

## **5. Sectoral analysis of Namaqua District Municipality**

### **5.1) *Agriculture and Agro-processing***

#### **Water Rights**

In November 1998, the then Minister of Water Affairs and Forestry, Prof. Kader Asmal, announced that 4 000 additional hectares of water rights would be made available along the lower Orange River for this purpose. In addition, diversification and transformation in the agricultural sector are expected to change the character of the sector, at least in so far as patterns of production and ownership patterns are concerned. In addition, increasing imperatives for the more efficient use of irrigation water in the Orange River system are likely to promote the use of improved irrigation technology, as well as the expansion of production based on increased efficiency in the use of water.

As a result, of the above, it is clear that new investment opportunities will present themselves to the interested investor. The key is to identify those areas in which capital is required for the development of new productive capacity (i. e. where land and water are available for agricultural expansion). In most instances these opportunities will have to be unearthed by the investor through contact with the agricultural community of the Northern Cape. However, a number of programs and projects are available that offer the interested investor insight into the investment opportunities that exist in agriculture in the Northern Cape.

#### **Orange River Farmer Settlement Program**

In the latter part of 1994, the Orange River Re-planning Study (ORRS) was commissioned by the Department of Water Affairs and Forestry to determine a strategy for the most beneficial utilization and optimal development of the water resources of the Orange River. Although the ORRS report was only finalized in 1999, an early finding suggested the possibility of the abstraction of additional water along the lower Orange River for the purpose of developing emerging commercial farmers.

Agreements were made among and between the National Minister, the Departments of Agriculture, the provincial M. E. C. responsible for Agriculture, Nature Conservation and Land Reform, in terms of which the provincial government would champion a process by which these new water rights would be allocated in support of emerging commercial farmer development.

In April 2000 the Gariiep Spatial Development Initiative (GSDI), together with the provincial Department of Agriculture, Land Reform, Environment and Conservation conceptualized the Orange River Farmer Settlement Program (ORFSP). The core purpose of the ORFSP is to formulate an implementable strategy for the allocation of new water rights, the settlement of emerging commercial farmers and the provision of support services to those farmers. It also entails the identification, scoping and appraisal of new investment opportunities in irrigated agriculture that would support emerging commercial farmer development along the lower Orange River.

Opportunities for diversification in primary agricultural production, as well as for agro- processing and for the increased exports of high- value agricultural commodities, are also being investigated as part of the program planning exercise.

The settlement of emerging commercial farmers on 4 000 hectares of irrigated land along the lower Orange River under the ORFSP is a land, agricultural and rural development program with an estimated capital development requirement of between R1,0 and R1,2 billion. However, the ORFSP is expected to be implemented organically over a number of years, yielding a range of investment opportunities along the way.

Interested investors are invited to partner the provincial government and the target beneficiaries and to contribute to a development that would not only contribute greatly to transformation in agriculture in the Northern Cape, but would also increase the contribution of agriculture to GGP in the province in a significant way.

### **Lower Orange River Management Study (LORMS)**

This joint initiative between the South African Department of Water Affairs and Forestry and the Namibian Ministry of Agriculture, Water and Rural Development has as its main purpose *“to investigate and make recommendations to improve the management of the lower Orange River through a range of measures including reduced wastage and more efficient utilization of the available water”*.

This study will provide a framework for the equitable use of water between South Africa and Namibia. Issues that will be addressed on a continuing basis include:

- Estuarine fresh water requirements;
- Present and future water demands of mining activities;
- Social implications of potential development options (i.e. dams)
- Present and future water demands by the rural sector and nearby towns;

These issues and other developments surrounding the LORMS, will have a marked impact on the economy of the Namaqua Municipal District and must be closely monitored and continuously assessed.

### **Dates**

Dates are produced at Pella in the Northern Cape some 250 kilometres west of Upington and at Henkries, 120 kilometres north- east of Springbok along the hottest part of the Orange River valley. Production at Henkries is on a state- owned farm administered by the provincial government and production at Pella takes place on private land. This farm at Pella is the largest date plantation in the southern hemisphere and the desert environment at Klein Pella is perfect for the production of disease- free, high- quality dates. Annual production at Klein Pella is around 250 tons and hand grading and packaging takes place at source.

### **Henkries Date Project**

The Henkries Date Project, situated in the Nama Khoi Municipality, is currently in the process of being transferred from LANOK (Pty) Ltd., to the Province of the Northern

Cape under an agreement that has seen the assets of that company being divided between the Western Cape and Northern Cape provinces. At present, however, the project is functioning sub-optimally, both agriculturally and financially.

As a result, the provincial Department of Agriculture together with the provincial Department of Housing and Local Government, has engaged in a process that will establish transitional management arrangements, identify the most appropriate redevelopment scenario and formulate a detailed implementation plan for the disposal of the Henkries Date Project to legitimate community and/ or private sector interests.

The Henkries Date Project therefore offers the interested investor an ideal opportunity to partner the local community in the redevelopment of the existing date farm. In addition, it is hoped that Henkries can play a role in supporting the development of new date farms, through new investments and joint ventures between emerging farmers and established operators in the date farming industry, as part of the Orange River Farmer Settlement Program

### **Vioolsdrift, Goodhouse, Witbank and Eksteenskuil**

During the 1970s and 1980s a number of agricultural development schemes for emerging farmers were developed along the lower Orange River. At Vioolsdrift, Goodhouse, Witbank and Eksteenskuil emerging farmers were settled on smallholdings, with a range of support provided by the state, from production credit to extension, from technical services to marketing support.

However, the institutional design of all these schemes was not sustainable in the medium to long term and most of the land on these agricultural schemes is not farmed optimally.

The provincial government of the Northern Cape believes that the rehabilitation and re- development of these schemes is critical for the coherent and coordinated development of emerging farms under irrigation in the Orange River Valley. These schemes provide possible nodes or focal points where the existing agglomeration of irrigation infrastructure, utilities, agricultural skills, etc provides an opportunity for expansion through new investments and the allocation of new water rights.

### **Sanddrift**

The Richtersveld area of northern Namaqualand remains one of the most disadvantaged and underdeveloped areas in the Northern Cape and, indeed, in South Africa. Despite the incidence and exploitation of diamonds in the area since 1927, no significant investments, other than for farming activities at Alexkor's diamond concession, have been made in the area. At present, the majority of the inhabitants of the Richtersveld derive their livelihoods from extensive small- scale pastoral agriculture or from participation as wage labourers in the mining economy.

The IDC has gone on record as saying that it estimates that the area under pistachio nuts could increase to 15 000 hectares and employ up to 4 000 people. Trans Hex agreed to release an area of 363 hectares of the mining lease held by that company

to the Richtersveld community in various areas adjacent to the Orange River. One of these is located close to the village of Sanddrift.

The main purpose of releasing the land in question is to facilitate irrigated agricultural development in the area. To date, Trans Hex has provided financial assistance in order to carry out a soils analysis of the area in question as preparatory work for a subsequent appraisal of agricultural development alternatives that might exist in the area.

In conjunction with the Richtersveld Farmers Union, the Provincial Department of Agriculture, through the province's then M. E. C. responsible for Agriculture, Trans Hex engaged an agricultural consultancy, Loxton Venn and Associates, to carry out the planning required to develop and implement 150 hectares of the land in question for lucerne production.

However, there are also other agricultural development scenarios and the interested investor is invited to assist in the identification of agricultural development opportunities at Sanddrift and to participate in the realization of these opportunities through new investments in partnership with the local community.

### **3.1.1) Mining**

As a result of this mineral endowment, mining has been the mainstay of the Northern Cape economy for well over a century. Over the years a number of South African mineral producers have developed into huge corporate conglomerates, some of which dominate the global supply of certain mineral commodities. Anglo, Assmang, Iscor / Kumba Resources, amongst others, have become world players in the mining industry.

However, their growth has also led to the South African mining industry being characterized by a high degree of concentration in ownership, sometimes to the detriment of equitable access to South Africa's mineral resources and to the spread of the benefits that accrue from them.

The South African government's response has been to engage with all stakeholders in the mining industry to bring about legislative reforms that will promote transformation in the mining industry. This recently culminated in the promulgation of the Minerals and Energy Resources Development Act, whose express intention is to provide equitable access to – and the sustainable development of – the nation's mineral and petroleum resources. Of particular interest for prospective investors in South Africa's mining industry is that the Act seeks to increase access to the industry by promoting black economic empowerment and foreign investment.

The Northern Cape is a region that is well endowed with minerals and has world-class iron and manganese deposits in the eastern part of the province. Considerable diamond production occurs from kimberlites, palaeo- riverbeds and coastal accumulations across the entire province. Production of base metals in the form of copper, lead and zinc (both historic and present day) occurs from deposits at O'kiep and Aggeneys.

Minor industrial minerals, particularly feldspar, mica and gems, are produced from pegmatoid and metamorphic rocks across the central and western portions of the region, together with picture-stone and dimension-stone production.

Not surprisingly, evidence of mining dates back for hundreds of years, with anthropological evidence of the winning and beneficiation of minerals by the aboriginal people who inhabited the area at that time. The first commercial mining in the Province (and indeed in South Africa) commenced in 1851 in Springbok and diamonds were discovered in Hopetown in 1866.

As with the South African mining industry in general, the Northern Cape's mining industry is in its mature stage. Known large-scale ore-bodies are, on the whole, becoming depleted and, despite the fact that extensive and very sophisticated reconnaissance, prospecting and exploration has been done within the Northern Cape province for the last four decades, few new major ore-bodies have been located. However, the expansion of existing large-scale operations as well as numerous smaller-scale deposits, which may or may not have been mined in the past, still presents considerable scope for investment and growth.

Infrastructure serving the existing mining industry in the Northern Cape is very good and, although minerals commodities have to be transported long distances to points of export, with obvious implications for the price competitiveness of bulk commodities such as iron ore and manganese and the concentrates and final product from base mineral operations, the capacity and availability of infrastructure continues to make mining a lucrative activity in the Northern Cape. The passing of the Minerals and Petroleum Resources Development Act is expected to reinforce growth prospects in the minerals economy of the Northern Cape, particularly through the opening of access to previously inaccessible mineral rights.

## **Diamonds**

The Northern Cape province's mining sector is perhaps best known for its rich diamond mining history. The world mining production of rough diamonds in 2000 was estimated at 111.5 Mct, of which South Africa produced 9.7 Mct of kimberlitic diamonds, 1.0 Mct of alluvial diamonds and 0.07 Mct of marine diamonds. Production varies from year to year but is generally around 10 Mct, with the Northern Cape province accounting for about 30 %.

### *Alluvial Diamonds*

Trans Hex, South Africa's second largest diamond producer after De Beers, produced approximately 131 000 carats for the 2000/01 financial year. The company currently has several large-scale alluvial operations along the Orange River, along the border with Namibia including the Baken-, Reuning-Jakkalsberg- and the new Bloedrif mines.

### *Marine Diamonds*

Significant advances in surveying, sampling and recovery techniques have made the extensive marine deposits off the west coast of South Africa accessible. Although these diamonds are generally smaller than the diamonds produced inland, their quality is high. Almost all marine diamonds are high-grade gem quality and are worth on average US\$ 200 per carat.

This kind of mining has become possible as a result of the modern technological advances that make it possible to obtain reliable information about the geology of the ocean bed, the presence of diamond-bearing gravel and the extent of the reserves.

Mining in the deep-water marine concession areas requires significant financial and technological resources, whereas known and proven exploration and mining techniques can be applied more readily in the shallower water concession areas closer to shore. Although De Beers, Namco and Trans Hex have acquired most of the available deep-water sea concessions, some of the shallow water concessions, most notably those in Alexkor's diamond area, have been granted out to smaller-scale operators under concession. De Beers Marine also operates a fleet of deep-water recovery vessels, the majority of which currently work for Namdeb Offshore (Namibia) off the Namibian coast.

The major Namibian producer, Namco, has reviewed its holdings off South African waters and has decided to relinquish its deep-water concessions to the South African Government, whilst continuing to focus on its shallower water concessions. Namco's South African marine concessions now have a total area of 18 000 km<sup>2</sup>.

### *Coastal Deposits*

Coastal deposits occur below the current low watermark, as well as for several kilometers inland in marine terraces, sand dunes and residual gravels. Deposits between the Orange River and Port Nolloth occur in raised beach gravels above sea level.

The South African state-owned parastatal diamond-mining producer, Alexkor, operates exclusively in the area between the Orange River mouth and the northern boundary of the De Beers mining area, south of Port Nolloth. Managed on an interim basis by Mintek, Alexkor is currently the subject of a privatisation process in which a strategic equity partner is being sought as a means of restoring production at the mine to optimal levels.

The deposits south of Port Nolloth generally occur below the 100 m contour line in a zone stretching from about 2 to 7 km from the current coastline, as well as in sediments dating from the Tertiary to those of recent age. Many of these deposits contain small diamonds (about 4- 5 diamonds per carat) and as such are of little interest, since diamonds of this size tend to be in oversupply.

De Beers has extensive marine operations along the west coast of South Africa, south of Port Nolloth. In the Kleinzee and Koingnaas areas, ancient

marine terraces are mined, with approximately 800 000 carats having been produced in 2000.

## **Gemstones**

The Northern Cape province is renowned worldwide for being an area in which a variety of interesting gemstones is found. Production of a number of gemstones takes place although this is often on a relatively small scale. Nevertheless, indications are that there is scope for the development of the gemstone industry in the Northern Cape, which could create several hundred new jobs, especially if promoted in the context of the development of the pegmatite industry (since some of these gemstones occur as minor constituents in pegmatites). Given good management, a number of different types of gemstones could be mined and processed within the province if the requisite levels of co- ordination, support and investment could be mobilised.

### *Amazonite*

Amazonite is blue- green microcline feldspar varying from translucent to paque. One deposit is known to have been mined in the Northern Cape but has since been abandoned. Several other occurrences have been recorded at localities such as at Pofadder, Kenhardt, Steinkopf, Vioolsdrift and at the Augrabies National Park.

### *Rose Quartz*

Rose quartz is a variety of quartz that is most commonly found in pegmatites in which a pink colour is present, owing to traces of titanium. It is found at more than 28 localities in the Northern Cape, mainly in the Kenhardt, Keimoes, Prieska, Upington and Springbok areas. Several deposits are of commercially exploitable size and could be beneficiated in the province.

### *Topaz*

Topaz is a gem material with a several colour variants. Clear material in some colours can be very valuable (retailing at up to \$1 350 per carat for large stones). One deposit of topaz is known in the Northern Cape on the farm Achab in Namaqualand.

## **5.2) Fishing and Mariculture**

South Africa is well endowed with marine resources, particularly along the West Coast where the nutrients provided by the up-welling Benguela system support a highly productive fishing industry. Currently South Africa's fishing industry lands around 484 000 tons of fish worth some R1.7 billion annually and employs approximately 27 000 people with another 60 000 – 70 000 people being employed in allied industries.

Although the infrastructure of the fishing industry is largely based in and around Cape Town in the Western Cape province, the Northern Cape province has 313 kilometers of coastline with rich fish resources within South Africa's exclusive

economic zone. Exploitable fish stocks exist off the Northern Cape's Namaqualand coast and deep-sea hake trawling and hake long-lining, as well as small-scale vessel line fishing and lobster fishing, currently take place there.

Mariculture, or the farming of marine organisms, is a relatively new economic sector that displays enormous potential for growth along the Northern Cape Province's Namaqualand coast. Favorable biological conditions, excellent shore-based infrastructure, the presence of a number of pioneer private sector mariculturists and a strong research and development base offer an ideal environment for investment and growth in this industry.

All in all, both the fishing and mariculture sectors offer a range of attractive new trade and investment opportunities. The Northern Cape provincial government wishes to partner investors willing to assist in the development of these opportunities as a means to promoting the development of the Namaqualand coastal zone.

The coastal towns of Port Nolloth and Hondeklip Bay have historically developed as regional fishing nodes and in both localities existing infrastructure, quotas and skills development amongst local communities are sufficient to sustain the fishing industry, albeit at a relatively low level of development.

A Fisheries Information System (FIS) incorporating research trawl data for the period 1983- 1997, commercial catch data for the period 1995- 1997 and bathymetric data was developed by Rhodes University in conjunction with the Northern Cape Department of Economic Affairs and Tourism in order to analyse the potential for developing fisheries off the Northern Cape province.

The data revealed that there were at least ten commercial species with a potential for exploitation off the Northern Cape coast. These include deep and shallow-water hake, monkfish, snoek, horse mackerel, kingklip, squid and west coast sole. The primary reason for Northern Cape fishing grounds not having been fully utilised previously is the lack of harbour capacity for larger freezer vessels and the distance to the major fishing ports in the south.

### **5.3) Manufacturing**

Historically, the economy of the Northern Cape province economy has been based on mining and agriculture, with manufacturing being a marginal economic sector contributing only 4.5 per cent of the total Gross Geographic Product (GGP) of the province in 1995 and representing a scant 0.5 per cent of South Africa's total manufacturing output in 1996. Nevertheless, the mineral and agricultural resources of the province offer a number of specialist and niche manufacturing opportunities that will appeal to the interested investor.

According to the results of the 1996 Census of Manufacturing there were 25 786 manufacturers operating in South Africa, whose total output was worth in excess of R330 billion in that year. The Northern Cape had the smallest number of manufacturing enterprises in the country (332 or 1.3 per cent of the total) and also contributed the least (R1 489 million or 0.5%) to the total output. Interestingly this is more than was reported in the 1991 (301) and 1993 (265) Census of Manufacturing publications.

The “food products” category of manufacturing enterprises dominates manufacturing in the Northern Cape, indicating that there are linkages between manufacturing and agriculture in the Northern Cape’s economy. Similarly, the categories “non-metallic mineral products”, “fabricated metal products” and “machinery and equipment” – all probably reflecting manufacturing activity supporting the mining industry – suggest a linkage between manufacturing and mining. Available statistics reveal that the manufacturing sector in the Northern Cape is highly concentrated in a small number of industries – particularly those that are closely related to the dominant economic sectors in the province, mining and agriculture.

#### **5.4) Tourism**

In light of the fact that both the numbers of international tourists visiting South Africa and of South Africans traveling within the country are increasing and, given that there is growth in the number of eco- tourists, i. e. tourists seeking natural beauty, landscape, wildlife, culture, flora, historical and community tourist experiences, the Northern Cape is ideally suited to capitalize on the trend towards eco- tourism, given its relatively pristine natural environment and rich cultural heritage.

##### *Tourism Trends*

The global tourism industry is dynamic and subject to continuing change. In order to grow the tourism industry in the Northern Cape, it will be essential for those responsible for promoting new investments in the tourism sector to be conscious of trends in the industry.

International long- haul travelers in particular are becoming increasingly sophisticated and knowledgeable and thus increasingly demand higher quality, more authentic and more specialised products that cater more to individual needs and tastes. Today’s tourists also require time- efficient use of their leisure time, particularly in regard to travel to and from destinations and they are increasingly seeking better value for money and transparent cost structures. They are becoming increasingly more discerning and want to become involved with their holiday environment and to interact with the communities and cultures at their destinations. They also seek holidays that have a low impact on both the physical and cultural environments.

Critically, customer attitudes are increasingly being shaped by education and experience and are subject to change. Whilst it is difficult to predict future tastes and preferences, it is nevertheless important to promote the development of tourism products and experiences that are adaptable to the changing needs and demands of travelers.

Over the last decade the increased demand for eco- tourism or nature-based tourism has been the dominant and growing trend in the tourism industry. In the Northern Cape province with its spectacular natural environment, incredible biodiversity and rich cultural heritage, it is essential that appropriate niche marketing and product development form part of the province’s tourism investment marketing strategy.

A review of international tourism trends indicates that today's traveler wants a more enriching experience than that provided by the conventional 'sea and sun' vacation. Given the wide and varied nature of the portfolio of tourism products offered by the Northern Cape and the fact that its profile closely mirrors current patterns of demand, the province is well placed to continue to capture an ever-increasing share of the international tourism market.

The fact that the demand for eco-, adventure, cultural and historical tourism is growing, must be incorporated into product development strategies as a means of ensuring ongoing growth in the tourism economy of the Northern Cape province through new investments in tourism infrastructure and facilities.

A number of major new conservation and tourism initiatives currently underway in the Northern Cape either represent investment opportunities in and of themselves or are likely to spawn investment opportunities as an indirect result of their development and the impact that they have on the surrounding local tourism economy. Some of these are outlined below.

### ***Trans-frontier Conservation Areas***

#### *Ai- Ais Richtersveld Trans-frontier Conservation Park*

The proposed 5 921 km<sup>2</sup> Ai- Ais- Richtersveld Trans-frontier Conservation Park (ARTCP) spans some of the most spectacular scenery of the arid and desert environments in Southern Africa. It comprises the Ai- Ais Hot Springs Game Park in Namibia and the Richtersveld National Park in South Africa. Some of the distinct features in the area include the Fish River canyon and the Ai- Ais hot springs.

This arid zone is further characterized by a unique and impressive variety of succulent plant species, located as it is in the heart of the Succulent Karoo biome. Recognised as the world's only semi- arid to arid zone bio- diversity "hot- spot", the Succulent Karoo has the highest concentration of succulent plant species in the world, with approximately 7 000 species of plants occurring there, 35 per cent of which are endemic and 996 appear in the Red Data List.

Bisected by the Orange River, which forms the border between South Africa and Namibia, the ARTCP has enormous potential for development as an ecologically sustainable conservation area, one that could also contribute significantly to local economic development through the exploitation of the tourism development potential of the area. In recognition of this the Ministers of Environmental Affairs and Tourism for Namibia and South Africa signed a Memorandum of Understanding, paving the way for the establishment of the ARTFCP in August 2001 in Windhoek, Namibia.

The Northern Cape Province together is currently conducting an investigation into the likely impact of the ARTFCP on the local tourism economy, which is expected to increase substantially once the border between Namibia and South Africa is opened at Sendelingsdrift. Indications are that there is considerable scope for new investment in local tourism infrastructure and capacity.

## *Orange River Mouth*

The Orange River Mouth (ORM) is one of very few areas of sheltered shallow water along southern Africa's arid Atlantic coastline and is considered an important site, primarily because it supports an appreciable assemblage of rare and endangered species of birds.

The ORM is regarded as the sixth most important coastal wetland in southern Africa in terms of the number of birds supported at certain times (more than 20 000 to 26 000 birds and 50 to 57 species of birds, 14 of which are listed in the South African and Namibian Red Data books). In recognition of this exceptional ecological significance, the ORM was designated a Wetland of International Importance in terms of the Ramsar Convention on Wetlands in 1991. When Namibia designated its portion of the ORM a Ramsar site in 1995, it created the potential for this wetland to become the first jointly- managed trans-frontier Ramsar site in southern Africa.

Despite being showcased as an example of conservation and good management practice through its Ramsar listing, the general condition of the Orange River mouth has deteriorated subsequent to its designation as a Ramsar site. This is due in large part to the combined impact of environmentally detrimental interventions by Alexkor, the state- owned diamond mining company, which currently controls the site, and also to the long-term effect of water management practices in the Orange River.

However, the Northern Cape provincial government, with the support of the Gariep Spatial Development Initiative, has recently developed a comprehensive conservation and tourism development plan that identifies and addresses the environmental, infrastructural, institutional, financial, legislative and other bottlenecks that currently constrain the development and conservation of the ORM.

Through rehabilitation of parts of the wetland and the ultimate establishment of a trans-frontier conservation area, the ORM has tremendous potential for tourism development. Its attractiveness as an asset upon which to base new tourism investment is enhanced by its close proximity to the Ai- Ais Richtersveld Trans-frontier Conservation Park.

Concessions will represent attractive investment opportunities for private sector developers to share in the development of South Africa's network of national parks and their tourism assets.

An existing tourism development in the Goegap Nature Reserve is earmarked for commercialization. A high number of high- potential sites are currently being evaluated in the Goegap, Oorlogskloof, Rolfontein and Doornkloof nature reserves.

At Goegap, a 15 000 hectare provincial nature reserve just outside Springbok in the Nama Khoi Municipality, more than 12 000 visitors come each year to view the wild flower display that typically occurs annually during the period July to September. Together with the wealth of other botanical, archaeological, palaeontological and cultural features of the Goegap Nature Reserve, private investors have an opportunity to partner the provincial government in the development of appropriate tourism infrastructure and facilities.

### *Richtersveld Community Biodiversity Conservancy*

The Richtersveld Community Biodiversity Conservation Project (RCBCP) arose from a growing awareness in the ranks of the Richtersveld community, local government and a range of other players that biodiversity is, in fact, one of the region's greatest assets. It is now recognised that the proper utilisation of the region's biodiversity lies at the centre of its sustainable development.

However, the biodiversity of the Richtersveld is currently insufficiently protected and the RCBCP brings a tremendous boost to biodiversity conservation in the Richtersveld by effectively doubling the area that is under natural resource management and thus providing some form of protection.

In addition to offering greater protection for the region's biodiversity, the RCBCP has the potential to boost the livelihood of the local community through the facilitation of increased development of nature- based and culture- based tourism. The fact that the RCBCP lies adjacent to the planned Ai- Ais Richtersveld Trans-frontier Conservation Park brings further promise of increasing the flow of tourists through the region.

An opportunity exists for the private sector to partner the Richtersveld community in developing new tourism investment projects that are linked to the preservation of the area's biodiversity.

### *Municipal Tourism Infrastructure*

A number of the district and local authorities in the Northern Cape province count municipal tourism infrastructure amongst their assets. In many cases this includes municipal nature reserves, game parks or tourist resorts. However, many of these are not being properly marketed or managed, with the result that many of them are currently not commercially viable. To a greater or lesser degree, depending on the local authority and on the facility in question, there has been some acknowledgement of the fact that local government is not best placed to operate these facilities. In a number of cases, local authorities are contemplating commercialising their tourism infrastructure, either through outright disposal by way of commercial sale or through some means of outsourcing or concessioning to the private sector.

In many instances the infrastructure in question offers an excellent commercial opportunity to the private investor.

## **5.5) The SMME Sector**

The "Annual Review 2001 of the State of Small Business Development in South Africa published by Ntsika Enterprise Promotion Agency reveals trends coming to the fore in emerging business development. The Review is an in-depth and comprehensive study of the progress of the SMME sector.

Some of the main trends brought to light include:

- 95.3% of all enterprises in South Africa SMMEs, while micro and survivalist enterprises make up 70.2% of the total number of enterprises;
- In the year 2000, SMMEs contributed 34.8% to the GDP;
- More than 50% of the total GDP contribution from agriculture, forestry, fishing and construction sectors is by SMMEs;
- The rising unemployment indicates that SMMEs are not able to compensate for job losses from large enterprises or to absorb enough new entrants to reduce unemployment;
- SMMEs employ 53.9% of people in the private sector;
- Employment by SMMEs is growing much faster than SMME contribution to GDP;
- Of the total number (1 079 627) of SMMEs in South Africa 38.4% is in Gauteng, 18.4% in KwaZulu Natal, 13.4% in the Western Cape, 8.7% in the Eastern Cape, 5.2% in North West, 5.0% in Mpumalanga, 4.6% in Free State, 1.7% in the Northern Cape;

It has also been established that the constraints to growth faced by SMMEs such as access to markets, finance and business premises, the acquisition of skills and managerial expertise, access to appropriate resources and technology, etc. increase in appearance the smaller the business gets. Employment and labour relations regulations is a further aggravating factor that hinders SMME growth.

Specific demographic information regarding the SMME sector for the Namaqualand District Municipality is hard to come by. NAMBID, a Local Business Service Centre (LBSC) is the pioneer of SMME development in the region. The services offered include business information, and training, referrals, advice and counseling, business linkages and access to finance.

## **5.6) Integrated Competitive and Opportunity Analysis**

### *5.6.1) The Vision of the Namaqua District Municipality*

The vision statement adopted by the Namaqua District Municipality reads as follows:

“To establish a development-oriented and economically viable region so as to ensure sustainable economic growth in order to establish, improve and to promote committed and strong local government structures within the Namaqua District Municipality region”.

### *5.6.2) Competitive and Opportunity Analysis*

A unique combination of topography, geology, climate, soils and vegetation has endowed the province with incredible bio- diversity, mineral and agricultural wealth. The economy of the Northern Cape is based almost entirely on the exploitation of its natural resources and mining. The agricultural, fishing and

mariculture and tourism sectors dominate the productive economy of the province.

The Northern Cape offers the prospective investor a wide range of highly attractive investment opportunities. In addition, the provincial and local government authorities are geared to facilitating the establishment of new business ventures by the private sector. The provincial government has committed itself to working in close association with the private sector to ensure that identified prospects for economic growth and development are maximized in the interests of the wider population of the province.

The future growth and development of a sustainable provincial economy may well depend upon the development of substitution economies, particularly in the areas of manufacturing based on mineral beneficiation, of tourism and small- scale mining. Diversification in agriculture and the processing of agricultural output also offer some scope for economic growth and land reform will have implications for this process.

### ***Mining***

The exceptional mineral wealth of the Northern Cape province has ensured the importance - both nationally and internationally - of the mining industry in the province. The minerals economy of the Northern Cape is a hundred and fifty years old and is still the mainstay of its economy.

#### ***Competitive Advantage and Opportunity***

- There are still significant reserves of a range of minerals as well as new, as yet unexploited deposits that will sustain the mining industry for many years to come.
- One of the ongoing challenges is how to stimulate increased levels of minerals processing in the province so as to enable the inhabitants of the Northern Cape to benefit to a greater extent from exploitation of the mineral wealth of the province.
- Recent new minerals legislation has raised the prospect of the de-concentration of ownership in the mining industry, of increased access to mineral resources by junior and small- scale mining companies and by transformation and Black economic empowerment in the industry.

### ***Agriculture and Agro- Processing***

Agriculture is the other mainstay of the Northern Cape provincial economy. Despite the largely semi- arid and arid environment of the province, the fertile land that lies alongside the Orange and Vaal Rivers supports the production of some of the country's finest quality agricultural products.

#### ***Competitive Advantage and Opportunity***

- The province has become a major exporter of table grapes produced along the Orange River and is world renowned for the quality of the meat - Karoo lamb, ostrich, beef and venison – produced in the province. The Northern Cape is also well known for the production of wool, mohair and

karakul pelts, as well as of dates, citrus products, wine and raisins. Beneficiation through increased manufacturing could open the door to transformation and the empowerment of emerging farmers;

- 4000 ha of water rights are available for the purpose of developing emerging commercial farmers;
- Diversification creates new opportunities and helps to spread the risk across the agricultural sector;

### ***Fishing and Mariculture***

The Namaqualand coast of the Northern Cape province lies adjacent to one of the richest and most prolific marine eco- systems in the world. The cold, but nutrient- rich, up- welling Benguela current that runs along the NAMAQUA DISTRICT MUNICIPALITY coast sustains an abundance of marine life that gives rise to enormous potential for the development of the fishing and mariculture industries.

#### *Competitive Advantage and Opportunity*

- The areas greatest economic opportunity lies in the development of the pump-ashore mariculture industry, which entails the cultivation of a range of high- value marine species, primarily for export to lucrative overseas markets.
- Early indications are that mariculture offers sufficient growth potential to replace diamond mining as the principal industry of the coastal parts of the Namaqua District Municipality;

### ***Tourism***

In many respects, tourism in the Northern Cape can also be seen as a new industry with tremendous growth potential. Since 1994, the Northern Cape tourism industry has blossomed, largely as a result of the opening up of South Africa as a long- haul tourist destination for the world's travelers but also because the Northern Cape tourism product caters ideally for today's nature-based eco- tourist who is looking for a new experience.

#### *Competitive Advantage and Opportunity*

- A number of major new conservation and tourism developments are currently underway in the Northern Cape and offer a range of new investment opportunities in the province.

### ***Infrastructure***

#### ***Road***

The Northern Cape has an extensive and well-maintained road network. A number of national roads run through the province, linking it with other major South African centres of population and economic activity:

- The N12 linking Cape Town and Johannesburg runs through Kimberley
- The N7 linking Cape Town to Namibia runs through the town of Springbok;

- The N14 linking Johannesburg with Upington, Springbok and the N7;

### ***Rail***

- The dedicated mineral- ore railway line from the iron ore and manganese mines around Sishen and Postmasburg the Port of Saldhana to the north of Cape Town is a major transport arterial servicing the mining industry.

### ***Harbour and Airports***

The Northern Cape has two major airports, at Kimberley and Upington, both of which are operated by the Airports Company of South Africa. These airports are served by scheduled passenger services operated by South African Express Airways and South African Airlink. There are a number of other airports with all- weather runways serving towns such as Springbok, Kleinsee, Alexander Bay, De Aar, Calvinia, Kuruman, and Kathu.

There are no large commercial deep- water harbours on the west coast of the Northern Cape. However the small- craft harbours of Port Nolloth, Alexander Bay and Hondeklip Bay service the requirements of the local fishing and marine diamond- mining industries, and provide services to some of the offshore oil and gas exploration activities taking place on the Kudu and Ibhubesi natural gas fields.

## **6. CONCLUSION**

This Economic Profile Report is integral to the broader Integrated Economic Development Plan of the Namaqua District Municipality. As a forerunner to the IEDP the overall outcome should be a set of implementable strategic actions and projects that will lead the revival of local economies.

## **7. SOURCES**

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