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Economic Development, Tourism and  
Environmental Affairs

**PROVINCE OF KWAZULU-NATAL**

# Budget Policy Speech 2015/2016



**Mr Michael Mabuyakhulu, MPP**  
MEC for Economic Development, Tourism & Environmental Affairs

**VOTE FOUR**

***“Achieving Accelerated Radical Economic Transformation  
Through Shared Growth”***



## **BUDGET POLICY SPEECH 2015/2016 DELIVERED TO THE KWAZULU-NATAL PROVINCIAL LEGISLATURE BY MEC FOR ECONOMIC DEVELOPMENT, TOURISM & ENVIRONMENTAL AFFAIRS, MR MICHAEL MABUYAKHULU ON 12 MAY 2015**

*“Achieving accelerated radical economic transformation through shared growth”*

**Madam Speaker, Honourable L. Johnson;  
Deputy Speaker, Honourable M. Hadebe;  
The Premier of the Province of KwaZulu-Natal, Honourable Mr ES Mchunu;  
The Honourable Members of the KwaZulu-Natal Executive Council;  
Honourable Members of this House;  
Representatives of all of our Social Partner Formations;  
Members of the Diplomatic Corps and Consular Corps;  
Your Worships, the Mayors;  
The Leadership of our Province;  
Distinguished Guests;  
Members of the Media Present;  
Ladies and Gentlemen.**

### **INTRODUCTION**

Chairperson, in the aftermath of the unfortunate attacks on foreign nationals by fellow Africans last month, we would like to preambule our budget vote today by reaffirming that the Province of KwaZulu-Natal remains warmly receptive to all foreign nationals who are in our country and our province. We are, therefore, inspired by the overwhelming majority of our citizens who joined forces with our government in rejecting xenophobia and ensuring that the criminal minority who were at the forefront of these barbaric and inhumane acts were isolated and brought to book.

As we negotiate this passage, fostering the renewed resolve of our unity of purpose, we cite a canto from the renowned poet, who holds distinction of being the first black author to win the Pulitzer Prize, Gwendolyn Brooks, in her celebrated inscription, the Poetry of Foundation, she says:

*“Our stories are singular, but our destiny is shared. We are each other’s harvest; we are each other’s consort and we are each other’s bond. Let the new dawn be at hand”.*

As all members are aware, KwaZulu-Natal has positioned itself as the gateway to the rest of the continent. This means that everything we do must give practical meaning to this pursuit. Unfortunately, these acts of violence have undermined our efforts in this regard. Notwithstanding the legitimate concerns raised by our people around the participation of foreign nationals in our country’s economy, there can be no justification for these acts.

As government, we commit ourselves to dealing with the concerns that have been raised by our people; restoring and promoting peace, stability and integration in our communities and engendering unity among all our people, particularly Africans.

Chairperson, since the 1994 democratic breakthrough, we have been seized with the task of rolling back the damage done by successive apartheid regimes while building a society founded upon the bedrock of justice, human dignity and equality. When we presented our budget speech last year, we argued, amongst other things, that we needed to embark on a radical transformation path in order to bring physical expression to our hard won freedom.



As we evaluated our performance in the past financial year, we realised that there was, as has been argued elsewhere, a growing gap of inequality in our society. One of the glaring shortcomings of our efforts to bring about equality, prosperity and inclusive growth has been our less-than-satisfactory performance when it comes to linking macro and micro programmes and initiatives.

As a result then, for this year's budget speech we have opted for the theme of:

***“Achieving accelerated radical economic transformation through shared growth”.***

As the Honourable Premier said in his State of the Province address earlier this year, “The fact of the matter is that we need to achieve a much higher participation rate in our economy.”

Chairperson, research shows that the integration of local economies into the main stream economy forms the epicentre of radical economic transformation. This approach departs from the trickle down approach which is often promoted by many orthodox economists. It is our view that a strong national economy is only possible through a flourishing network of local economies as these give resilience in times of crises. As we pursue the transformation of the provincial economy, we intend to promote economic activities within communities.

In a nutshell, all citizens of this province despite their spatial location, gender or class should participate in the economic mainstream of the province. The fruits of our hard labour to grow the economy of this province must be enjoyed by all the citizens. What we are simply arguing here is that, the flow of funds system is a closed circuit system consisting of the production and consumption of goods and services anchored on money flows. The pursuance of radical economic transformation requires a localisation of this system. This approach entails robust focus on promoting issues of localisation (local content), industrialization, value addition (beneficiation), infrastructure development, skills development and entrepreneurship development. All our interventions to grow the Province of KwaZulu-Natal should be grounded on local economies with the view of uplifting the standard of living of our people. The ultimate goals are always higher economic activity and job creation.

Chairperson, allow us to heed the wise words of political economy scholars who advise us to always think globally but act locally! It is always important to contextualise the economic environment we operate under, as we now live in a globalised world where our destiny is not only determined by our own actions but also by the actions of other global players. The solutions that we seek should therefore take into account this interconnectedness in order to be meaningful and sustainable.

## **GLOBAL ECONOMIC DEVELOPMENTS**

We are, for the first time, observing that China has overtaken the United States as the largest economy in the world in terms of real output based on purchasing power parity. Previous forecasts had projected China to overtake the US by 2018. However, slower than expected US recovery along with China's economic resistance to global risks and consistent economic activity has brought this moment sooner.

After ending its asset purchase program (Quantitative Easing), the US Federal Reserve signalled that the performance of inflation and employment numbers will determine how their interest rate hike cycle will resume. Of course the pace of economic growth is a significant consideration in this regard as many nations globally use the US and Chinese economic policy actions as a yardstick for the global economic direction.

The recent European Central Bank's quantitative easing of €1,1 trillion, translating to €60 billion a month into financial markets until September 2016, to revive the ailing Eurozone economy, will certainly have a positive impact on our South African economy in terms of portfolio investment flows and given that the European Union is among our major trading partners.



## DOMESTIC ECONOMIC DEVELOPMENTS

We are encouraged that South Africa's Gross Domestic Product (GDP) accelerated robustly by 4.1% quarter-on-quarter in the fourth quarter of 2014, albeit from a low base in the previous quarter. This compares to an upwardly revised GDP growth of 2.1% during the third quarter of 2014.

However, the national economic outlook is still not bright as the growth forecast has been revised downwards to around 2.0% for 2015. The disruptions in energy supply have a major contribution to this forecast.

The assumption is that as the country continues to implement its programs, economic growth will pick up to around 3.0% in 2017. The unemployment rate decreased to 24.1% in the fourth quarter of 2014 from 25.4% in the third quarter. The largest decrease was recorded in KwaZulu-Natal (3.3% points) from 24.1% in the third quarter to 19.9% in the fourth. This was attributed to an increased number of employed people over that period.

The largest employment increases were recorded in the Sales and Services (152 000), Clerical (148 000), Craft and related trade (141 000) and Elementary (114 000) occupations.

## REVIEW OF PREVIOUS BUDGET SPEECH COMMITMENTS

Chairperson, before we present our plan for this financial year please allow us to report back on the commitments we made during the previous budget speech.

### Investment Attraction & Job Creation:

We managed to attract new investments amounting to more than R4 billion to the province last year. This was a collective effort from Richards Bay IDZ (RBIDZ), Trade & Investment KwaZulu-Natal (TIKZN) and Dube Trade Port (DTP) who respectively signed investment deals estimated at R2.4 billion; R1.7 billion and R353 million.

The R353 million of private sector investment secured by DTP IDZ (Industrial Development Zone), takes the total value of private sector investment at Dube Trade Port past the R1 billion mark to date. Both the service and manufacturing sectors continue to show resilience and growth, driven particularly by the electronics and agro-processing sub-sectors since the credit crunch.

Trade and Investment KwaZulu-Natal successfully committed 12 new investment projects and over R1.7 billion of new investments in this last financial year. From these investments a total of 4 564 new jobs will be created which will be located within the eThekweni, AbaQulusi, uMsunduzi, Zululand and Ugu municipalities. Some of the committed projects are:

- J Strickland will establish a manufacturing plant in eThekweni Municipality which will produce 100 tons of hair products a month for export to the SADC region. They have invested R25 million which will create 50 direct jobs.
- EC3 (East Coast Contact Centre) is a call centre operation established and located in North Coast Road, Durban. It is currently servicing both local and international clients in the business process services industry and currently employs 80 staff. Its expansion is valued at R150 million and will create 800 new jobs.
- AbaQulusi Private Hospital is a 48-bed private hospital in Vryheid within the AbaQulusi Local Municipality, where an investment of R92 million will be realized. TIKZN assisted the company with the development of a business plan through consultants, raising finance with financial institutions, regulatory compliance and facilitation services.
- Burcap Plastics is a company that invests in a plastic manufacturing facility in eThekweni Municipality. The investment is valued at R50 million and will create 45 new jobs.
- Quindel is a call centre company that will invest in an expansion located in the uMgungundlovu District. The expansion is valued at R265 million. The company will create over 2 000 new jobs.
- The Samsung project, that is located at the Dube Trade Port IDZ, has committed its first phase investment of R221 million which will create 150 new jobs.





- UMzimkhulu Industrial Holdings was assisted with obtaining mining rights from the Department of Mineral Resources. Their mining operations are outside Port Shepstone where they have invested R187.2 million and created 48 jobs.
- Eureka Capital, a property development company located at the Dube Trade Port, was assisted by TIKZN in securing a 99-year lease agreement which allowed for an investment of R120 million and the creation of 150 jobs.
- Redberry Butchery located in the Durban Municipal area invested in a R27 million expansion project and created new 45 jobs.
- EVA Industries, a specialised vinyl acetate / polyethylene foam manufacturer in Durban invested in a R12.5 million expansion project and created 3 new jobs.
- Manchem, a chemical manufacturer in Hammarsdale invested R5.5 million in an expansion and created 22 new jobs.
- Talk International, a call centre in Durban invested R11 million into an expansion project and created 35 jobs.
- Pakco (Pty) Ltd, a food processing company in Verulam expanded their operation with an investment of R76.6 million and secured 140 jobs.
- Bakhresa SA refurbished a flour mill situated in Durban through an investment of R130.6 million. This will ultimately create 90 jobs.
- You-There Call Centre invested into their Durban-based call centre operations an amount of R2.5 million and created 74 jobs
- Preemal Investments, also a call centre agency operating in Durban, invested R52 million and created 60 jobs.
- Toyco Engineering who specialise in welding, turning and general engineering expanded their operations by developing a new facility in Jacobs, Durban through an investment of R4 million, thereby creating 42 new jobs.
- TIKZN assisted TMM Development Trust with the transfer and privatisation of the Manzengwenya, Mbazwana and Mabaso Plantations in KwaNgwanase, Zululand District. The project is valued at R100 million and secures 800 jobs. There is a R350 million expansion, which will create a further 200 jobs planned for the near future.
- Miracle Communications will expand its Durban-based telecommunications operations. They have committed R70 million to the project which will create 300 jobs.
- Rock Solid Industry was assisted by TIKZN with patent application amounting to R100 000 which assisted in the creation of 34 jobs
- Brace Able expanded their tool and die manufacturing operations in Westmead, Durban. They were assisted by TIKZN to access funding from the Industrial Development Corporation to an amount of R12.6 million. The expansion has created 143 jobs.
- Five Durban-based companies were assisted with Monyetla Funding to an amount of R14.6 million, securing employment for 653 people.

Chairperson, during the period under review the Richards Bay IDZ signed the following four new investments:

- Pro-Star Export Paints (PTY) Ltd is going to establish a paint production plant in uMhlathuze with an investment value of R16 million creating approximately 50 construction jobs and 50 permanent jobs.
- SPS Manufacturing (PTY) Ltd is going to establish a pipe manufacturing business in uMhlathuze with an investment value of R300 million creating approximately 110 construction jobs and 87 permanent jobs.
- RB Energy Services (PTY) Ltd is going to establish a facility for assembling, repackaging and distribution of plant manufacturing machinery and equipment in Umhlathuze with an investment value of R20 million creating approximately 25 construction jobs and 20 permanent jobs.

Chairperson, confidence and positive economic sentiments are usually demonstrated by the levels of new investment, business expansion initiatives, capital enhancements and acquisition of new technology. We have accordingly observed a number of companies that have undertaken expansionary activities. This will result in over 1 600 jobs being retained, which assists our efforts to keep our people employed. We have packaged nine high impact investment opportunities for investors. These projects relate to renewable energy, agro-processing, chemicals and property development and infrastructure. The projects are in line with the Provincial Growth and Development Plan as well as in line with the Strategic Infrastructure Projects.

The process going forward is to attract investors who will take up these opportunities and possibly partner with our local companies in realising these projects. Trade & Investment KwaZulu-Natal will continue to intensify efforts to attract new investors through destination marketing activities and targeted engagements with investors who have an appetite to locate their projects in our province. We aim to target high employment creating investments that will have direct impact on the alleviation of unemployment levels in KwaZulu-Natal. These investments are expected to deliver an estimated 5 813 direct and indirect jobs.



## Export Promotion:

During the period under review we managed to assist our exporters in securing access to sixty eight (68) new markets which were collectively identified with the companies. We assisted with market intelligence and facilitation of the engagements with distributors in key markets. The KwaZulu-Natal export value in 2013 was R92 billion, up from R85 billion in 2012 and R77.4 billion in 2011, which is a great milestone. We estimate the export value of provincial companies to be around R112.4 billion in 2014. This positive outcome was achieved despite the financial stress within the European Union – as we accessed German, French and US markets. We continued to focus in Africa through our market development programmes where KwaZulu-Natal exporters benefited from our efforts in penetrating the markets in Angola, Ghana, Nigeria, Mozambique and Botswana.

Chairperson, exports play an important role in not only the province's economy but also the national economy in influencing the level of economic growth, employment and balance of payments. The top exporting sectors in the KwaZulu-Natal's economy were base-metals (iron, steel, aluminium etc.), mineral products (ores), vehicles and the chemical and allied industries. The base-metals sector, which contributed 32.18% to the provincial exports, is anchored by three companies. These are Arcelor Mittal which has a steel plant at Newcastle, BHP Billiton in Richards Bay and Hulam in Pietermaritzburg, which operate aluminium smelters and downstream aluminium operations.

The second largest contributor to exports was the mineral products sector that contributed 17.91% to provincial exports. Assmang, which operates a plant in Cato Ridge, has a large presence in this sector. The automotive sector contributed 17.74% to the provincial exports; with key player being Toyota. The company is supported by a sophisticated components' sector that has strongly developed national and international linkages. The chemicals sector, which is backed by Engen Oil Refinery in Durban, contributed 9.7% to the province's total exports.

It is clear that at district level, eThekweni and uThungulu are the leading districts in terms of their contribution to exports. Together, these two districts account for more than 85% of the total value of provincial exports. The different districts have contrasting profiles in terms of exports. Metals exports are the most important economic operations in uThungulu, uMgungundlovu and Ilembe districts whilst transportation equipment is the leading export sector in eThekweni. Chemicals and allied industries contribute significantly to Amajuba and uThukela economies. Meanwhile, Ugu, Harry Gwala and uMkhanyakude districts depend heavily on agricultural exports.

## Special Economic Zones:

Chairperson, the announcement of the two industrial development zones for the province namely DTPIDZ and RBIDZ has generated a lot of investor enquiries and interest to locate in these zones. Uptake of land by private developers in the DTP Trade Zone has now reached 20 hectares which, when combined with DTP's own developments, suggests that occupancy is nearing 100%.

Phase 1b which is a 4 hectare extension of the Trade Port will be serviced with infrastructure over the course of 2015. Two major tenants have been earmarked for this site. An international pharmaceutical manufacturer has identified a 2 hectare portion for a new facility, whilst local personal care products manufacturer Britec Laboratories will be establishing a 12 000 square meter export orientated plant.

In response to this high growth, Dube Trade Port has accelerated the implementation of TradeZone Phase 2 as contained in the second phase of the DTP Master Plan. This will bring an additional 135 developable hectares on stream within the existing boundaries of the SEZ. In support of this expansion DTP recently completed the R200 million International Trade Avenue road project which opens up the northern part of the site by providing direct access to the N2 and R102 via the uShukela Highway. The impact of this new road is multi-faceted. Not only does it provide alternative transport access to the wider site and thereby immediately increasing logistics efficiencies; but the road also creates the long term development spin-off in which many of Dube Trade Port's flagship investments will be located. These include TradeZone 2, the airside and aeronautical platform, and the uShukela mixed use precinct. It is true to say that the completion of this road is a major milestone for ensuring the long term sustainability of development at Dube Trade Port.



The international cargo terminal, which is operated by Dube Trade Port handled import and export volumes of 7 151 tons in 2014/2015. This contribution to high value international trade is expected to increase over the next five years to be in excess of 13 300 tons. Exports are expected to grow specifically in the electronics, pharmaceuticals, personal care, and perishables sectors.

In Dube City, DTP has started the construction of a double underground basement which has already facilitated an investment of R320 million by Eureka Capital which will be developing a 21 500 square meter office complex. These projects are set to establish Dube City as the preferred hub for businesses whose activities are both domestic as well as throughout the African continent and globally.

Chairperson, 42 hectares of the RBIDZ Phase 1A have been completed and fully serviced. An additional 20 hectares will be fully serviced by September 2015, whilst funding (R272 million) to service an additional 110 hectares has been secured. One locator (RB Energy Services) started construction and operation in RBIDZ in December 2014. The Board has approved and signed four investment projects to the value of R2.4 billion, in the sectors such as renewable energy, chemicals processing and logistics. In taking advantage of the geographic location, the RBIDZ has identified agro-processing as one of the priority sectors. To this end an agro-processing feasibility study has been commissioned to determine the priority agricultural commodities that can be produced for export purposes.

In ensuring downstream beneficiation of metals within the Richards Bay area, the feasibility study to establish a Metals Hub has been completed and is positive. This will afford optimum exploitation of the key metals sector such as downstream beneficiation of aluminium, titanium and iron ore. Operation Phakisa identified growth available in the marine manufacturing that has the potential to contribute on average 5% per annum to the GDP and increase job creation by 4% per annum over the next 20 years.

In response to Operation Phakisa the RBIDZ seeks to establish a strong marine manufacturing and repair cluster targeting investors in oil and gas, ship building and rig repair to create a hub in Richards Bay. This would enhance the port utilization (i.e. depth, logistics and marine service) to be the new frontier maritime economic sectors on the broader eastern sea-board.

Chairperson, the RBIDZ investment pipeline indicates that R12.4 billion worth of new investments will be attracted to the RBIDZ within the MTEF period, creating an estimated 2 945 construction jobs and 1 949 permanent employment opportunities. The sectors of interest range from renewable energy, manufacturing, metals (aluminium, steel, titanium), logistics, oil, gas to automotive components.

### New Energy Projects:

Chairperson, as alluded to by the Premier during the State of the Province Address earlier this year, the demand for more energy means that as a province we have to place issues of energy security and restoring generation capacity at the pinnacle of our development efforts. As a province we are lagging behind in renewable energy generation and have had little success on the national Renewable Energy Independent Power Producer Procurement Programme (REIPPPP) with only one project in the REIPPPP coming from KwaZulu-Natal – which is a 16,5MW biomass initiative on the north coast.

The fixed correlation between the average growth in electricity demand and that of economic growth rates, which in the province's case is predicted to be between 5% and 6%, means that we require between 400MW and 600MW more electricity each year to meet our growth rate targets. With Energy demand peaking between 9GW and 15GW by 2030, securing and ensuring alternative energy supply in KwaZulu-Natal is a crucial intervention that needs to be made. Significant multi-billion rand renewable projects have already been signed by the RBIDZ and discussions with various parties about installing an 800 MW gas-to-power plants in Richards Bay are at an advanced stage.

A local renewable energy company, Byromate (PTY) Ltd is also going to establish a 60MW biomass electricity generation plant in uMhlatuze with an investment value of R2 billion to create approximately 260 construction jobs and 70 permanent jobs. The energy generated by Byromate will be derived from three energy sources from around Richards Bay namely: forestry, sugar cane and waste from the agricultural sector. In this regard, there will also be 11 projects based at different mills throughout the province. The total investment value of these projects hovers between R18 and R20 billion with an estimated jobs yield of 34 000.



So far, the Mkhuze 16,5MW biomass energy project is the only successful project in KwaZulu-Natal that is linked to the national REIPPP programme. The same developers of the Mkhuze project are bidding for another 14MW biomass to energy project in the same area.

Chairperson, early this year during the Energy Indaba with the National Minister, it was mentioned that by May 2015 the RFP for 800MW for co-generation would be released, with another 1000MW released later in the year. It is important to note that this gives KwaZulu-Natal an additional advantage in procuring more energy and taking more control of its energy supply, which of course, augurs well for our economic development initiatives.

### **Enterprise Development:**

Chairperson, we have supported business enterprises to the tune of R245 million during the previous financial year.

### **SMME Development**

We have formally entered into a long-term partnership with Mangosuthu University of Technology and Durban University of Technology to support SMMEs and Co-operatives in the chemicals sector to produce commodities that can be branded and marketed both domestically and internationally. Mangosuthu University of Technology will provide incubation facilities to host selected SMMEs and Co-operatives and provide technical expertise in the production and branding of various chemicals products such as soaps, oils and perfumes. This initiative will be launched during the latter part of this year.

Chairperson, we have implemented the 2014/2015 phase of “The Entrepreneur Business Competition” together with the Small Business Development Enterprise (SBDE) which included the following Business Chambers like KZNYCC, Ilembe, eThekweni, uThungulu and uMgungundlovu. This initiative assisted SMMEs with knowledge necessary to start and run a business. We have also engaged SEDA to partner with the “Entrepreneurship in Schools” project. We have provided support (training, mentorship and incubation) to more than 500 small enterprises in both rural areas and townships. The DTI and Small Business Development Department is partnering with us in our incubation initiatives.

### **Co-operatives Development**

In line with our drive to radically transform the economy, we have identified co-operative development as one of the areas to grow the economy of the province, given its imperatives of shared risk, shared growth and shared wealth. As such, we want to ensure that co-operatives are aligned to some of the major economic empowerment initiatives that are in the pipeline in the province. During the period under review, we assisted 58 co-operatives to access finance from various stakeholders. My Department provided grant funding to 27 deserving co-operatives from nine districts. In the main, the co-operative beneficiaries operate in the manufacturing and agriculture sectors. The total amount expended by my Department alone is R25.6 million

In order to ensure sustainability of co-operatives, we provided bursaries to 127 students who are enrolled for a diploma in the management of co-operatives and 9 students enrolled in Bachelor Commerce through a partnership with the University of Zululand. Furthermore, a total of 56 graduate students who have completed a diploma in the management of co-operatives are enrolled by my department in the internship program and are placed with co-operatives where they are providing administrative and management support.

### **Revival of Township & Rural Economies:**

Chairperson, the Framework Discussion Document on the Revival of Township and Rural Economies was drafted. The said document explores and deals with the issues we raised at our budget speech last year. We identified six specific interventions.

The *first intervention* is organising the small traders in the province through the formation of a provincial small traders association as well as district warehousing and bulk buying facilities. For the District Warehousing & Bulk Buying facilities, we have set aside





R3 million, through the Small Business Growth Enterprise (SBGE) to pilot the setting up of district warehousing and support bulk buying for traders. District warehousing aims to facilitate the pass-through of discounts to end-consumers. Existing property from municipalities and Ithala Development Finance Corporation will be used to host the facilities. The development of models for operations, goods distribution and collateral and funding will be finalised by the end of May 2015.

The *second intervention* is the provision of business management skills. We have set aside R1.1 million this year for the establishment of the KZN Small Enterprise Academy. The academy will assist with furnishing traders with basic business skills. We have entered into an agreement with the National Department of Small Business Development and the Wholesale and Retail SETA to set this academy up. We will sign further MOU's with academic institutions, SETA, SEDA and International Labour Organisation. A further R20.5 million has been set aside to deal with business incubation and support. The setting up of the 11 training centres across the province will be finalised by November 2015.

The *third intervention* is ensuring proper business licenses and permits. This intervention seeks to ensure compliance with exiting legislation by all traders. We have already held a business licensing and compliance workshop in February. Discussions with the Department of Home Affairs to collaborate on the validation of new applications are in an advanced stage. We are now engaging on district workshops to address illegal usage of licenses.

The *fourth intervention* is the restructuring of the township and rural economy. This intervention seeks to improve the current mall and rural economy shopping centre tenancy. A new provincial framework for tenancy of 55% national entities and 45% local entities will be implemented. Specifically, the development of the framework is already underway and relevant stakeholders on the township and rural shopping malls are being engaged. This change will be integrated into the Business Bill. This process will be finalised by end of June 2015.

The *fifth intervention* is financial and business support. This intervention seeks to implement the micro-finance model. An amount of R300 million (R20 million at SBGE and R280 million at Ithala) has been set aside for on-lending to small enterprises. This amount is readily available to small enterprises at Ithala and will be available from next month at SBGE.

The *sixth, and last intervention*, will focus on advancing procurement support. The Provincial Procurement Indaba would be held in May to deal with the question of set asides. This is an important intervention to ensure broader economic participation. We believe that the reinforcement of an entrepreneurial culture to focus on local economies is beginning to yield positive results. Mortality or drop-out rate of small enterprises has started showing a steady decline. Townships and rural areas will start creating job opportunities locally thereby reducing the rate of influx to cities and alleviating urban poverty and other related social challenges.

## **B-BBEE:**

Notwithstanding constrained economic growth, some progress has been made with respect to the promotion of equitable socio-economic development which is in line with our commitment to B-BBEE. We have managed to implement several projects that benefited mainly our historically disadvantaged sections of our society, particularly women. The youth were also considered in our developmental programmes.

### **Youth Empowerment**

About R30 million was invested on youth skills training programme where half of this amount was committed during the 2014/2015 financial year to benefit more than 1000 young people that were also placed in various industries to gain practical experience in different technical skills for diesel mechanics, fitters, tuners, welders, steel workers, plumbers and brick layers.

We also have more than 2000 youth earmarked for skills development during this financial year and this process will then spread to up to 2017. The Department will be therefore raising a further R60 million to cover the next two years (2016 – 2017) to ensure sustainable provision of critical skills to bolster our economy.



Moreover, we have secured R41 million from Services SETA and this is earmarked to encourage young entrepreneurs to consider starting new business ventures. This fund will therefore benefit a cohort of 1000 youth that are interested in engaging in manufacturing, agriculture, maritime, creative industry, IT and financial services.

### **Women Empowerment**

With respect to the empowerment of our women compatriots, the Department had also trained female entrepreneurs in various skills especially in business related fields. There were 70 beneficiaries drawn from each of the districts that included Amajuba, Harry Gwala, UMkhanyakude, and uMzinyathi. This initiative has exposed them to considerable market opportunities. They were not only empowered with essential capacity to pursue sustainable business ventures and careers, but were also provided with basic equipment like sewing machines and premises essential to perform their production operations in diverse areas including the manufacturing of garments, toilet papers and value-added agricultural products.

Furthermore, around 100 female youth candidates were recruited to the techno-girls entrepreneurship development programme that was conducted in partnership with the Department of Education and as well as the Department of Trade and Industry. This programme offers young women the opportunity to gain practical skills necessary to develop their entrepreneurial abilities to be able to actively participate in business ventures at an early stage of their lives. We therefore believe that this initiative would serve as a solid foundation to inspire our young people to contribute to the province's economy by pursuing own business operations especially in the technical oriented fields.

Once again, the Department plans to financially and technically assist 100 women in each district in an effort to promote small scale industries across the province, especially in the townships and rural areas.

### **KZN Contribution to the Creation of Black Industrialists**

Meanwhile, early this year the national government announced a R1 billion incentive scheme directed at creating more than 100 large and competitive black industrialists in key sectors identified in the Industrial Action Plan, particularly in those sectors with potential to significantly drive economic growth. This fund is expected to attract between R10 billion and R20 billion from other developmental sources like the Industrial Development Corporation, Development Bank of Southern Africa, National Empowerment Fund and the Public Investment Corporation.

The Department therefore intends seizing this opportunity for the benefit of our own aspirant and ambitious entrepreneurs in the province, especially from the designated empowerment groupings like women and youth. It is our desire to see the larger chunk of this budget coming to this province to help produce the desperately needed industrialists from the historically excluded communities.

It is therefore crucial that our developmental funding organisations like the KwaZulu-Natal Growth Fund are geared towards ring-fencing funds to match the National Black Industrialists Fund for the benefit of this province. About R100 million will be therefore put aside as provincial contribution towards the activation of the black industrialist development programme. We hope that this will motivate our social partners in the private sector to join hands in this noble undertaking which will include the following activities:

- Women and youth enterprise development programme,
- Ring-fencing of priority sectors for this programme,
- B-BBEE Research, Monitoring and Evaluation,
- Advocacy and information dissemination on opportunities.

Certainly, KwaZulu-Natal subscribes to the national call for tangible and radical socio-economic transformation to close the disparities created by consecutive apartheid governments that favoured separate development amongst racial groups which consequently condemned black people to the periphery of the country's economy.





## Strategic Interventions:

Chairperson, we reported during the previous budget speech that we have identified five strategy implementation pillars namely: Industrial Economic Hubs, Maritime, Tourism, Aerotropolis and Environmental Management to drive the mandate of ensuring full participation of previously marginalised groups in the economic activities of the province. Please take note as we account on the progress of these initiatives and the future plans.

### **Industrial Economic Hubs**

Global trends have shown that industrialization and reindustrialisation have benefitted developed countries hence investing in sector development has the potential to stimulate local economic development. It is against this background we pursue the Industrial Economic Hubs as a catalyst for local economic development and focused industrial output. The Industrial Economic Hubs aims to promote manufacturing and beneficiation of products, facilitate exports and job creation.

The initial focus will be on Agro-processing, Perishable goods processing, Electronics, Leather processing, Renewable Energy, Auto Supplier Park and Clothing and textile. After completing the feasibility studies and site identification for the projects, we are now finalizing the process of land acquisition and sourcing of tenants. We have staged a successful investment conference whereby we presented the IEH offerings to potential investors.

A long list of follow ups and agreement signing is now underway. We will be embarking on investment attraction missions and discussions to hold bilateral meetings with investors who have indicated interest.

### **Maritime**

Chairperson, in the last budget speech we announced the development of the Maritime Institute as a vehicle for implementing projects in the maritime sector and thereby stimulating economic development. We then made a commitment on the finalization of the maritime strategy and development of skills to professionalise the maritime sector. We are pleased to report that the strategy has been finalized and aligned with the National Maritime Strategy and Operation Phakisa.

The legislation pertaining to the establishment of the institute will be finalised shortly and the KwaZulu-Natal Maritime Institute Bill will be ready to be introduced to the Legislature by the end of July this year. Part of this initiative is to integrate the operations of the new Maritime Institute and those of Transnet especially in as far as skills development is concerned. This year our focus will be on driving the identified anchor projects for tangible deliverables on the strategy.

Restructuring of the KwaZulu-Natal Sharks Board has formally been approved by Cabinet. This entity will be reconfigured to add a new wing that will specifically deal with the implementation of the KwaZulu-Natal Maritime Strategy and Operation Phakisa outcomes specific to this province. Considerable progress, as outlined below, is being made towards positioning KwaZulu-Natal as an active participant in growing the country's maritime economy.

- We have, since 2012, trained in excess of 800 learners most of whom have been admitted into sectorally and occupationally-direct maritime learning programmes.
- We are striving to achieve a minimum graduation level of 85% of all enrolled learners by 2018.
- We will strive to increase our maritime graduate placement ratio of at least 70% annually from fiscal year 2015/2016.
- Our scientists continue to offer their expertise across the globe including providing lead papers during internationally acclaimed conferences.
- We continuously provide scientific support to other organizations and external bodies in the form of information, advice, education and training.
- We are at a very advanced stage with our testing of the non-lethal shark repellent cable developed development and are on course to have it installed and evaluated by December 2016.
- As part of our Corporate Social Responsibility, we have executed various MOUs with NGOs and other strategic partners in order to intensify our outreach programmes to also reach those needy but academically deserving students as far afield as landlocked provinces such as North West, Limpopo, Gauteng and Free State.



## **Aerotropolis**

Last year we announced the development of the Integrated Aerotropolis Strategy (IAS), to give effect to the development of Durban Aerotropolis, using King Shaka International Airport (KSIA) as a springboard for urban development. We have developed the Route Development Strategy Support Programme. The Department has also issued an expression of interest on the conceptualization of an Aerotropolis Institute. Currently, the Department is formulating the Durban Aerotropolis Master plan with the aim of addressing the defining aspects of the Durban Aerotropolis that include, inter-alia, land use, infrastructural requirements, corridors and nodes, public transport, airport city model and investment. This process will be completed by the end of the year.

Parallel to this we are also developing international connectivity to the airport. As such we will be developing the Airlift Strategy along discussions with airlines. We already have international and regional flights from King Shaka International Airport to Dubai, Harare, Lusaka and Maputo.

The province will be hosting the World Routes conference in September 2015. This conference provides an opportunity to engage global aviation leaders on routes. We will also focus our effort on developing priority infrastructure for the aerotropolis. We should also indicate that both Maritime and Aerotropolis will form part of Chapter 3 of the KwaZulu-Natal Social Accord.

## **Tourism**

Chairperson, during the pronouncement of the 2014/2015 budget speech, we made reference to fast tracking the implementation of strategic priorities from the Tourism Master Plan such as King Shaka's Statue, Drakensberg Cable Car, Bluff Bridge, Isandlwana Development and Nonoti Resort. In response to this commitment we have appointed Ithala Development Finance Corporation as an applicant for the Environmental Impact Assessment (EIA) for the Drakensberg Cable Car.

Moreover, we have established a task team mandated to provide strategic direction on the implementation of this project. The cable car will yield great economic spin-offs not only for Okhahlamba area but for the Province of KwaZulu-Natal as a whole; hence the Department has planned to host the Cable Car Conference and Exhibition. This is geared towards finding linkages that enhance economic growth through such a development. The conference will seek to:

- Create a platform for international cable car operators to share their experiences,
- Open a platform to engage with potential investors,
- Share environmental issues that can affect the development of the cable car,
- Investigate potential markets that can be tapped into,
- Explore new activities that could be undertaken in the area,
- Explore various manufacturing options for benchmarking purposes in order to obtain different intricacies of cable car concept, gain strategic direction and best practice,
- Provide a platform for networking and establishment of business linkages amongst key business and government decision makers (both from within and outside the borders of South Africa),
- Promote innovation and increased competitiveness in key sectors of the economy,
- Share lessons on successes and failures of such projects in the world.

Through the conference, we hope to get better understanding of environmental issues and mitigating factors that can influence the development of the cable car and best model to be utilized in development, management and operation of this project.

## **Environmental Management**

Our commitment on environmental management last year, included fast-tracking the processing of environment impact assessments, within the applicable law and procedures, in order to address delays in the development of economic infrastructure where EIAs are required. We are pleased to announce that during 2014/2015 about 90% of the EIAs were finalized within target timeframes, with a capital project value of R9.3 billion. These projects helped to generate 20 226 job opportunities in construction and 13 133 at operational level.





### **EMI Progress Report**

In response to the constitutional edicts which command that we protect the environment for the benefit of future generations, our government has introduced Environmental Management Inspectors (EMI) to safeguard this right by ensuring that environmental legislation is both followed and enforced. The role of these EMIs, of course, is to conduct routine inspections' sometimes without warrants for specific purposes of seizing evidence that might assist in investigating and prosecuting in instances of environmental violations. To this end, here in KwaZulu-Natal we have designated 74 officials as EMI's and a further 5 officials are still undergoing training in Mpumalanga. A further 102 EMI officials from local authorities have been designated and have already signed their implementation protocols.

Chairperson, a number of joint compliance inspections have been planned for areas such as Stanger, Matigulu, Phongolo, Mtubatuba and Dundee in the course of the year.

### **Removal of Alien and Invasive Species**

Chairperson, the removal of alien and invasive species not only addresses our environmental obligations to promote sustainable biodiversity but also assists us in dealing with the challenge of unemployment, particularly in rural and peri-urban areas through the Expanded Public Works Programme.

In this regard, as at March this year, a total of 8086 jobs had been created through this programme in all district municipalities from a total allocated budget of R105 million.

### **Air Quality Monitoring**

KwaZulu-Natal believes that economic development should be balanced with environmental protection to ensure that our biodiversity heritage is not compromised but is bequeathed from generation to generation. The industrialization of our province is therefore managed to ensure that gaseous emissions that carry a variety of pollutants like sulphur and nitrogen oxides are controlled to protect our communities.

We have, therefore, installed air quality monitors in various parts of our province to comply with the national Air Quality Management Act of 2004. These stations help amongst other things collect essential data on the quality of our air that further informs our mitigation actions should there be excessive emissions of these dangerous pollutants. We are spending about a R1 million for the maintenance of the 10 air quality monitoring stations.

### **Non-Hub Sectors**

Chairperson, in the last financial year, we committed ourselves to accelerate access to broadband facilities across the Province of KwaZulu-Natal. We are pleased to inform you that to date, we have over 14 000 kilometres fibre optic cables rolled out throughout the province. About 80% of the fibre optic backbone needed in the province is completed. All hospitals in KwaZulu-Natal and 119 clinics have been connected. Further, 1 624 schools across the province (spread throughout all municipalities) have been connected and all universities were linked to the South African National Research Network (SANRN). This is a dedicated network that connects universities to each other to facilitate transfer of large data sets used for joint research programmes.

About 129 Public Digital Access Centres (physical points of connectivity), out of 300, have been established and 50% of targeted ICT incubators have also been created across the province. Our intention is to ensure that KwaZulu-Natal has comprehensive support in addressing skills challenges that could hinder development.

Over 7 000 students have completed ICT skills training programmes in a five year programme that is run by the Moses Kotane Institute and we are currently involved in initiating a project to establish Wi-Fi Hotspots in key strategic areas of the province.



## SPECIFIC ACTIVITIES ON PUBLIC ENTITIES

### KwaZulu-Natal Growth Fund:

To date, the KwaZulu-Natal Growth Fund (KGFT) has disbursed about R500 million in loans and is projected to fully disburse the balance of in the next 6 months. In terms of socio-economic impact, over 6 000 direct and indirect jobs have been created in the process. The KGFT has been structured as a closed project finance debt fund with a 15 year life and a 6-year commitment period ending in August 2015. The total size of the Fund was R787.5 million with a contribution of R362.5 million, R225 million and R200 million from my Department, Development Bank of Southern Africa, and Standard Bank of South Africa, respectively.

The following is the breakdown of projects funded, value, location, sector and jobs created:

- SA Shipyards located in Durban, in the transport and logistics sector, to the value of R42.8 million. The project is involved in shipbuilding, and thus critical for the marine industry, and has the opportunity to create 150 jobs.
- Dark Fibre Africa, a country-wide company in the telecoms sector, to the value of R193 million with a job creation opportunity of 4 201. This is the largest dark fibre optic cabling infrastructure-company in the country – installing approximately 8 000 kilometre of fibre optic infrastructure nationwide.
- Link Africa based in Durban, also in the telecoms sector, to the value of R65 million and 500 job opportunities.
- Mpact based at Empangeni, in the manufacturing sector, to the value of R200 million and the potential of 1 760 jobs. This is the largest waste paper collection and recycling company in SA, collecting more than 450 000 tonnes per annum and supporting SMME in all facets.

### KwaZulu-Natal Liquor Authority:

During the period under review, we have partnered with the SAPS and other relevant stakeholders in dealing with matters of illegal traders through the Zero Tolerance initiative. We have rolled out routine inspections under code name Blitz operations, established community forums to alert communities regarding non-compliance with licenses. As a result of the steps taken by the entity, 98 illegal outlets were identified and closed down. For the 2015/2016 financial year the entity will continue to implement the strategy on illegal trading with the objective of closing down such outlets, deal with outlets close to learning institutions, forge closer links with communities, conduct an inspection of all outlets and carry out approximately 44 Blitz operations.

We are in the process of conducting empirical research on the economic impact of alcohol in the province.

**Below is a list of illegal outlets that have been closed down**

ILLEGAL OUTLETS		
Number Closed	Policing Area	Reason for Closure
32	New Ark	Trading without license
9	Mandini	Trading without license
8	Sundumbili	Trading without license
10	KwaDukuza	Trading without license
4	Ntuzuma	Trading without license
6	Kwa Mashu	Trading without license
2	Ndwedwe	Trading without license
3	Mpumalanga	Trading without license
6	Mpophomeni	Trading without license





### ILLEGAL OUTLETS

Number Closed	Policing Area	Reason for Closure
1	Mid Illovo	Trading without license
3	Plessislaer	Trading without license
2	Mtubatuba	Trading without license
3	Ngwavuma	Trading without license
3	Mooi River	Trading without license
4	Mpendle	Trading without license
1	Franklin	Trading without license
1	Ixopo	Trading without license
<b>TOTAL: 98</b>		

### Liquor licenses issued and locations

MUNICIPAL DISTRICTS	TOTAL LICENSES
Amajuba District Municipality	349
eThekweni Metro	2816
iLembe District Municipality	443
Sisonke District Municipality	272
Ugu District Municipality	803
UMgungundlovu District Municipality	917
Umkhanyakude District Municipality	379
Umzinyathi District Municipality	268
Uthukela District Municipality	413
Uthungulu District Municipality	694
Zululand District Municipality	383
<b>TOTAL</b>	<b>7737</b>

The Regulations provide for a three year amnesty for those outlets that are in close proximity (500m) from learning institutions and places of worship to relocate to alternative premises. We are aware of responses from the industry and other affected parties to the legislative framework and we are considering all inputs. This includes submissions from all affected parties, including local communities, places of learning and religious organizations. These will be therefore evaluated and carefully considered in due course and if any legislative changes are deemed necessary then these will be effected.

### KwaZulu-Natal Film Commission

The KwaZulu-Natal Film Fund aims to provide funding to support opportunities for emerging stakeholders in the province's film industry. This activity seeks to build a skills base in KwaZulu-Natal through increased production in the region and through skills development programmes.



An amount of R9 million has been approved in the first round of applications. The fund has leveraged an amount of R129 million in total production costs with an estimated R81 million spend likely to take place in the province.

The funding policy has been revised to set aside at least 50% funding for emerging black film-makers in line with policy reforms at a national level. The 2.9 economic multiplier effect rate of the KZN Film Fund has a direct impact on the income of small businesses in the province in terms of accommodation, catering, security, ground transportation, wardrobe and make-up artists.

#### **Tourism KwaZulu-Natal:**

Chairperson, KwaZulu-Natal's tourism sector offers benefits to small towns and communities by allowing them to produce and sell arts and crafts. Retail and tourism combined contribute almost 14% of the province's total output and nearly 20% of KwaZulu-Natal employment is attributed to these two sectors.

We are delighted to report that according to International Congress and Convention Association rankings, Durban has moved from number 150 in 2012 to 97 in 2013 in terms of boasting the best conference facilities and tourism destination. To continue rising up the ranks, it is essential that we improve our conferencing and hospitality facilities across the province.

Chairperson, in line with our previous commitment, we are working with Tongaat Hullet to facilitate the development of a world class beach resort in Tinley Manor. A partnership between ourselves, Rainbow Tours which is a Polish charter company and Akilanga – a local tour operator, saw approximately 2 500 Polish tourists visiting KwaZulu-Natal. The economic spin-offs of this initiative are reflected in the region of R22-million that had been generated.

A consultative process with various stakeholders on the Tourism Levy took place between September and November 2014 and we are currently considering recommendations received from stakeholders.

These recommendations made by a multi-disciplinary consultative team that constituted industry players are still to be refined further. Because of this process, we have decided that the Tourism Levy would no longer be implemented this financial year and the alternative date will therefore be announced after the finalisation of the current process.

#### **KwaZulu-Natal Convention Bureau:**

Honourable Members, on the side of the KwaZulu-Natal Convention Bureau, a total of 18 bids were successfully secured in the last financial year and these were worth over R300 million. This figure is inclusive of eight business event trade shows.

It is therefore not surprising that the City of Durban was voted as Africa's leading conferencing and meetings venue at the World Travel Awards 2014.

#### **Ithala Development Finance Corporation:**

Chairperson, as we all know, Ithala Development Finance Corporation has remained the mainstay of economic development in the province for many years. We are proud that Ithala continues to be a vital and reliable source of funding for emerging enterprises wishing to enter the highly competitive business space. The government will, therefore, continue supporting Ithala in its endeavours directed at the promotion of socio-economic empowerment of our people.

An amount of R276 million has been therefore advanced towards helping small businesses in the 2014/2015 financial year – with a total of 114 new enterprises having been funded during the year under review.





In the same period, gross debtor collections amounted to R267.5 million ahead of the budget of R266 million which translated to 27% higher than the previous financial year. Over the past two financial years Business Finance collected R476 million on an average debtor book of just under R900 million. This is an indication of the improving health of our loan book amid prevailing difficult economic condition.

During this time, 886 jobs were also created as a result of the funding disbursed to SMMEs. This disbursement included the following projects:

- **Ithala Trade Centre** – designed to enable a ‘one-stop-shop’ for entities within the EDTEA stable. Construction programme was scheduled for completion by Aug 2015 – with a project value of R130 million.
- **Mount Edgecombe Light Industrial Park** – positioned to accommodate ‘upmarket’ and ‘township based’ SMMEs. The development is aimed at enhancing integration between experienced and developing players while enhancing mutually beneficial supply value chains and an amount of R61 million has been invested in this project.

On the issue of Ithala Limited’s banking license, an interim arrangement is in place until July 2017. During this period the National Minister of Finance, the MEC for Economic Development, Tourism and Environmental Affairs as well as other stakeholders will be finalising a permanent deal for the licensing of Ithala.

#### Ezemvelo KZN Wildlife:

The Ezemvelo KZN Wildlife continues to be our anchor in the promotion of eco-tourism, conservation and biodiversity in the province. We will continue to sharpen our campaigns against the scourge of rhino poaching by ensuring that the co-ordination between Ezemvelo KZN Wildlife, the security establishment and communities is deepened to ameliorate this senseless act.

Our collective efforts are beginning to reflect positive results. Though the 2014/2015 financial year saw 24 rhinos being poached, about 21 suspects were arrested while 18 convictions were secured. The fines imposed have a rand value of R100 000.

As part of further strengthening our efforts, we are also delighted to announce that we have developed the Rhino Strategic Plan 2014-2017, which will be vigorously implemented from this financial plan. Legislative processes are currently underway to rationalise the legislation governing Ezemvelo KZN Wildlife.

Currently Ezemvelo KZN Wildlife is governed by old order legislation. Before the end of the first quarter of this financial year, we will be approaching Cabinet for an in principle approval of the KwaZulu-Natal Environmental, Biodiversity and Protected Areas Management Bill 2015, and immediately thereafter we intend to introduce the same Bill to the Provincial Legislature.

#### Moses Kotane Institute:

During the 2014/2015 period, 1 511 school learners have been assisted through maths, science and technology interventions. About 88 educators have undergone an intensive educator improvement programme directed at up-skilling their maths and science whilst 124 bursaries were awarded to tertiary students wishing to pursue careers in science and engineering disciplines. In response to the needs of the nation’s priority industries, 188 youth were trained in Maritime Enterprise Development and Marine Engineering Access project.

The organisation’s determination to be a visible agent of change in the province’s development is reflected in some of the key activities planned for this financial year:

- STEM service delivery engagement plan with the provincial Department of Education outlining MKI role in “Operation Bounce Back” strategy would be finalised. This is a three year engagement involving training of 3000 teachers and learners in nine districts in the province.



- MKI is in the process of establishing the STEM Fund with the objective of enhancing the STEM footprint among disadvantaged learners, youth and communities.

MKI will support unemployed youth to be trained in entrepreneurship skills, apprenticeship and artisanship, support learners in STEM including awarding of bursaries, and to develop Ubuntu Public Policy

## NEW ANNOUNCEMENTS

Chairperson, we are now moving to our new announcements:

- **R90 million KZN-Swiss Government RLED Partnership Programme**  
RLED – The Swiss government, via their Secretariat for Economic Affairs, will be investing about R90 million into an LED programme in the ILembe District from 2015 to 2020. The programme will be co-funded by the ILembe District Municipality in partnership with local municipalities of KwaDukuza and Mandeni to the tune of R7.5 million. The programme's focus is on public finance management, value chain and private sector development. This will be administered by our Department through its Regional & Local Economic Development Division.
- **QATAR Airways Durban-Doha Flights**  
Qatar Airways will begin the Durban-Doha flights on 17 December 2015. A Boeing 787 Dreamliner Aircraft that can accommodate between 242 and 335 passengers, depending on individual configuration, will be used for these flights. The schedule of these flights will be Mondays, Tuesdays, Thursdays and Saturdays. In addition, Tourism KZN actively participated in delegate boosting activities for the World Routes 2015 leg to be hosted in Durban in September 2015.

The expected impact of hosting the World Routes 2015 Conference is an increase in international airlines flying directly into King Shaka International Airport, thereby increasing the number of international tourists and potential investors coming to KwaZulu-Natal that would have positive spin-offs in terms of economic growth.

- **Prestigious Business Excellence Awards**  
The Department will host on an annual basis a Prestigious Business Excellence Awards, to celebrate both macro and micro companies that have achieved distinction and merit in doing business in the province whilst remaining responsive to the provincial economic imperatives.
- **A Radical & Inclusive Approach to Co-operatives**  
Chairperson, as stated earlier on, the litmus as to whether our interventions to build an inclusive economy are successful or not, would, among other things, be determined by the number of people who are moved from the periphery of the province's economic activity into its epicentre.

The co-operatives programme is a critical pillar for the attainment of this objective. In 2009, we announced a shift in approach, wherein we emphasized the need for an understanding of the co-operative concept and entrepreneurial skills as opposed to social entities which most came to view co-operatives from omnibus co-operatives to sector-specific co-operatives. Through this approach, we were able to remove those who were chancers in the system, starting co-operatives with the sole purpose of accessing the start-up funding attendant to this programme and not taking the process through.

However, with the announcements of such developments as the two Special Economic Zones (SEZs) in the province; the focus on the development of the aerotropolis; the emergence of the blue economy as a sector for the future; the implementation of the Industrial Economic Hubs intervention as well as the myriad of investments that we have mentioned, it has become clear that we need to revisit the co-operatives programme so that it is in line with our radical economic transformation approach. Critically, the co-operatives programme needs to be reviewed so as to enable stakeholders in the programme to also benefit, in a structured and deliberate manner, from the economic developments we have just mentioned.





- *Province-wide, Sector-specific Information Management and Database of Co-operatives*

This year, we aim to begin a process to establish a database of all active co-operatives in the province. This database will enable both the project champions and investors to easily-identify compatible partners and service providers when they implement their projects. Further, this will enable government and donor organisations to move from an informed premise when they interface with players and issues affecting co-operatives. At any given time, we must be able to account for all co-operatives in our province and whether they are in good standing or not.

- *EDTEA as the Nerve Centre for the Co-operative Programme*

Chairperson, our province must be commended for implementing the co-operative programme, particularly as led by government. However, we need to deal with what, at times, appears to be a fractured approach to co-operatives, even among government departments. While all government entities have a responsibility to implement the co-operatives programme, it is EDTEA that is the co-ordinating centre for the programme. This, among other things, aims to create universal standards, avoid double-dipping, monitor the performance of the co-operatives programme and ensure synergies between the provincial, national and local co-ordinators of the programme.

- *Relevant Skills for Current and Future Economic Developments*

Chairperson, with all the developments in our economy and the investments, we need to ensure that co-operatives remain relevant and are equipped with the necessary skills to exploit the opportunities thrown up by new economic developments. In light of this, we will be reviewing our co-operative training programmes with a view to ensuring that the skills taught are relevant to both the current and future economic trajectory.

- **RBIDZ Project Pipeline**

Chairperson, the Richards Bay IDZ continues to be a game changer in the economy of our province. As we speak, over and above the investments that we have already announced, the RBIDZ is working on a project pipeline of more than R100 billion. This includes projects that are set to commence in the current financial year and those wherein we are still negotiating with project promoters who have expressed an interest in investing in the RBIDZ. These projects cover such industries as paint manufacturing; machinery and equipment assembling and repacking; solar water heater manufacturing; refinery of used oil; manufacturing of aluminium profiles and many others.

## CONCLUSION

Chairperson, the content of Vote 4 Budget policy speech that we are presenting today is a product borne out of the collective wisdom of social partners and other role players in the province. Accordingly, allow us to express our humble indebtedness and gratitude to the people of KwaZulu-Natal; our Premier, Honourable Mr ES Mchunu; the staff of the Department of Economic Development, Tourism and Environmental Affairs, esteemed Honourable Members, my colleagues in the executive council, as well as our national and provincial principals for their patience, understanding, guidance, support and leadership in crafting the new vision and implementation plan for the Department.

I also wish to thank my wife, uMaDlamini and my family as a whole for the unwavering support they continue to give me.

We remain steadfast in our resolve to extricate the citizens of this province from the bondage of poverty, inequality and unemployment. We are very clear that each and every person has a role to play in growing the economy of this province. We do not subscribe to the view that there are providers and passive recipients. We are all capable partners with distinct roles and responsibilities in this struggle to attain radical economic transformation and thereby economic participation. The journey begins by strengthening local economies and ensuring that they are integrated into the mainstream economy.





Now I wish to move the Budget for Vote Four, which is the Department of Economic Development, Tourism and Environmental Affairs for the year 2015/2016 according to the following programmes:

<b>PROGRAMME</b>	<b>2015/2016 (R'000)</b>
1. Administration	R233 095
2. Integrated Economic Development Services	R422 715
3. Trade & Sector Development	R957 259
4. Business Regulation & Governance	R100 290
5. Economic Planning	R37 482
6. Tourism Development	R298 771
7. Environmental Management	R923 847
<b>TOTAL ALLOCATION</b>	<b>R2 973 459</b>

I now move the budget of **R2 973 459 000** for the 2015/2016 financial year, I so move....

Thank you.

.....  
**Mr Michael Mabuyakhulu, MPP**  
**MEC for Economic Development, Tourism & Environmental Affairs**

