Speech notes by Ross Purdon on Economic Development, Environmental Affairs and Tourism – 04 June 2015

*Coega, tourist visas and booze*

* Entities in limbo
* Coega R477-million deficit and no operational budget
* New visa regulations a disaster. EC already second last on the destination list
* Ten inspectors only to uphold liquor laws

Hon Speaker

Hon Premier

Hon Members

All the members in the gallery

Good afternoon to you all.

There are a number of disturbing findings in the report tabled before you.

The first one I would like to highlight is the finding on the Coega Development Corporation. Finding (a) reads – The CDC has a R477m deficit and may be liquidated if the deficit is not repaid!

As outlined in the policy speech presented by MEC Somyo in March of this year, it was explained that 65% of the departmental budget is to be transferred to the six public entities making up the Dedeat group. The allocation to the CDC is tabled as R185 million. This is clearly misleading as finding (b) explains that R185m (the whole amount) has been allocated to the CDC for the implementation of social infrastructure projects (where CDC are the implementing agents) and NO funding at all has been made available for operational expenditure – NOTHING!

This is mentioned in the White Book but not captured in the Policy Speech. The budget must talk to the White Book.

Hon members, the CDC is in trouble and it seems there is a breakdown in communication between the Department of Trade and Industry and the Provincial Treasury.

At the same time our committee found that lack of funding for capital expenditure forced the East London IDZ to turn away a number of potential investors.

Hon Speaker, This is a crisis for us in the Eastern Cape!

Coega is critical to the region as a driver of economic development and has to be supported.

It is well documented that in the 2014/15 financial year, 19 new investors at an investment value of R1, 8 billion were attracted adding an additional 7700 jobs to the local economy.

As we speak the national expanded unemployment rate is sitting at a tragic 36% (the Eastern Cape even higher at 43,2%) 65% of those without jobs are young people. The national GDP growth is sitting at 1, 3% compared to 5, 5% in 2006! We have gone backwards at an alarming rate!

We need at least 5% growth to address our unemployment rate.

So for Coega to have attracted investors in this climate is a huge achievement. Let’s be honest – with all the uncertainty that surrounds us and an energy crisis of epic proportions investors will look elsewhere.

You cannot force people to invest in our Province. Foreign investment has slowed down dramatically and this is a huge problem.

It is quite clear that Coega has not yet reached a breakeven point where they can fund their own operational expenditure and this is the crux of the matter.

SOPA 2015 speaks of a Coega job creation target of 8797. How is this to be achieved with no budget?

In a recent article Kevin Wakeford, ex head of SA. COB, had this to say about Coega and I quote, “Where Coega is going wrong is that the government insisted on being the manager and owner of the infrastructure rather than sticking to its proper role as regulator and enabler.

Coega should have been handed over to a private operator, the infrastructure should have been concessioned. The most efficient export processing zones and industrial development zones worldwide harness the private sector. Coega is constrained and in many senses moribund because the private sector are merely tenants.” (Close quote)

Hon Speaker, we have entities in limbo and it is totally unacceptable. Coega and the East London IDZ cannot be allowed to fail based on inaction of the D.T.I and Treasury. Controversies like the East London IDZ bailout and R7-million bonus payout does nothing to enhance investor confidence in the Eastern Cape.

The Policy Speech also talks of an establishment of a new Special Economic Zone in the Eastern side of the Province and that the department, together with the DTI will be finalising the business development for the establishment of this SEZ.

Madam Speaker, it is quite evident that the DTI and the department are not even communicating regarding Coega and the East London IDZ, let alone clarifying the new SEZ act and the proposed new zone.

No one seems to be taking responsibility and this requires urgent attention.

Hon Speaker,

Another disturbing finding of our committee is that the Eastern Cape continues to drop from the list of preferred tourist destinations in this country. (This includes both domestic and international tourists.) The Eastern Cape is second last on the list of preferred destinations for foreigners. The department has been asked to submit a report explaining this decline.

Hon Speaker, there is a bigger picture. Minister Giqaba and his team at Home Affairs industry are doing their best to kill the tourism industry by introducing harsh new VISA regulations. New travel requirements for minors travelling internationally came into effect on Monday, the 1st of June. Without going into detail, this legislation could prove to be a disaster for our tourism industry.

Again we must question whether there is any communication between Home Affairs and Tourism? Our visa regulations are chasing tourists away.

My colleague in the Western Cape, MEC Alan Winde, said in a recent speech that consulting firm Grant Thornton estimated that the new regulations would cost the tourism industry at least R9, 7 billion. It is projected that 21 000 jobs a year could be lost. Pleas from tourism bodies to postpone these laws have fallen on deaf ears.

Minister Giqaba will have to accept responsibility for the tourism job losses and revenue losses said Winde.

Home Affairs has a dismal record of efficiency and it remains to be seen how it will process these unabridged birth certificates. These job killing visa regulations have already seen a drop of 25% in tourists from China.

Over 500 000 foreign visitors could be denied entry into South Africa further threatening the 1, 5 million tourism industry jobs.

These new visa rules could also be a major risk to South African Airways.

Air China last week cited the new rules and recent xenophobic violence for delaying the start of direct flights to South Africa.

Hon Speaker,

The recent xenophobic attacks have also deterred many other international visitors. It is on record that the National Parks have had many bookings cancelled from neighbouring African countries as well.

South Africa seems to be doing its best to chase tourists away and we are yet to feel the consequences. These are national problems and will severely impact on us here in the Eastern Cape.

Before we leave the xenophobic issue the Democratic Alliance believes the recent debate on xenophobia and the African Day Celebrations went a long way to healing the situation here in the Eastern Cape.

It was a huge relief to us that the recent motion tabled here in this house by the Chief Whip was not communicated to our guests. This would have been extremely embarrassing and it certainly left a MRARA taste in our mouths.

Madam Speaker,

The Eastern Cape Liquor Board is to receive R42 million. This budget is about R4 million down and this will impact as the number of compliance enforcement visits will be reduced and vacant posts will not be able to be filled.

At the same time we have Minister Rob Davies putting forward for reaching proposals. One of these proposals is the hiking of the legal drinking age from 18-21. The National Liquor Policy was gazetted last week for public debate.

This policy will have to be carefully scrutinized, but the crux of the matter is that our Liquor Board can’t enforce compliance with the existing legislation.

10 inspectors for the whole of the Eastern Cape clearly can’t keep up and now we are proposing new Legislation when we can’t even enforce the existing laws.

Lastly Madam Speaker,

The attendance at my last two Portfolio Committee meetings has been shocking and at our last meeting we struggled to quorate.

We, the Democratic Alliance, have to ask if the ANC is serious about governing? We, the DA, are and constantly remind ourselves that government is directly accountable to the people. We are also very aware that every cent of government money belongs to the South African people. We are elected and tasked to spend their money wisely, honestly and transparently.

That is our duty.