

Remarks by Honourable MEC Vosloo during the NCOP Hybrid Ministerial Briefing on 'The Economic and Fiscal Impact of the July 2021 under the Theme: *"Measures to mitigate against the Economic and Fiscal Impact of the recent Violence, Looting and Destruction of Property"*

Programme Director and NCOP House Chairperson, Hon Nyambi
NCOP Chairperson, Hon Masondo
NCOP Deputy Chairperson, Hon Lucas
Deputy Minister of DTIC, Hon Gina
Deputy Minister of Finance, Hon Dr Masondo
Fellow Members of Executive Councils
Portfolio Committee Chairperson, Hon Maneng
Special Delegates present
SALGA Representative, Cllr Dr M Ngubane
Ladies and gentlemen

Thank you for inviting me to join this hybrid session today as it affords me an opportunity to reflect on an unfortunate situation we experienced as provinces and a nation directly and indirectly.

Firstly I must indicate that as the Northern Cape Province initially we were not directly impacted with the undesirable situations and incidents suffered by our sister provinces.

We started to experience the devastating impact of public violence, looting and destruction of property during the downstream transport logistics due to our economy being export market oriented. This in turn hampered the supply of goods and services from our province to their markets and supply destinations leading to economic contraction with huge fiscal implications for the Northern Cape and our country at an export front.

According to Stats SA 2021, the Northern Cape Provincial Economy continues to be concentrated in mining activities. In context, the provincial mining activities contributed around 23.3% of the total gross-value added, followed by the government service sector. The government service sector is estimated to have contributed about 18.2%, in terms of GVA during 2019. Construction (2.7%), manufacturing (3.5%) as well as the utilities industry (3.9%) have the lowest contribution with a combined 10.1% contribution.

The Northern Cape Province recorded the steepest decline in growth at -0.6%, however due to the province's smallest contribution to the South African economy at 2.2%, the impact is rather muted. On the other hand, the Gauteng province which is the biggest contributor to the South African economy grew positively by 0.6% ensuring that the country did not reach the negative growth mark.

Programme Director, our economy is heavily reliant on the primary sector as most of our mine and fresh agricultural produce are channelled through the port of Durban. Even our daily supplies are imported via the port of Durban and the movement of vehicles and goods led to tremendous back-ups in terms of global supply networks and preventing our Northern Cape population access to critical foodstuff, sanitation, pharmaceutical and many other products and services.

During, this period the Northern Cape mining corridor of especially Kuruman, Kathu and Postmasburg was severely hampered with a huge impact on our revenue generation streams.

In addition, retail and health services were compromised due to inability to received critical required goods and services. The devastating impact was felt critical foodstuff, industrial equipment and components, vehicles and vehicle parts were cancelled and unnecessary delays experienced.

In our endeavours, engagements with business community resulted to committed investors requesting a cool down period on agreements and investments.

This ripple effect also inhibited national government human capital and budget commitments to the province seen as these had to be prioritized by those areas worst affected by the said social collective disruption.

As part of mitigating strategies informed by the scenario I sketched earlier that was further compounded by COVID-19 and the recent *recent Violence, Looting and Destruction of Property*” we decided to diversify our global village export ports and offer the completion of the Boegoebaai Deep-Sea harbour projects with its subsidiary projects. We are doing this increase our capacity to move goods and services and ensuring self-sufficiency in terms of produce and global imports and exports.

Programme Director, strongly believe that the local manufacturing of hydrogen products and components will contribute towards job creation and skills development and enhance economic transformation that will benefit the previously marginalised sectors of our Northern Cape society, particularly women and youth.

Ladies and gentlemen, critical value chains and supplies have been clustered in Industrial Park and Special Economic Zones to ensure investment and investor surety and safety.

Therefore, as the Northern Cape we are implementing the Northern Cape Industrial corridor which consist of several economic nodes that serves as clusters for services and beneficiation. The identified nodal areas are as follow:

De Aar Rail Cargo Hub, Kathu Industrial Park as key component of our various catalytic projects that we are working tirelessly to realise. The Upington Industrial Park is already at an advanced stage.

Ladies and gentlemen, allow me to conclude by Minister Creecy’s remarks in saying “his Excellency President Cyril Ramaphosa announced the Northern Cape Green

Hydrogen Strategy, with the anchor investment by SASOL at the South African Strategic Infrastructure Development Symposium on the 7th of October 2021”.

Programme Director, these commitments was amplified at the recent COP26 Conference in Glasgow in cementing our efforts with funding commitments and support for this ground-breaking initiative located on our shores in service to our nation and the world.

I thank you!