



# Wes-Kaapse Provinsiale Parlement Western Cape Provincial Parliament IPalamente yePhondo IeNtshona Koloni

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## **Report of the Standing Committee on Agriculture, Economic Development and Tourism on the 2023/24 Annual Reports of the Department of Economic Development and Tourism; Western Cape Destination Marketing, Investment and Trade Promotion Agency; Saldanha Bay Industrial Development Zone Licencing Company SOC Ltd; and Atlantis Special Economic Zone, for the year ended 31 March 2024.**

The Standing Committee on Agriculture, Economic Development and Tourism, having deliberated on the Annual Reports of the Department of Economic Development and Tourism and its Entities, for the year ended 31 March 2024, referred to it, reports as follows:

### **1. Introduction**

Section 113(3)(b) of the Constitution requires that “Members of the Executive Council of a province must provide the legislature with full and regular reports concerning matters under their control.” Section 65 of the Public Finance Management Act, 1999 (Act 1 of 1999) requires the Minister of each department and public entity to table an annual report in the legislature within six months of the end of each financial year.

As part of its oversight function, the Standing Committee on Agriculture, Economic Development and Tourism (the Committee) deliberated on the Annual Reports of the Department of Economic Development and Tourism (the Department) and its Entities, Western Cape Destination Marketing, Investment and Trade Promotion Agency (Wesgro); Saldanha Bay Industrial Development Zone Licencing Company SOC Ltd (SBIDZ); and Atlantis Special Economic Zone (ASEZ), on 29 October 2024.

Annual reports are the key instruments for departments to report on performance measured against their performance targets and budgets as outlined in their Strategic Plans and Annual Performance Plans.

The Annual Report Programme for the 2023/2024 financial year was advertised in various newspapers, inviting stakeholders and members of the public to participate in the discussions.

The Committee deliberated on Part A: General Information, Part B: Performance Information and Part D: Human Resource Management of the respective Annual Reports.

## **2. Department of Economic Development and Tourism**

### **2.1 Overview**

This year presented considerable challenges, including the ongoing load shedding and its toll on the economy. In addition, operational difficulties at the Cape Town Port complicated export logistics, while fiscal and capacity constraints added further pressure. Despite these obstacles, the Department capitalised on strategic opportunities, culminating in the Cabinet-approved Growth for Jobs Strategy, which now served as a guiding framework with clear goals and priorities for economic strategy.

Over the past financial year, the Department had aligned its initiatives with the Growth for Jobs Strategy, driving impactful economic growth. Key accomplishments included the Small, Medium, and Micro Enterprise (SMME) Booster Fund, supporting 116 enterprises, and the Alternative Energy Support Programme, enhancing energy security for 12 SMME trading hubs across seven municipalities. Other highlights were major investment commitments secured through Wesgro and the successful initiatives led by the Department's Export Competitiveness Enhancement Team, the Office of the Consumer, and the Tourism Growth and Development Unit.

### **2.2 Key issues discussed**

- 2.2.1 The Western Cape accounted for 55% of South Africa's agricultural exports, prompting the Committee's concern about the readiness of the Cape Town Port to manage higher export volumes in the upcoming months.

The Cape Town Port faced several ongoing challenges that impacted efficiency and the ability to manage increasing export volumes. Key issues included equipment shortages, maintenance, congestion, delays, weather related disruption, digital and operational coordination, skilled labour shortages and customs and regulatory delays. Efforts to mitigate these challenges included regular collaboration with stakeholders, investment in digital tracking systems, and ongoing dialogue with the Transnet National Ports Authority (TNPA) to improve equipment availability and address logistical bottlenecks.

Ensuring the Cape Town Port's readiness was a priority, not only for the Department but also for the province as a whole, a coordinated effort was underway, that involved the Department of Agriculture, the Department of Mobility, and the TNPA, to support efficient transit. Both the table grape and citrus seasons, key export periods for the province, saw increasing volumes over the past three to four years.

To address port readiness, the TNPA intensified efforts to secure essential equipment, such as cranes and stabilising machinery, to improve operational efficiency. Weekly meetings were held among the Department, the TNPA, and other key port users, resulting in noticeable improvements in container movement per hour. Furthermore, the Department was in the third phase of the Port Digital Cargo Dashboard project, which focused on tracking various commodities from their source in order to optimise logistics.

The Department maintained a strong, collaborative relationship with the TNPA to ensure export operations met rising demands.

- 2.2.2 The township economy was crucial to the Western Cape and South Africa's overall economic landscape as it promoted inclusivity, fostered local economic resilience, and addressed income inequality. Extortion within this economy was of concern to the Committee, as too was the effect on the Department's level of service delivery as a result of these extortion activities.

The Department remained committed to support the township economy and reiterated that this economy must create significant jobs. Although the Growth for Jobs Strategy referred largely to private sector economic growth, the Department was determined to promote growth within the township economy.

The City of Cape Town launched a project called Jobs Connect that made a significant contribution to job creation in, among others, the township economy. The Project offered unemployed residents work readiness skills and access to entry-level and skilled jobs. The Jobs Connect Project targeted unemployed residents within the catchment area of the City of Cape Town. All sectors of the economy were targeted with the view to creating opportunities for the unemployed. The Project also had an element of educational placement for skills development working with training institutions.

The Department, in collaboration with other Departments within the Western Cape Government, initiated several actions to address extortion within the township economy, recognising that these activities harm businesses, deter investment, and compromise economic growth in township communities. These included collaboration with law enforcement and dedicated task forces and units; community and business support initiatives; economic stabilisation and growth initiatives; and awareness and community engagement. These strategies were part of a coordinated effort by the Western Cape Government to curb extortion in township economies, aiming to create safer environments where businesses can operate without fear, stimulate economic activity, and foster trust between communities and authorities.

### **3. Western Cape Destination Marketing, Investment and Trade Promotion Agency (WESGRO)**

#### **3.1 Overview**

Wesgro, a key provincial agency, focused on differentiating the Western Cape as a leading regional economy by promoting sustainability, innovation, and brand recognition. During the year under review, Wesgro enhanced the Western Cape's Economic Profile by positioning the province competitively and hosting global delegations. Wesgro promoted the "Made in the Cape" brand and launched tourism campaigns locally and internationally. The Agency also attracted Global Investment by facilitating R7,75 billion in investment projects, with a majority in green economy sectors, such as renewable energy and water recycling. The Western Cape also advanced its Green Hydrogen Strategy, signing a Memorandum of Understanding for a pipeline feasibility study with Gasunie, an energy network operator in the Netherlands and the northern part of Germany.

Through technology and partnerships, Wesgro increased export opportunities for goods and services. The Cape Trade Portal connected local exporters with international buyers, and a dedicated team supported the services sector, which provided 70% of the province's jobs.

Tourism in the Western Cape rebounded post-pandemic, with Wesgro supporting leisure events, international campaigns, and business tourism, securing 30 event bids worth R1,03 billion. Wesgro prioritised digital transformation and stakeholder engagement, and expanded its focus areas to include energy resilience and green transition initiatives. Wesgro's efforts led to global awards and increased economic impact, positioning the Western Cape as a vibrant, competitive region with a focus on sustainable growth and innovation.

Wesgro's audit results showed significant improvement, moving from a qualified audit opinion in 2021/22 to an unqualified audit in 2022/23, and culminating in a clean audit for 2023/24 with no findings or irregular expenditure.

### **3.2 Key issue discussed**

- 3.2.1 The Committee was of the view that attracting investors to a province offered numerous benefits, including economic growth, job creation, infrastructure development, increased tax revenue, a diversified economy, skills development, enhanced global competitiveness, innovation and technology transfer; and improved quality of life for residents in the province.

In light of this, The Committee was informed that Wesgro facilitated, in collaboration with key partners, committed investments with Tanzania, Ireland, Luxembourg and the United State of America where direct foreign investment was seen.

In terms of investment promotion, Wesgro focused on two elements, the one was to attract new investment into the Western Cape from outside the Western Cape and there was also an extensive focus on encouraging Western Cape businesses to grow and expand.

The primary investment countries have been the United States of America, the European Union and the United Kingdom which has been the traditional markets over the last 18 months. Wesgro also focused on markets in China, India, Asia and continued its focus on Africa and the Middle East.

In order to attract investors, Wesgro hosted an international summit in the United Kingdom, it also investigated the diversification of markets of sectors with emphasis on attracting these investments into the municipal districts. Much work was done in respect of building the investment pipeline in the districts of the Western Cape with a focus on strategic partnership and linking investors to local suppliers.

International tourism increased by about 123% in the Western Cape but there has not been a full recovery on the domestic tourism. The Committee was pleased to be informed that a focal point of the Agency will be on having the districts benefit from international and domestic tourism.

- 3.2.2 The Committee expressed concern regarding the rural economy, noting that rural municipalities often faced significant challenges. Sustainability remained a concern, as only a limited number of residents were able to contribute financially. Facilitating access to the grant and donor markets to help strengthen the rural economy would be beneficial.

Wesgro shared the Committee's concern as the City of Cape Town was entirely dependent on the rural economy for its own prosperity and sustainability. Wesgro operated at a district level as it does not have the capacity to work with each municipality. Wesgro's performance

on a district level was not part of the annual report but was presented to the Committee. Wesgro undertook to include the performance per district in future annual reports.

The Department was in the process of developing a plan in order to leverage grant funding and donor funding, not only from the domestic market, but also from the international market. Capacity constraints were listed as a hindrance. As soon as the capacity constraints were addressed, the Department undertook to begin with the exercise of understanding who the donors are and what their own priorities and criteria are. Only then would it be possible for the Department to proceed with project development and packaging for municipalities that could potentially land and secure the funding.

This matter was also a key priority for the Provincial Treasury. As a result, it involved collaboration, and with Wesgro actively engaging in the markets, they could provide valuable market intelligence to support this effort.

#### **4. Saldanha Bay Industrial Development Zone Licencing Company SOC Ltd (SBIDZ)**

##### **4.1 Overview**

Recognising the importance of achieving self-sustainability as an entity, the SBIDZ initiated several projects aimed at converting them into tangible results. Unfortunately, various challenges, many of which were beyond the Entity's control, hindered its performance, particularly concerning on-the-ground projects.

These challenges stemmed from several factors, including changes within state entities such as Transnet and the TNPA, which significantly impacted the Entity's relationships with investment partners. Additionally, the transition into the hydrogen sector was complicated by delays in integrating independent power producers into the national grid, further complicating green energy initiatives.

In response to these challenges, the Entity conducted a thorough review of operations in order to identify areas for improvement and address inefficiencies that were hindering growth. This review was a critical step towards turning the business around, as generating adequate income was vital for the long-term sustainability of the Entity. Without these adjustments, the company risked missing opportunities to enhance its financial success and security.

The Entity was consolidating its activities and adopting new strategies to drive growth and refocus its efforts. Its primary objectives included expanding its investor base, increasing manufacturing capabilities, diversifying sectors and value propositions to prioritise core manufacturing companies that could create immediate jobs.

The focus was on attracting black industrialists to leverage incentives from the Department of Trade, Industry and Competition, targeting companies that would drive value addition in support of provincial and national policies for localisation and employment creation in local communities. By aligning its efforts in these areas, the Entity aimed to foster business growth while contributing to the social and economic development of the region.

To strengthen its drive for investment, the Entity will be re-evaluating its Memorandum of Understanding with Wesgro, as Wesgro played a crucial role in assisting in the attraction of investors. Additionally, the Entity has made concerted efforts to include the local business

community, which was eager for opportunities, not only within the zone but also from investors engaging with the broader community.

## **5. Atlantis Special Economic Zone (ASEZ)**

### **5.1 Overview**

The purpose of the ASEZ was to establish a sustainable Greentech Special Economic Zone that fostered a supportive business environment for the green economy, promoted integrated economic growth, and generated employment opportunities. The Entity was partially owned by the City of Cape Town and the Department of Economic Development and Tourism. It leveraged relationships with external academic institutions and international communities to fulfill its mandate effectively.

The Annual Report showcased a productive year despite fiscal constraints and economic challenges.

Significant achievements included receiving independent recognition for its efforts, winning the Financial Times Sustainable Future Award for Africa, where the Entity was named the best industrial zone on the continent and it was also recognised in the sustainable zone category. Additionally, it received an honourable mention at the Eco Manufacturing Awards.

Partnerships were vital to the Entity's success. To this end Wesgro was commended for its invaluable support.

One of our most pressing challenges continued to be securing funding for civil infrastructure in Zones 2 and 3. The Entity explored various avenues and will continue to do so, with the latest opportunity being the Budget Facility for Infrastructure at National Treasury. However, it was concerning that the Department of Trade and Industry's Special Economic Zone Fund had limited resources, often leaving applicants in a queue for over a year before funding could be accessed for developments or factories. This situation warranted careful monitoring and may necessitate a shift in the Entity's approach to supporting and attracting investors.

The Entity maintained a close working relationship with the City of Cape Town, which held a 47% shareholding in the company. This relationship was crucial for coordinating essential infrastructure connections, land use approvals, and daily operations. When challenges arose, the Entity received strong support from both political and senior management levels within the City of Cape Town.

## **6. Resolutions/Actions**

- 6.1. The Committee RESOLVED that it would undertake an oversight visit to the Cape Town Port to assess progress on challenges that were identified in the previous parliamentary term, particularly regarding the impact of port conditions on operations and infrastructure readiness for imports and exports.
- 6.2 The Committee REQUESTED that the Minister of Agriculture, Economic Development, and Tourism provides it with a written report detailing the strategy to address extortion within the township economic environment.

## 7. Conclusion

The Committee recognised the challenges experienced during the year and congratulated the Department and its Entities on sterling working under difficult circumstances. The Committee was satisfied that the predetermined objectives for the 2023/24 financial year were adequately achieved and that they were accurately reported.

A handwritten signature in black ink, appearing to read 'Masipa', is written over a light-colored, textured background.

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**MR NP MASIPA, MPP**

**CHAIRPERSON: STANDING COMMITTEE ON AGRICULTURE, ECONOMIC DEVELOPMENT AND  
TOURISM**

**DATE: 15 November 2024**