

**ADDRESS BY NORTH WEST PREMIER, PROF TEBOGO JOB MOKGORO ON THE OCCASION OF THE 54<sup>TH</sup> ANNIVERSARY COMMEMORATION OF THE NATIONAL AFRICAN FEDERATED CHAMBER OF COMMERCE HELD AT THE RUSTENBURG CIVIC CENTRE ON THURSDAY, 11 OCTOBER 2018**

Programme Director,

Founding President of NAFCOG, Dr S M Motsuenyane

National President of NAFCOG, Mr Lawrence Mavundla

President of NAFCOG North West, C.H.T. Moagi

Chairman of A.K.A. Capital and Dzana Investments, Dr Reuel Khoza,

Executive Mayor of the Rustenburg Local Municipality, Cllr Mpho Khunou

All National and Provincial NAFCOG Office Bearers,

The entire membership of NAFCOG and its affiliates,

The leadership of the nine NAFCOG Sectoral Chambers,

Members of the clergy,

Members of the media,

Ladies and gentlemen,

Good morning.

I feel both honoured and privileged to be standing before an august and auspicious event of this magnitude to address mostly pioneers of black business who are the essence and epitome of black entrepreneurial excellence.

For that humbling honour and privilege, I would like to thank all of you from the bottom of my heart on behalf of the people and the government of the North West Province.

We really would be doing ourselves a great injustice if we begin to talk about black business excellence as well as economic freedom without mentioning the pivotal role the National African Federated Chamber of Commerce has played in shaping and positioning the empowerment of black people regarding their role in the mainstream of the economy since its formation.

According to the history of NAFCOOC as documented in 2014 by the Mail & Guardian, the decision by early informal black trader formations in and around the Reef at the beginning of the 1940s to organise themselves so as “to sharpen their business acumen and raise the level of business awareness amongst their membership” was the foundation that led to the formation of the National African Chamber of Commerce in May 1964 in Orlando, Soweto.

NACOC was later, in 1969, reorganised into proper regional structures after a decision to adopt a regionalised approach to its economic agenda and renames the National African Federated Chamber of Commerce; hence the coining of the name NAFCOOC which was to become synonymous with black entrepreneurship during the dark days of apartheid for over 30 years and another 24 years into the democratic dispensation.

It is then worth mentioning with immense pride that this organisation has managed to weather the storm despite all the difficulties that we put in place by the apartheid regime to make it difficult and impossible for black businesses to form themselves into kind of organised structure like NAFCOOC.

These restrictive policies meant that black business people were pushed to the peripheries of the main economic hubs of the country to take charge of literally insignificant businesses rather than be active participants in the mainstream economy.

I therefore request all of you to rise in honour of these pioneering founding fathers of NAFCOG, those gave rise, meaning, purpose, voice and life to this glorious organisation of our people; Dr Sam Motsuenyane, Dr Richard Maponya, Bigvai Masekela and S.Z. Conco to mention but a few but also to acknowledge the leadership of NAFCOG in later years for steering this ship to be where we are today.

I am talking of the leadership of Archie Nkonyeni, Reverend Joe Hlongwane, Patrice Motsepe, and Nobuhle Mthethwa, among others.

This means that we are NAFCOG and NAFCOG is us.

Ladies and gentlemen, NAFCOG has been an integral part of the struggles of our people, if not at the forefront, for freedom and economic emancipation over the years since its formation.

It is therefore with great appreciation that I reflect on some of the key strategic battles fought and won by NAFCOG in the years gone by:

- The opposition to the apartheid regime on a plethora of laws meant to restrict and alienate the black community from economic participation
- The adoption of a call for international sanctions on apartheid South Africa to bring about the necessary change in this country
- The development of a 3-4-5-6 policy in 1990 to address fundamental requirements for Black Economic Empowerment legislation in relation to Directors, Shareholding, Management and Outsourcing

- The development of key policy documents in relation to black economic participation that reached far and wide and appealed to most black South Africans
- The participation and contribution to on-going debates on Land Policy, Economic Policy, Barriers to Trade Entry and Investment Climate

President Cyril Ramaphosa announced an Economic Stimulus and Recovery Plan to the country at the end of last month as a follow up on his promise in February of a wide range of measures that the government would initiate to set South Africa on a new path of growth, employment and transformation.

The President said this Plan was intended to take steps to rebuild investor confidence, end corruption and state capture, restore good governance at state owned enterprises and strengthen all critical public institutions.

This, he said, was government responding to factors that we out of our control such as constrained public finances, evident structural weaknesses in our economy made worse by global factors such as a rising oil price, weakening sentiments towards emerging markets; all of which had negatively affected South Africans.

The Economic Stimulus and Recovery Plan consists of a wide range of non-financial and financial measures that will be implement to give life to economic activity, restoring investor confidence, to prevent further job losses and create new jobs and lastly, to address immediate challenges that affect the conditions faced by the poorest and the most vulnerable of our people.

Government has decided to identify and prioritise those areas of economic activity, according to President Ramaphosa, that will have the greatest impact

on young people, women and small businesses through the stimulus package measures announced.

Ladies and gentlemen, the key pillars of the Economic Stimulus and Recovery Plan are as follows:

1. The implementation of growth enhancing economic reforms
2. The reprioritization of public spending to support job creation
3. The establishment of an Infrastructure Fund
4. The need to address urgent and pressing matters in Education and Health
5. Investing in Municipal Social Infrastructure Improvement.

This government is steadfast and resolute in its decision to decisively and rapidly accelerate economic growth in key economic sectors – some of which NAFCOC has a significant footprint including but not limited to Merchandising, Building and Construction, Transport, Agricultural Services, Manufacturing, Tourism as well as the Informal Trading Sector of our economy.

The majority of your members are small black businesses operating in the economic spaces that I have just mentioned – but are they ready to participate in this accelerated economic stimulus plan to benefit both their businesses as well as contributing to economic recovery and growth?

To give you an example, a small tourism operator in this province is poised to benefit from the decision to accelerate the implementation of key economic reforms that will unlock greater investment in important growth sectors such as Tourism, which remains one of the bedrocks of the economy of the North West.

This is because government has decided to effect immediate changes to our country's visa regime and amendments will be made regulations on the travel of minors, the list of countries requiring visas to enter South Africa will be reviewed, an e-visa pilot will be implemented as well as the revision of visa requirement for highly skilled foreigners.

These are all done to unlock the economic potential of the tourism sector to accelerate growth, reduce unemployment and poverty, boost tourism and make business travel a lot more conducive; this is just but one of the many ways members of the various Sectoral Chambers of NAFSOC can actually maximise the opportunities brought by the Economic Stimulus and Recovery Plan.

These are measure will contribute to increasing tourism to our province, especially on parks on the Bushveld such the Pilanesberg National Park, as well as creating the well needed jobs our economy desires.

Government has also announced that the key element of the Economic Stimulus and Recovery Plan is the urgent reprioritisation of spending towards activities that have the greatest impact on economic growth, domestic demand and job creation, with a particular emphasis on township and rural economies but also to include women and youth.

The township and rural economy was the breeding ground for organisations such as NAFSOC since its inception and there is no way that you are going to be unable to contribute to the success of the Economic Stimulus and Recovery Plan within that space through all your affiliates who do their business in townships and rural areas.

Amongst the interventions identified are a package of support measures for black commercial farmers so as to, increase their entry into food value chains through access to infrastructure like abattoirs and feedlots.

Cabinet has also decided that blended finance will be mobilised from the Land Bank, Industrial Development Corporation as well as commercial banks.

Therefore, members of the National African Farmers' Union (NAFU) would best be positioned to participate in this economic acceleration initiative that aims to create employment opportunities in the agricultural sector over the next three to five years, with immediate effect.

I therefore urge you and your membership to familiarise yourselves with the Economic Stimulus and Recovery Plan Package in its entirety so as to progressively play a positive role in actualising the five main components of the Plan into a living reality.

Ladies and gentlemen, early ground breaking work done by pioneering formations such as NAFSOC, the Black Management Forum (BMF) and others towards the B-BBEE Act of 2003 and the Codes of Good Practice of 2007 should be commended and applauded, as they meant to balance the playing fields in the mainstream of the economy in empowering the previously disadvantaged.

In the ten years after the passing of the BB-BEE Act of 2003, between 2003 and 2013, significant achievements were made towards the empowerment of black business in this country; one can say it is a dream long held by NAFSOC since its formation over 54 years ago.

The countrywide achievements, according to the Department of Trade and Industry, include but are not limited to:

- R600 billion worth of B-BBEE transaction across different areas of the South African economy
- 500 publicly announced B-BBEE ownership transactions worth at least R533 billion
- Representation of black people and women in senior management positions in the private sector has increased from less than 10 percent in the 1990s to more than 40 percent today
- The Black Business Supplier Development Programme, which was launched by the DTI in 2010, has approved applications worth R797 million to date
- The National Empowerment Fund has approved transactions worth more than R5 billion, with 60 percent of its beneficiaries being SMMEs and support given to the creation of 44 000 jobs
- In excess of 200 co-operatives have been supported through a special incentive programme, with the creation of more than 200 jobs and 700 temporary in various Sectoral SMMEs thus far.

It is therefore imperative that we continue to correctly use the Broad Based Black Economic Empowerment legislation to further accelerate the immediate implementation of the Economic Stimulus and Recovery Plan package with all social partners including NAFCO.

Ladies and gentlemen, it then becomes very important we take note of the fact that the South African economy experienced a positive trajectory from the first quarter of 2017 at minus 0.5 percent to the fourth quarter of 2017 at 3.1 percent.

During that period, factors that contributed to the 2017 performance of the mining industry was the high commodity price and the weaker rand against the

US dollar while agriculture benefited from the increased rain fall in the same period.

During 2018, according to Statistics South Africa, the Gross Domestic Product (GDP) declined in the first two quarters of the year.

The growth recorded for the two quarters was minus 2.6 percent and minus 0.7 percent respectively. This contraction of two consecutive quarters then tipped our economy into a technical recession.

The contraction in the second quarter of 2018 was caused mainly by negative contribution in agriculture trade and transport.

However, ladies and gentlemen, forecasts by the International Monetary Fund (2018), the World Bank (2018), the National Treasury and the South African Reserve Bank all concur that the South African economy will only grow by less than 1.5 percent in 2018, which is far less than what the annual growth rate of 3 percent envisaged by President Ramaphosa during the State of the Nation Address.

During the State of the National Address, there was hope that the 2017 last quarter growth of 3.1 percent will be surpassed during the 2018 but factors beyond the control of South Africa such as rising petrol prices and negative trade relations between China and the USA and the exclusion of South Africa from the African Growth Opportunities Act (AGOA) arrangements are having a negative effect on the South African economic performance.

The North West provincial economy, which is currently estimated at R200 billion, is still dominated by mining because of the abundance of mineral resources in our province.

The province's agriculture industry has a comparative advantage in the production of maize, sunflower, groundnuts and cattle. Agriculture is doing much better even without government support but cheap imports especially from Europe and Americas is likely to force some farmers out of business.

We should get our heads together, as the provincial government and social partners as yourselves, to ensure that we work towards averting that eventuality of small scale farmers being muzzled out of business.

The mining industry in the province is mostly characterised by the production platinum, gold and cement.

Compatriots, due to the high concentration of our economy based on its reliance on the mining sector, a poor performance of the mining industry comes with a higher risk of declining provincial GDP.

The economy of the North West Province needs to be more diversified in order to move away from its reliance on the mining sector alone.

We also urgently need to put measures in place that will move our economy away from the over reliance on the primary sector and move more towards beneficiation which will unlock our industrial potential that will in turn create the much needed jobs and value addition in our Provincial GDP.

There is a room for innovation to make primary sector to add value on secondary sector by transforming raw goods into final consumable products before leaving the province.

In addition, the North West Province has the ability to can benefit from trade with other SADC countries given its advantageous geographical location as there is road and rail transport infrastructure that is already being used for cargo transit while there is potential in air transport to accelerate economic growth, reduce unemployment and poverty.

However, we cannot do this alone as a Provincial Gvoenrment, NAFCOC and other business formations and structures have to come to the party.

Statistics released by IHS Markit state that the North West Province recorded an annual average growth at 1.4 percent in 2017 and despite all the economic potential already mentioned, it is projected to grow at 1.0 percent in 2018 and expand to 2.1 percent by 2020. Average annual growth measures the change in the Gross Value Added (GVA) from one year to the next, as a percentage.

In comparison to other provinces, North West was the fourth largest after Mpumalanga in 2017.

The mining industry had the largest contribution in the North West Province at 32.6 percent in 2017 followed by community services at 21.6 percent.

Construction and agriculture industries recorded the smallest contribution at 2.5 per cent and 3.0 per cent respectively in 2017. Manufacturing contributed 5.3 per cent for the same period.

Ladies and gentlemen, more work still needs to be done in order to stimulate growth in the province.

It is almost ten years since the global economic meltdown of 2008 crippled the economic output and labour market of South Africa and its provinces.

North West is not an exception.

Both South Africa and North West Province's labour market have not recovered from high unemployment that was brought about by that 2008 economic crisis.

One of the objectives of the National Development Plan (NDP) is to reduce unemployment rate to 14 percent by 2020 and further to 6 percent by 2030.

North West is continuously contributing to this target. Unemployment rate decreased from 27.2 percent in the second quarter of 2017 to 26.1 percent in the second quarter of 2018.

In 2017 community services industry in North West employed most workers at 162 468 followed by the mining industry at 133 829.

Over and above, the manufacturing sector has the potential to employ more workers however work needs to be done to explore opportunities within the industry.

However, the agricultural sector holds great potential to stimulate job creation within our province.

This is largely due to the fact that our province is largely rural in nature and this brings about an abundance in opportunities within the sector.

In order for us to really attempt to make a positive change to the worsening economic conditions we are putting in plans in line with the recently announced Economic Stimulus and Recovery Plan package by President Ramaphosa, to stimulate the economy.

The Provincial Government is currently embarking on Medium Term Expenditure Committee (MTEC) Meetings between National and Provincial Treasuries together with all the Provincial Departments and their Entities.

Through these MTEC engagements, we are reprioritising our departmental budgets in line with the current economic climate and also aligning the identified departmental programmes and projects cutting across all economic sectors with the announced Stimulus Package interventions by the President Ramaphosa.

As a province, we have as part of broadening participation in the economy for our people, identified most vulnerable areas within our province to inform the 70 percent targeted spending by Government as a way of redirecting provincial procurement spending to benefit our people that have been previously marginalised.

We will continue to encourage Departments to host their meetings and events in the poorest districts of Ngaka Modiri Molema and Dr Ruth Segomotsi Mompati Districts in order to ensure that SMME's within those areas are afforded an opportunity to participate in the supply of goods and services in relation to those events.

It is important for us as a Province to continue to development our SMME's through assisting them to participate in the government procurement programmes through registration on the Central Supplier Database (CSD) and going the extra mile to ensure that they are capacitated through collaboration with the Departments of Finance, Economy and Enterprise and the North West Development Corporation as well as ensuring that the targeted procurement of 70 percent of budget for SMME's operating within the previously marginalised areas of our Province is reached.

As a province, we are resolute to ensuring that we maintain the payment of Service Providers within the targeted 30 day period to improve the sustainability of SMME's providing goods and services to all provincial departments including municipalities.

Ladies and gentlemen, procurable expenditure of the province for 2018/19 year to date is R2.429 billion, of which R752.889 million or 32.9 percent was spent on Rural and Township development as at end September 2018.

The distribution of this government procurable spending per district is 56 percent for Ngaka Modiri Molema; 16 percent for both Dr Ruth Segomotsi Mompati and Bojanala; 12 percent for the Dr Kenneth Kaunda district.

The three largest spending Departments; Health, Public Works as well as Education and Sports Development, with combined procurement payments of R1.697 billion only spent 23.8 percent (R403 million) on Rural and Township development. This therefore means that the bulk of their procurement, 63.1 percent to be exact, is spent outside the province.

This needs to be looked into and correct accordingly. We need to increase our domestic spending instead.

The main sectors where the province is performing poorly in terms of empowering rural and township businesses are on construction and community service especially physical security services, hospital catering and medical waste

The department of Health records the largest procurement spending of R771.065 million, however only spend 19 percent year to date.

To this effect, the Provincial Treasury has started with intervention in order to assist the Department to develop a procurement strategy that will ensure improvement on empowering Rural and township businesses.

Ladies and gentlemen, I have given you the picture of how does the North West Provincial Government fit into your plans to grow black emerging businesses in this province as well as opening the door for continuous engagement between various NAFCOOC Sectoral Chambers and us to ensure that the Economic Stimulus and Recovery Plan package announced by the President three weeks ago becomes a living reality.

**I thank you.**