, the Ministers for Cooperative Governance and Traditional Affairs and Trade, Industry, and Competition should engage the Minister of Finance to consider of establishing Regional Economic Development Fund to support local government authorities to fund and finance local economic development initiatives, and establish capacity and capability to manage local economic development.
3. Over the 2023 medium the Minister of Tourism, and the Minister of Tourism and Arts, Culture, Sport and Environmental Affairs must develop integrated plan to support local government to fund development programmes that seek to spur growth of the creative economy, tourism (nature based tourism) and sport. The Ministers responsible for these sectors must engage the Minister of Finance to consider funding for these development initiatives. Local government authorities need to prioritise and fund tourism development initiatives.
4. Tourism industry remains a critical strategic industry that needs cross sector support ranging from roads infrastructure investment including water and sanitation, energy, transport, information and technology. Over the 2023 medium term, the Minister of Tourism must engage all relevant Ministers responsible for transport, roads, public enterprises, energy, water and sanitation including trade, investment, infrastructure and small businesses working together with the Member of the Executive Council responsible for economic development, transport and roads including the John Taolo Gaetsewe and Frances Baard districts to develop a plan that will support tourism development initiatives, and submit such a plan to the to the Select Committees on Trade, Economic Development, Employment and Labour, Small Business and Tourism and Transport, Public Works and Infrastructure and Public Service and Administration, by the end of the 2023/24 financial year.
5. The John Taolo Gaetsewe District Municipality should submit its road and transport plan for the district to the Committees of Select Committees on Trade, Economic Development,

Employment and Labour, Small Business and Tourism and Transport, Public Works and Infrastructure and Public Service and Administration before the end of the end of the 2022/23 financial year.

6. The Sol Plaatjie Local Municipality should appear before a joint meeting of the Select Committees on Trade, Economic Development, Employment and Labour, Small Business and Tourism and Transport, Public Works and Infrastructure and Public Service and Administration the Committee in 2023 in order to provide an update on its interventions in respect to the storm water, leaking water pipes and faulty sewage pump stations that flow into the Platfontein pan and flooding the R31 road.

***Report to be considered***