

## MEDIA STATEMENT

14 November 2016

Mapping growth path for job creation & economic development for Limpopo

The Limpopo Provincial Government recently held Economic Summit to focus on stimulating the economy and creating sustainable jobs for the people of the Province. The summit was held under theme “A Practical Industrialization Growth Path towards creating sustainable jobs and Economic Development for Limpopo Province”.

Premier Mathabatha’s opening address at the summit

Consistent with the National Development Plan, the year 2014 saw in Limpopo convening an all-inclusive provincial development summit to discuss and adopt Limpopo Development Plan. The plan clearly defines and provides a framework for the economic growth and development agenda of Limpopo. Most importantly, it reflects Limpopo’s shared vision and strategic imperatives towards poverty reduction, elimination of social inequality and a creation of sustainable jobs.

It is in this context that we have decided to convene the summit to give more meaning to Limpopo Development Plan. We want to leave this place with clearly defined imperatives on how we are going to achieve the envisaged sustainable socio-economic, infrastructural and institutional development in our province. We have anchored Limpopo Development Plan around mining, agriculture and tourism as strategic economic growth points and competitive advantages of our province. This summit must therefore guide us on how we are going to industrialise through mineral beneficiation, development of agro-processing cluster, development of viable tourism offerings and logistics. We must also re-affirm the role of SMME’s and Cooperatives as critical game-changers in our effort to expand the productive capacity of our economy.

The country cannot succeed to in its efforts to integrate the SADC region economically, unless the strategic location of Limpopo as a gateway to the rest of Africa is fully exploited. The province shares the borders with three countries in the region, Botswana in the west, Zimbabwe in the north and Mozambique in the east. In this regard there must be a focused investment in infrastructure for it is the backbone of the economy. This summit also takes place amidst very exciting and hostile domestic and international economic climate.

In presenting the Medium Term Budget Minister Pravin Gordhan said, “The world economics and politics are in a state of flux, marked by high levels of uncertainty. Anaemic growth and investment, in tandem with a widening trust

deficit between ordinary people and elites, have brought global inequality into sharper focus. The National Development Plan, our roadmap to rid South Africa of poverty and fight inequality, targets growth of 5.4 per cent, but the real GDP growth has slowed markedly, and the economy is now expected to record growth of just 0.5 per cent this year". Our province is not immune from these challenges. We must therefore accelerate the envisaged industrialisation to our identified economic regions given their huge potential for growth. Some of these areas include, but not limited to Polokwane, Lephalale, Tubatse, Tzaneen and Makhado-Musina corridor as the areas of priority in terms of integrated human settlements and economic development.

We can confirm that there are already significant number of economic projects and infrastructure investments that are being implemented in some of these economic regions. They include the Presidential Strategic Infrastructure Programme targeting both Waterberg and Sekhukhune District Municipalities, and the envisaged Special Economic Zones earmarked for implementation in both Greater Tubatse and Musina Local Municipalities. We would like to take this opportunity to thank the Cabinet for positively considering our application for Musina to become a Special Economic Zone. It will really go a long way towards developing the economy of the country in that part of the land.

Nevertheless, we would like to persuade the Cabinet to also consider Tubatse as an SEZ. Tubatse municipality has a huge economic potential to become the future platinum production hub of this country. It is also worth mentioning that Limpopo Development Plan appreciates the fact that for us to realise our developmental objectives, we need to craft strategic partnerships between government, private sector and other strategic sectors such as institutions of learning. This we must all work on as a matter of urgency. In the same vein, we need to strengthen an active collaboration with business and labour to revive investment growth, provide greater policy certainty and improve labour relations. What we need most right now is a faster, inclusive, job-creating growth. I have got no doubt, whatsoever, in my mind that we all want to see Limpopo on a higher trajectory of economic growth and development. The task before all of us here today, is to do exactly that. We need to work together to realize the full potential of our economy, and with broad-based participation we can build a firm foundation for a stable and prosperous province.

#### Challenges:

There are no ICT multi-national enterprises/major corporations to develop ICT as an economic sector. Lack of ICT public sector research institutions is an important barrier to the growth of the innovation clusters. There is a huge ICT skills gap in the province mainly because of a limited ICT sector. The lack of ICT infrastructure to access the digital world and the lack of technical and managerial skills to operate, maintain and manage the infrastructure are major

weaknesses in the development of the sector.

#### Opportunities:

Position Limpopo as the ICT gateway to the rest of the continent – regional integration Partnering with various organizations Low Free and Open Source Software (FOSS) utilization Underdeveloped state of ICT in Limpopo Few small enterprises in ICT sector Establishing innovation clusters in key priority sectors – Science & Tech Park Low penetration of fixed broadband telecommunication infrastructure High penetration of mobile devices to take up broadband services SMMEs

#### Co-operatives Strategy:

##### Purpose and objectives

Create an enabling environment for the establishment, development, sustenance and profitability of Co-operatives in all sectors. Promote the development of sustainable co-operatives that comply with Co-operative principles, thereby increasing the number and variety of economic enterprises operating in the formal economy.

Promote equity and greater participation by black persons, especially those in the rural areas of the Province, women, persons with disability and youth in the formation of , and management of, Co-operatives. Facilitate the provision of support programmes that target emerging Co-operatives. Provide guidelines and direction for support of Co-operatives by government, other institutions, organisations and the private sector.

##### Purpose and objectives

To increase the contribution of small business towards the economic growth of the Province. Make more impact on job creation and reduction of poverty levels in the Province. Ensure that the Province's growing economy proportionally contribute to the GDP. To increase the capacity of SMME's and production levels through the: Provision of appropriate business development information Coordination and integration of business development support Increasing competitiveness of businesses Increase access to local and international markets Increase access to financial resources Entrepreneurship development and promotion

## Issues Raised:

### ICT and mining

Cost requirement for entering mining market are too high. LEDET to facilitate discussions between tribal authorities and mining communities. Government employing resources out of the province is a challenge.

### Agriculture and manufacturing

There should be an accreditation facility in Limpopo (testing of products). Locally manufactured products should be given preference. Government should help manufactures source specialised skills. Lack of enough knowledge to patent rights. Government should organise mentors for entrepreneurs. Young people should form associations so they can speak in one voice. Obtaining permission to occupy land (from local municipalities) is costly and takes time. Access to the Market. Accessing funds. Water rights processes (they take long). Commissioners have appealed to government to address what they labelled. Inefficient government entities (NYDA mentioned as one such entity).

### Manufacturing and agriculture

Young entrepreneurs in Limpopo feel that in the wake of the persisting drought, government should intensify its intervention by means of helping farmers with boreholes. It was also resolved that government should cater for people living with disabilities, as much as it does for non-disabled people. It was resolved that government should help with that, but it was also resolved that entrepreneurs themselves, should help each other by supporting each other. Government to fast track the process of accessing funds. Government is urged to help entrepreneurs network and merge (those with educational background and those with experience). Farmers say the tender system doesn't work for them, and therefore they want the state to do away with that system in their sector. Government should create programmes for the unemployed. Government should help with High electricity costs.

### Resolution on Tourism, Wild Life and the Green economy:

The department should arrange a two day seminar for Environment Green and Wildlife Economy. LEDET should develop a comprehensive youth support programme for the emerging environment entrepreneurs which should include funding, incubation, skills development, branding and marketing the products and services youth can provide. Assist youth to access land to start projects on. Engage already established companies to mentor the emerging environment and green economy entrepreneurs.

Wildlife and Green economy transformation programmes should be strengthened and implemented as intended Conduct awareness to youth about various opportunities in the sector. Develop funding models for youth businesses and facilitate access to funds and [markets.Environmental](#) education and awareness should be conducted to increase the youth knowledge capacity in environment management and green economy.

#### Resolution on ICT and Mining:

The Department should form part of the SLP committee to ensure the youth is able to participate in the mining economy (consultation). LEDET to incubate and ensure skills transfer to the SMME(Established businesses in mining should adopt emerging SMMEs). LEDET to arrange a session for mining companies & SMMEs to discuss issues & requirements of the youth. Introduce entrepreneurship as a subject in high school. Government to introduced ICT as a subject in rural school.

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#### Resolution on Infrastructure:

Disclosure of budgetary allocation and associated funding models for bulk water supply systems, water treatment works development and water reticulation. Formalise funding models for water infrastructure development, with the involvement of all stakeholders, and communicate to key stakeholders. Explore PPP funding models for bulk water supply systems, water treatment works development and water reticulation Finalise a review of WSA status to provincial Growth Points Support development of a pipe manufacturing industry in Mokopane, in support of Water Infrastructure development Develop cohesive collaboration plan for facility to support development requirements in Limpopo

Growth Point Municipalities to be granted Water Services Authority status, in partnership with District municipalities. All WSAs to review their Water Services Infrastructure Management Plans (WSIMPs) Restate and communicate water management & infrastructure maintenance plans.

1. Prioritise road infrastructure in support of Growth Points e.g. R37, D4180, R555 (Tubatse), R521 (Musina), R508 Mapping of executions strategy and communication to stakeholders.
2. Prioritise rail infrastructure linking Growth Points Mapping of execution strategy supporting Tubatse Supplier & Enterprise Hub, Tubatse – Moloto Corridor, Bela Bela Freight Hub, Polokwane Freight Hub, Lephalale – Richards Bay, Tzaneen Citrus Hub/Phalaborwa – Maputo, Musina-Makhado – Polokwane - Mokopane to Gauteng and regional linkages to the north, Pienaarsrivier – Marble Hall Branch Line revitalisation etc.
3. Rehabilitation & commercialization of Secondary Airports within the province, as per the Provincial Airlift Strategy Mapping of rehabilitation executions strategy and communication to stakeholders.

Small Business is big business. Small businesses contribute more than 50% of the total GDP. Small businesses create more than 60% of jobs in South Africa. The youth are future of South Africa. We need to invest in youth economic empowerment to address the triple challenges of unemployment, inequality and poverty. Economic Development takes place in local communities owned by the Traditional Leadership. Therefore traditional Leaders must be at the fore front of any development in the Limpopo Province.

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