1. RECOGNITION OF DIGNITARIES

Madam Speaker, Honourable Ms L Johnson;
Deputy Speaker, Honourable Dr M Hadebe;
The Premier of the Province of KwaZulu-Natal, Honourable Mr TW 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;
Your Worships, the Mayors;
The Leadership of our Province;
Distinguished Guests;
Members of the Media Present;
Ladies and Gentlemen

2. SETTING THE SCENE

Honourable Speaker, it is an honour to stand before this august House to present the 2018/2019 Budget Vote for the Department of Economic Development, Tourism and Environmental Affairs. We meet at a momentous period in the life of our country as we celebrate the lives and times of two of our foremost struggle icons, President Nelson Rolihlahla Mandela and Mama Albertina Sisulu.
The legacy left by these and other heroes and heroine of our struggle is a constant reminder that ours is a task not only to maintain the status quo but to take our liberation struggle to its logical conclusion.

Madame Speaker, in his address to economists in 1991 on the importance of ensuring economic redress for the benefit of all South Africans, President Mandela correctly captured the centrality of economic freedom to the struggle for national liberation when he said, and I quote:

“The economy of this country always has and will continue to remain central to our struggle for national liberation. On the one hand the black majority is desperately fighting to redress historical injustices and present inequalities and on the other hand the white minority government is using every means at its disposal to maintain economic power in the hands of the whites and big business in particular...The aim of course is to make it as difficult as possible for a new government to implement policies of redistribution and socio-economic justice.”

We need to be unflinching in how we advance radical economic transformation because, as Madiba counselled, the triumph of our struggle for national liberation will be hollow without the attainment of economic freedom.

Moving from this premise, we have themed our 2018/2019 Budget Speech as “Sikhulisa Umnotho, Siwubuyisela Ebantwini.” With this theme we are re-committing ourselves to driving inclusive and sustainable economic growth while vigorously championing equitable economic distribution.

Madame Speaker, allow us sketch a scenario of the prevailing global and domestic economic conditions.

### 3. GLOBAL AND DOMESTIC ECONOMIC DEVELOPMENTS

Global economic growth prospects have been improving, increasing by 3.6% in 2017, compared with 3.2% in 2016 making 2017 the first year since 2010 in which actual growth outperformed projected growth. The modest upturn in global growth is expected to continue into 2018 with a projected growth of 3.8%, driven by expansions in developing, emerging and developed countries alike. In South Africa a positive economic outlook driven
by improving business and consumer confidence saw expected growth rate being revised up to 1.8% in 2018. KwaZulu-Natal is expected to grow in the region of 4.5% in 2018, having grown by 4.2% in 2017. There is need to ensure the positive growth outlook equally translate to the labour market which has remained depressed with 26.7% of the working age South Africans being unemployed by the end of 2017 and 24.1% of KwaZulu-Natal residents.

4. REVIEW OF PREVIOUS BUDGET SPEECH COMMITMENTS

Madame Speaker, allow us to update the House on how we have performed on some of the commitments made in the previous budget speech.

RADICAL ECONOMIC TRANSFORMATION:
We had pronounced that a vigorous approach and focus on radical socio-economic transformation was a non-negotiable prerequisite for achieving a national democratic society.

Operation Vula and Radical Agrarian Socio-Economic Transformation (RASET)
To this end, we launched Operation Vula and RASET in the Harry Gwala District which was led by the former State President, His Excellency JG Zuma.

“Sikhulisa umnotho, siwubuyisela ebantwini” – a sum of R57-million has been set aside to fund RASET projects to be implemented in 2018/2019. This fund will be administered by Ithala. The fund will support, among others, projects in vegetable production, grain milling, poultry and dairy products. We can report that all provincial departments, including district municipalities, have signed memoranda of understanding in support of the programme. We have received firm commitment from private sector stakeholders including the Spar Group to Operation Vula and RASET.

In advancing the objectives of RASET programme, the focus in the financial year 2018/19 will be on:
- Strengthening the technical and financial support to the District Development Agencies to implement RASET;
• Formal and official establishment of Project Management Unit to accommodate implementation, monitoring and evaluation at the provincial level. The said team will be housed on the 24th floor Durban Bayhouse on 333 Anton Lembede in Durban;
• The creation of an integrated Supply Chain Management ICT System, to streamline procurement and payments
• Negotiating new RASET private sector partnership agreements.

Our focus will be on the assessment of small enterprises in preparation and readiness as suppliers of various commodities to the public sector under Operation Vula and RASET. The Department will invest and establish the Small Enterprise Economic Infrastructure and Mentorship support in district municipal areas, which includes the full package business support to eleven co – operatives. An amount of R60, 5 million has been allocated to this project.

“Sikhulisa Umnotho, siwubuyisela ebantwini”

Further, the Department has budgeted R15 million for youth and women economic empowerment initiatives. One such initiative is the strategic partnership concluded with the Downstream Aluminium Centre for Technology aimed at providing mentorship and incubation support to 15 women entrepreneurs focusing on steel fabrication and beneficiation under the King Cetshwayo District. The department has started a specific Youth SMME and Cooperative training programme focussing on manufacturing, agriculture and agro-processing, fashion and the entire creative arts industry such as film and television. A total of 1 000 youth and women in different districts are targeted for training & mentorship to access market opportunities in the clothing and textile, steel beneficiation, agriculture and creative industry. A total of 50 to 100 youth and women entrepreneurs will be supported through enterprise development programme that provide integrated support such as the provision of manufacturing equipment, start-up funding support in partnership with other provincial funding mechanisms.

The Black Industrialists Programme

We further committed to rigorously implement the Black Industrialists Programme which
we officially launched last year in partnership with the Department of Trade and Industry. A Steering Committee was established to co-ordinate the implementation of the Programme. We further instructed the KwaZulu-Natal Growth Fund to work directly with the Black Industrialists initiative. The combined co-funding for the seven approved projects from KwaZulu-Natal is in excess of R320-million. These projects are in the chemicals, industrial infrastructure, mining, mineral beneficiation and oil and gas sectors.

**Provincial One Stop Shop**

We had committed to set up a One-Stop Shop in the province which would enhance our ability to seamlessly attract and retain foreign and local investment by improving the ease of doing business in KwaZulu-Natal. We can report, Madame Speaker, that the provincial One Stop Shop was launched last year by the Former State President, JG Zuma and is housed at the Trade and Investment KZN offices.

The province has a further two satellite One Stop Shops at the Dube Trade Port and the Richards Bay IDZ Special Economic Zones.

**Government Auto-Service Park (Government Garage)**

We have recruited more than 200 people from townships and trained them through our learning programme. This training was in partnership with Transport Education and Training Authority and the Department of Labour.

An amount of R4 million has been set aside for the planning process of three township based auto-service parks that will be piloted in areas such as Msunduzi, Amajuba and uMhlathuze. We have tentatively identified sites where these township garages will be located and we are currently assessing their suitability to host these parks.

**KwaZulu-Natal Economic Transformation Monitoring Council**

The Executive Council has approved the establishment of the KwaZulu-Natal Economic Transformation Monitoring Council. The Council will monitor the implementation of economic transformation initiatives; adherence to economic transformation prescripts and
liaise with various bodies, including Commissions, in order to strengthen the implementation of such initiatives.

The Council will soon convene its first sitting. The proposed structure of the KZN Economic Transformation Monitoring Council has been amended to reflect the Premier as the Chairperson of the Council.

**Operation Sakhinzuzo**

A funding agreement between the Department of Economic Development, Tourism and Environmental Affairs and Tongaat Hullet was concluded for the implementation of Operation Sakhinzunzo, a programme supporting the planting of 3000 hectares of sugarcane for small scale growers within the Darnall, Amatikulu, Felixton and Maid-stone mill areas for the next three years. We can report that a total of 74 individual growers and two co-operatives have been selected.

A total of 573 hectares have been planted, creating 169 permanent equivalent jobs.

For the 2018/2019 financial year, an amount of R17 million has been allocated for the continuation of this project. An additional 61 small scale growers, divided into two co-operatives, have also been selected for the planting of an additional 250 hectares of cane within the Madwaleni area in Mtubatuba with 548 permanent jobs anticipated to be created.

**KwaZulu-Natal Investment Conference**

The KwaZulu-Natal Investment Conference is billed to take place in September this year and the concept document for this international event has been developed and is currently being work shopped by all stakeholders.

**Payment of Service Providers within 30 Days**

We are pleased to report that during the 2017/2018 financial year, the Department processed 93% of invoices within thirty (30) days of their receipt. This would certainly have a positive impact on the development and sustainability, particularly of SMMEs and co-operatives that often struggle to survive in the highly competitive business environment if they aren’t paid on time.
6. DEPARTMENTAL SERVICE DELIVERY PROGRAMMES

TOURISM DEVELOPMENT:

**Skills enhancement programme**

As part of our campaign to increase participation in the tourism industry, the Department invested a total amount of R 1.7 million towards its skills enhancement programme. This programme covers social tourism initiatives which have capacitated and exposed 200 previously-marginalised individuals to tourism offerings, attractions and facilities.

Madame Speaker, in line with our theme of “**Sikhulisa umnotho, siwubuyisela ebantwini**” we have placed 232 graduates and students across all district municipalities including the eThekwini Metro and accommodation establishments, of which over 50 graduates have received either permanent or temporary employment. The Department will, during the current financial year, invest R6,2 million for skills development. For 2018/2019, a total of 100 youth and women will be up-skilled and trained in Tourist Guiding.

**Niche-product development and rural tourism**

We have invested an amount of R20 million towards the enhancement of rural tourism. These projects have gone past the planning phase and are due for implementation during the current financial year. They include the refurbishments and construction of new chalets at Ndumo Lodge for the Mathenjwa Community; refurbishment of the Interpretation Centre Precinct, Accommodation Precinct and the Community Conservation Area at Ingodini Border Caves for the Mngomezulu Community under uMkhanyakude District Municipality and the refurbishment of Thokazi Royal Lodge which will contribute towards the diversification of products around the District of Zululand.

During the current financial year, the Department has further invested R1 million towards diversification of provincial tourism products and supply of rural-based tourism experiences as a response to The KwaZulu-Natal Poverty Eradication Master Plan. These projects, which form part of the Land Restitution Programme, include the upgrading of Koppie Guest House (Mahlalela Community Trust) and Mkhuze Falls Game Reserve and Lodges (Nkunzana Community Property Trust) at uPhongolo Local Municipality. The Department, in partnership with Ilembe District Municipality, has identified KwaShushu Hot Springs,
situated on an island in the middle of the Thukela River below Ntunjambili as an anchor project. An amount of R 1.2 million will be used to ascertain viability of the development.

Tourism Master Plan Review & Tourism Sector Strategy Development
An amount of R4, 1 million has been set aside for the KwaZulu-Natal Tourism Master Plan review process.

Promotion of business and leisure tourism
The Department invested R7 million to support events that have the ability to attract visitors to the province. This year marks the centenary of President Mandela and the Province will be playing a role in celebrating this milestone. We have set aside an amount of R2 million for participation in these celebrations. In partnership with the National Department of Tourism we have also set aside a sum of R12.5 million for the refurbishment of the Nelson Mandela Capture Site. Madame Speaker, in the current financial year, the province will be hosting the east3ROUTE investment seminar and expedition.

National Department funded initiatives
Late last year, the Department joined forces with the National Department of Tourism to launch the Tourism Safety Monitors. A total of 250 young people will be drafted into this programme which will run for a year, with a prospect of an extension by a further two years. The project will be funded through the National Department to the tune of R20 million. Further, an amount of R6-million will be invested in Hospitality Skills Programme around Umhlabuyalingana Local Municipality. Furthermore, through a partnership with the National Department of Tourism, an injection of R129,5 million was made towards the improvement of tourism businesses and attractions in rural areas and historically excluded communities.

The following are some of the projects that we have budgeted for:
<table>
<thead>
<tr>
<th>PROJECT NAME</th>
<th>BUDGET ALLOCATION</th>
<th>IMPLEMENTING AGENT</th>
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<tbody>
<tr>
<td>Lilani Hot Springs</td>
<td>R17 Million</td>
<td>TIKZN</td>
</tr>
<tr>
<td>Nelson Mandela Capture Site</td>
<td>R12.5 Million</td>
<td>TKZN</td>
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<tr>
<td>Bhanga Nek Community Lodge</td>
<td>R20 million</td>
<td>TIKZN</td>
</tr>
<tr>
<td>uMhlabuyalingana Hospitality Skills &amp; Tourism Development Programme</td>
<td>R6 million</td>
<td>TIKZN</td>
</tr>
<tr>
<td>Tourism Youth Safety Monitors</td>
<td>R20 Million</td>
<td>EDTEA through NDT Appointed Project Manager</td>
</tr>
<tr>
<td>Roofing Programme of Ezemvelo Facilities</td>
<td>R36 million</td>
<td>Ezemvelo KZN Wildlife</td>
</tr>
<tr>
<td>Midmar Parking Resurfacing Project</td>
<td>R33.1 million</td>
<td>Ezemvelo KZN Wildlife</td>
</tr>
<tr>
<td>Giants Castle – Upgrading &amp; Expansion</td>
<td>R10.9 million</td>
<td>Ezemvelo KZN Wildlife</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>R155.5 million</strong></td>
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**INTEGRATED ECONOMIC DEVELOPMENT:**

In keeping with our theme of *'Sikhulisa Umnotho, Siwubuyisela Ebantwini,'* we would now like to take you through the rest of our interventions and programmes:

Our achievements in this regard, include the following:

- A total of R8 704 151 was spent on the training of 333 co-operatives from all the districts in business management skills.

- A sum of R2-million was invested in the training of 82 SMMEs in the manufacture of cleaning detergents and other household use chemical products. This is in preparing SMMEs and co-operatives to participate in the Operation Vula programme.

- Last year, the Provincial Cabinet approved the KwaZulu-Natal Women Economic Empowerment Strategy together with the Women Economic Empowerment Advisory Council. The nomination of members to the Council is underway and Council sittings will be on a quarterly basis during the 2018/2019 financial year.
• A total of 105 unemployed graduates were placed for employment through the National Skills Fund (NSF). Also, 150 youth, and 5 youth companies were exposed in the film industry and television. Another 200 youth attended the Creative and Craft Seminars which were held in June 2017;

• A total of 145 youth were given exposure as technical crew members and actors in various film projects. A total of 5 youth-owned enterprises were formed and incubated under the KZN Youth and Film Production Programme implemented in partnership with the KZN Film Commission.

• The Department offered a R1.6 million bursary to 22 youths to study towards a Bachelor of Commerce degree at the University of Zululand.

• A 4-year funding agreement was signed with University of KwaZulu-Natal’s Graduate School of Business and Leadership. A total of 32 LED practitioners will enrol in the course for 2018/2019.

SECTOR DEVELOPMENT:

Maritime & Oceans Economy
We are elated to announce that in September this year KwaZulu-Natal will be hosting a world class Maritime Summit. The event will enable us to gauge the progress that has been made since the launch of Operation Phakisa four years ago.

Maritime Industry Skills Development
Last year, we hosted a successful Maritime Terminal Operations Conference Africa, which was attended by 585 delegates drawn from a wide spectrum of sectors inclusive of international traders, transport and logistics stakeholders from various shipping entities, cargo owners, ports terminal representatives and industry exhibitors.

The Department is supporting enterprises in the field such as the black cooperative namely ANT Co-operative, which was funded to establish its aquaculture operations in Umtubatuba. This initiative is about production of cucumber and Mozambican tilapia. EDTEA has set aside R4.2 million to support this project with infrastructure, equipment, training and production inputs. In its inception, the enterprise will provide 10 permanent job opportunities and 30 seasonal jobs. The enterprise is projecting to create approximately 40 permanent job
opportunities in 2021.

**Agribusiness/Agro-Processing**

During the previous financial year, we successfully completed the business plan to establish a manufacturing plant for Rose Geranium and Tea Tree essential oils in Ntambanana, Empangeni that will supply flavour and fragrance to the retail and hospitality industries. We have also managed to leverage further private sector funding of R10 million for this project from the Richards Bay Minerals. Primary herbs production and oil extraction distillation are the core activities of the project which will have an overall employment contribution of 58 jobs to the community during a 50 hectares establishment and will increase to 86 jobs when it has expanded to full 80 hectares. A further 100 additional seasonal employment opportunities depending on harvesting will be created. The total value of the project is estimated at R20 million. The R10 million funding leveraged from the Richards Bay Minerals and EDTEA funding of R7.5 million will be utilised for capital investment, production inputs, land preparation and distillation infrastructure.

**Aerotropolis & Regional Airports**

Madame Speaker, the province has approved the Durban Aerotropolis Master Plan and Aerotropolis Institute Business Plan. Meanwhile, the King Shaka International Airport was this year chosen as the best regional airport in Africa and the third best regional airport out of more than 550 airports worldwide. The Mkhuze runway rehabilitation is now complete and the Department invested R33 million of the project and created about 100 jobs.

The following programmes will be undertaken in the 2018/2019 financial year:

- Memoranda of Agreements with entities for the implementation of the Durban Aerotropolis Master will be entered into;
- Six bursaries will be provided to previously disadvantaged students to study Aeronautical Engineering at Wits University and University of Pretoria;
- The Aerotropolis Institute will launch two short courses and offer six post graduate bursaries;
- Completion of the King Shaka International Airport public transport feasibility study;
- Completion of the Mkhuze Airport terminal building.
**ICT Initiatives**
We have initiated a province-wide detailed scoping of Wi-Fi deployment sites involving 1,217 sites. We are determining the exact costs for rolling out Wi-Fi in these sites and start the process of leveraging funding for Wi-Fi roll-out.

**Creative Industries**
A total of 30 young entrepreneurs have graduated through our KUMISA publishing and artist management training programme. One of companies; 80nine 90one Music Publishing that emerged from this training made it to the widely celebrated movie, *The Black Panther*.

**Industrial Conflicts**
Madame Speaker, as this House will recall, we have had quite a few unfortunate incidents of industries that faced difficulties over the past financial year. These ranged from economic difficulties to industrial action by employees and community members.

In this regard, some notable EDTEA interventions included: Richards Bay Minerals who faced demands from multiple stakeholders, Isithebe Industrial conflicts and the Cato Ridge Industrial conflict. We have also engaged with the social formations with a view of clarifying government stance on the issue of business disruptions. We also established a technical steering committee to address all valid economic transformation concerns.

The recent incidents of the torching of trucks in Mooi-River and the disruption of work in construction sites by armed groups are deeply worrying. We welcome the decision taken by Cabinet to convene a multi-cluster team led by the Department of Community Safety and Liaison to deal with these incidents. As EDTEA, we will play our part in this team but we will also continue with our own initiatives to engage with all social partners under the banner of the KwaZulu-Natal Economic Council to not only intervene when there are challenges, but to pre-empt these incidents.

**Businesses in distress**
A number of cases of businesses in distress in the province were reported in the previous financial year. It is important to state upfront that instances of distressed businesses are not homogeneous as they take various forms in different companies. However, what seem
to be common are the associated job losses, deindustrialisation and disinvestment that accompany these occurrences. The recent notable incidences in the province involved very notable brands such as RCL Foods (Rainbow Chicken), Glodina, Dairy Day and Evorwood. In all these companies, the provincial government intervened with varying successes. Our interventions included meeting with all parties to try and find an amicable solution to the identified challenges. We further tried to assist companies to develop turn around strategies and link them up with Development Financial Institutions.

- **Radical Economic Transformation Summit**
  The province will this financial year convene a KZN Radical economic Transformation. The aim of the Summit is to provide a platform for stakeholders to discuss and make recommendations on how to address various challenges relating to access to economic opportunities, particularly for the previously marginalised. The primary outcome expected of this Summit is the crafting and adoption of a universally-accepted provincial framework on how to implement radical economic transformation in the province.

- **Industrial Parks**
  We had previously announced the establishment of regional Industrial Economic Hubs as well as feasibility studies into these. We decided that the following hubs must be prioritised during the MTEF period: Clothing and Textile to be hosted by Newcastle Municipality; Automotive to be hosted by eThekwini Metro and Leather Processing to be hosted by uMsunduzi Municipality. During the previous financial year we made very limited progress in the Industrial Economic Hubs initiative, as we had to rationalise the initiative, scale down the use of consultants and align it with Operational Vula programme.

The following was achieved:

**Automotive Hub Progress**
The MOU with Toyota South Africa Motors and Toyota Tsusho Africa has been finalized. We have had on-going engagements with Mnini Traditional Community
to deliberate on their meaningful participation in the project.

**Leather Processing Hub**

IThala has been appointed as the implementing agent for this initiative. During this financial year we intend to finalise all the necessary studies and complete the training for skinning goats in the three outstanding districts namely: uMgungundlovu, uThukela and eThekwini Metro.

**Clothing and Textile Hub**

We have commissioned Ithala to assist in facilitation of the servicing of the land to host the hub. Parallel programs which are to be feeders into the Amajuba Clothing and Textile hub are already being implemented by the Amajuba Fashion Cluster.

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**BUSINESS REGULATIONS AND GOVERNANCE**

**Provincial Red Tape Reduction Initiatives**

We are happy to report that through the Red Tape Reduction Initiative the following has been achieved:

- Partnership with KwaDukuza Local Municipality – with 200 local businesses supported to be fully compliant for the first time;
- MOU currently under discussion with DSBD to have a collective red tape programme with multiple interventions through collective partnerships within the three (3) spheres of government. This MOU will be concluded in the current financial year.

**KwaZulu-Natal Business Bill Drafted**

An in-principle approval by the KwaZulu-Natal Cabinet was granted in May 2017 and the executive consultations throughout the province were undertaken. All inputs and comments received during consultations had been considered and incorporated into the Bill by the drafting team. Meanwhile, work is on-going on amendments to the KwaZulu-Natal Liquor Act of 2010.
Consumer Initiatives
A total of 1,167 consumer education programmes were conducted and about 84% of consumer complaints received were resolved. More than 473 business inspections were conducted in the province.

Integrated Compliance & Regulatory Forum (ICOREF)
We have established an integrated compliance forum with other regulatory agencies from different spheres of government. A total of 40 businesses compliance inspections were conducted.

REGULATION SERVICES:
A total of 45 municipalities monitored were found to be compliant while 43 municipalities monitored on Informal Economy Policy implementation are presently implementing the policy on developmental support to the informal economy in their respective jurisdictions. Meanwhile, the Department will finalize and implement the Master Plan for Transitioning from Informal to Formality in KwaZulu-Natal.

ECONOMIC PLANNING:
The Department successfully partnered with provincial universities and science councils to enhance the departmental research and development agenda. In partnership with the CSIR, we spent R2.5 million towards the development of a provincial bioenergy action plan. A partnership with the Durban University of Technology and Mangosuthu University of Technology saw the successful installation of rooftop solar systems at KZN COGTA building and Vryheld Hospital at a cost of R2.8 million. We entered into a R3.645 million technology transfer partnership with the four provincial universities and the Department of Science and Technology to develop innovative technologies that improve the quality of life in KZN.

Policy and Planning
The unit continues to analyse the provincial, national and global economic developments in an endeavour to provide valuable insights and input towards policy formulation in the
province. KwaZulu-Natal is unique in that it borders three neighboring countries, namely Lesotho, Swaziland and Mozambique.

In pursuit of regional economic integration we have partnered with the uMhlabuyalingana Municipality to develop an Integrated Border Economic Development Plan at Kosi Bay Border and the town Manguzi. We have transferred R1.3 million towards progress on the boarder development plan.

**Monitoring and Evaluation**

In line with the National Evaluation Framework, which requires that government departments conduct evaluations in order to determine impact of their programmes, EDTEA conducted 5 evaluations to the value of R1,5 million. Three of these were design evaluations for Operation Vula and RASET, aimed at ensuring effective implementation plans and theory of change; while the other two were mid-term implementation of the Departmental 5 Year Strategy and Invasive Alien Species.

A bioenergy partnership with the CSIR will see the development of an energy masterplan for the Dube Trade Port. A sum of R5 million has been budgeted on the two projects.

**ENVIRONMENTAL MANAGEMENT:**

**Invasive Alien Species Control & Job Creation**

A total of 140 855 hectares of invasive plant species at a cost of R52. 8 million were cleared, creating 12 153 work opportunities and 1 693 full-time. We intend clearing 120 000 hectares of land which is infested with Alien Invasive Plants to the value of R58.5 million. We are happy to announce that this year EDTEA spent the whole of its grant from the national department towards this programme.

**Approval of Environmental Impact Assessments**

Last year we finalised 98 % of the Environmental Impact Assessments (EIAs) within the legislated timeframes thus unlocking a R9.5billion investment potential. We also conducted 913 compliance inspections and supported 9 small scale recyclers with R606 000 in order to stimulate recycling of waste.

**KZN Provincial Environmental Outlook Report**
The Provincial Environmental Outlook Report which contains vital information about the state of the environment in KwaZulu-Natal was finalised and launched during 2017/18 financial year. The report focuses on climate change, air quality management, biodiversity and ecosystem health, land modification, waste and freshwater resources. While we are already implementing the recommendations stemming from the findings of this Report, we are also going to commission sector plans in coastal management and air quality while we will also review the provincial integrated waste management plan. We will then convene a provincial stakeholder workshop to adopt a framework to address the findings of the Report.

**Air Quality Management**

The Department has completed the dust and passive sampling campaign for the province, the objective of the study was to acquire baseline air quality data and assist the department in identifying hotspots or problematic areas where further continuous air pollution monitors can possibly be installed. As part of responding to the findings of the Report, mobile monitoring stations will be deployed in Ballito and Mandeni during the first quarter of 2018/2019 to monitor Particulate Matter and Sulphur Dioxide.

Hydrogen Sulphide is also a concern at Stanger and we have installed a hydrogen sulphide instrument at the Stanger monitoring station, the instrument has been in operation for a year.

The Province has budgeted for the Air Quality Management Plan (AQMP) for this financial year and the terms of reference have already been prepared. The AQMP’s completed by District Municipalities include uThungulu DM, eThekwini Metro, Ugu DM and uMgungundlovu DM. The plans identify the air quality concerns and resources required to implement and improve on air quality management.

Continuous Ambient Air Quality Monitoring is done by the province at six towns namely: Newcastle, Estcourt, Pietermaritzburg, Port Shepstone, Stanger and Mandeni. The overall provincial goods and services budget for Air Quality Management in the current year amounts to R4.6 million.
Madam Speaker, because of time limitations, we will provide a summarised report on the performance of our public entities. We urge members of this House to refer to the unabridged copies of our budget speech for a more detailed account.

RATIONALISATION OF PUBLIC ENTITIES:-

As the Provincial Executive Council we have therefore resolved the following in relation to the rationalisation of the public entities falling under my Department’s constitutional purview:

- Merger of the KwaZulu-Natal Film Commission with Tourism KwaZulu-Natal;
- Incorporation of the bather protection services of the KwaZulu-Natal Sharks Board into Ezemvelo KZN Wildlife;
- The repositioning of the Moses Kotane Institute (MKI) as a leading research centre. The MKI will further look into and advise on the appropriate body to undertake the maritime skill development programme
- Consultations are on-going on the merger of the KwaZulu-Natal Liquor Authority with the KwaZulu-Natal Gaming and Betting Board.

KWAZULU-NATAL FILM COMMISSION:

The KwaZulu-Natal Film Commission had made considerable progress in the activation of its 2017/2018 programme of action and this is in part confirmed through the recovery of funds invested in its first funded film project, *Keeping up with the Kandasamys* wherein the commission invested R1.1 million but the production made over R16 million at the local box office. This is a record for a black produced film in the country and importantly, in excess of 90% of the crew was from the Province of KwaZulu-Natal and also featured 86% black filmmakers.

Meanwhile, over 10 productions took place during the financial year with around R38 million being injected into the province. In a sheer demonstration of public-private-partnership the Commission investment R7.6 million and leveraged this amount four fold from external business partners. An agreement has been secured with SABC to the value of
R3 million over a three-year period to co-fund and mentor young filmmakers which we believe would serve as another avenue to expose the organisation to more audiences.

We are investing in the skills training for our young film practitioners under the auspices of Film Industry Transformation Initiative (FITI) which was founded early this year with 26 film graduates who would be participating in the three year programme (100%HDIs). A sum of R4.9 million has been allocated for this programme for this financial year.

**DUBE TRADE PORT CORPORATION:**
Dube Trade Port had signed R1.7 billion worth of investments of which R1.6 billion was awarded to black-owned companies and the creation of overall 953 temporary job opportunities and 432 permanent ones. Marking an upward trajectory in this industrial hub, the international cargo tonnages grew by 12.6% in 2017/2018 with 11 346 tonnes passing through the Dube Cargo Terminal.

With respect to passenger numbers, King Shaka International Airport recorded an increase of 2% as compared to 2016/2017 financial year and this is expected to grow significantly in this year as we intend attracting two (2) new or expanded air routes per year in this state of the art aviation facility.

Madame Speaker, you will remember that just last week, at Africa’s Tourism Indaba, we announced that British Airways will be introducing direct flights between Durban and London as of October this year. The airline will use its latest aircraft on the route, the Boeing 787-8 Dreamliner which will fly three times a week between Heathrow and King Shaka International Airports. It is estimated that 10 000 passengers currently fly indirectly between Durban and London via Johannesburg and the new route will greatly benefit them. Our focus, going forward, is on attracting new flight routes to the Germany and India.

Meanwhile, Air Mauritius added an additional frequency to its direct flights between Durban and Port Louis and this serves as an indication of a rising interest amongst various airlines to fly to our province.

We are confident of a sustained development at DTP with an additional R1.3 billion worth of private sector investment expected to flow into this special economic zone during this
financial year and this would be coupled with the organisation’s own planned injection of more than R190 million on capital infrastructure projects to heighten investment interest in this industrial location.

Based on last year’s performance record, DTP is bullish about the creation of additional 2577 new job opportunities this financial year and private sector investments are expected to be the key generator of these new employment opportunities.

“Sikhulisa umnotho, siwubuyisela ebantwini”

TRADE & INVESTMENT KWAZULU-NATAL:
Trade and Investment KZN attracted R2.1 billion worth of new investments into the province last year – with property development taking the highest share. These new investments will create over 3650 new jobs.

Interventions to Shield Businesses
The agency has assisted companies to retain and create over 2 200 jobs as a result of its interventions on expansions and business retention initiatives.

Aligning Investment Promotion initiatives
TIKZN will be working closely with the President’s Special Envoys on Investment Attraction as well as Invest SA in ensuring that the province features prominently and benefits substantially from the R1.2 trillion investment drive.

ITHALA DEVELOPMENT FINANCE CORPORATION:
Business finance loans for 2017/2018 financial year amounted to R209.7 million against a target of R123.7 million. The total number of businesses funded for the year totalled 664 against a target of 160 and this represented an estimated 3 810 jobs facilitated through Ithala’s funding activities. In Ithala’s properties business, maintenance and capital expenditure totalled R170.8 million which translated to an estimated 785.
**Retail Banking Services**

We remain committed to securing a permanent banking licence for Ithala Bank. In this regard, the Minister of Finance granted Ithala SOC conditional exemption from the licencing requirements till 30 November 2019. This will allow the entity time to address certain issues relating to its systems, people and capital requirements.

Ithala hopes to be able to re-apply for a full banking license during the 2019/2020 financial year. As at 31 March 2018, Ithala SOC had total assets of R2.7 billion which represents a total growth of 6.4% in assets. Of these assets, a large component is the loan book which grew from R1.4 billion in 2017 financial year to R1.6 billion in 2018 financial year which represents growth of 11.1%. This loan book is funded by a retail deposit book of R2.4 billion.

**Special Funding Initiatives:**

Other special initiatives funded by Ithala include:

1. National School Nutrition Programme (NSNP) – during the 2017/2018 financial year a total of loans amounting to R71.6 million was disbursed on this programme. This is an addition to the R31.8 million disbursed on this programme in the previous financial year where up to 355 SMMEs and Cooperatives were assisted on through this initiative.

2. KwaZulu-Natal Scholar Transport Programme – as part of the 2017/2018 financial year programme of action, Ithala financed six (6) buses plus a bus ticketing system to the value of R12.8 million for uMlalazi Bus Service. This is in addition to an amount of R15.9 million disbursed to this business in the past financial year. Through this initiative, Ithala has enabled taxi operators to enter formalised transportation business at a large operational scale.

**KWAZULU-NATAL GROWTH FUND:-**

The KwaZulu-Natal Growth Fund approved projects to the value of R87 million and this resulted in the creation of 704 job opportunities. The KZN Growth Fund also revised its BEE shareholding policy which compels business entities applying for funding to ensure they have Black Africans as shareholders in their business operations.
This agency has become self-sustainable and has raised R40 million through its earnings to be redeployed into new projects.

The agency further intends increasing its 40% BEE shareholding requirement to 51% in 2018/2019 and will also continue actively mobilizing new Black Industrialists to increase the participation of black Africans in the mainstream economy.

“Sikhulisa umnotho, siwubuyisela ebantwini”

EZEMVELO KZN WILDLIFE:

Invasive Alien Species
A total of 2 340 young people were employed to remove invasive and alien plants within Protected Areas. A sum of R35 million was spent under this programme.

Environmental Monitors
In our endeavour to ensure that these communities are kept informed, in 2017/2018 we employed 422 Environmental Monitors. The environmental programme is funded by the national Department of Environmental Affairs.

Fighting rhino poaching: Ezemvelo in partnership with various stakeholders introduced a number of initiatives which minimised poaching incidents though the figure was still higher than the previous year. In the past financial year, 222 rhinos were poached in both Private and State Game Reserves.

At this time last year, we had lost 76 rhinos to poaching - a figure that has reduced to 47 rhinos lost over the same period.

Madame Speaker, while we are not at liberty to divulge too much information around our fight against rhino poaching, our partnership with law enforcement agencies to fight rhino poaching is paying off.

We have also managed to bring to book rhino poachers; the latest being four syndicate members who were earlier this year given a combined 30-year prison sentence.

Job Creation
Ezemvelo has agreements with various funders that will result in 3 000 work opportunities created in the 2018/2019 financial year. Ezemvelo will also employ the following seasonal workers at a total cost of R19 million broken down as follows:

- 47 game capture seasonal workers at a cost of R2.4 million,
- 41 Hospitality seasonal workers at a cost of R3 065 million
- 1 040 Seasonal workers for fire management duties at a cost of R13.932 million

**KWAZULU-NATAL LIQUOR AUTHORITY:**
For the 2017/2018 financial year, KwaZulu-Natal had 8 291 legally registered licenses. The Entity has managed to educate; capacitate and assist potential liquor license applicants through 283 workshops across the province. During this financial year, 106 joint inspection blitzes were held by the KwaZulu-Natal Liquor Authority; the South African Police Services and other law enforcement agencies, which resulted in 244 illegal liquor traders being charged and closed down.

**KWAZULU-NATAL SHARKS BOARD (KZNSB):**
KZNSB has already begun with the implementation to construct an amphitheatre where educational programmes will be held. The service rate of shark safety gear exceeded the target average throughout the year which contributed to a reduction of the capture of non-target species. The mixed gear concept which entails the removal of some of the nets and the installation of drum-lines is proceeding well and this intervention has resulted in a 47.5% average reduction in the capture of non-target species.
The KZNSB is pleased to announce a shark attack incident free year at protected beaches along the province’s coastline.
Electrical Shark Repellant Cables providing protection to swimmers against shark attacks without harming the sharks were developed and appropriate sites were identified for installation.

**MOSES KOTANE:**
The Moses Kotane Institute (MKI) continued to provide financial support for youth in Science, Technology, Engineering and Mathematics (STEM) education and training. In the 2017 academic year, the MKI supported 142 learners (25 in Grade 12 and 117 in Grade 10) at its four incubator schools (Adams College, Dlangezwa, Mlokothwa and Ohlange High Schools).

10 of the twenty-five grade 12 learners excelled by achieving overall aggregates greater than 70% with two learners obtaining 6 distinctions each.

In the 2017 academic year, the MKI provided bursaries to 142 tertiary level students pursuing undergraduate STEM related studies at universities and Technical Vocational Educational and Training Schools (TVETS) in KwaZulu-Natal and across the country. Of this group, 23 students graduated with four students achieving 10 or more distinctions each over the course of their studies.

From 2018/2019, the MKI will begin its transition in becoming a PFMA Schedule 3C public entity focused on research into the diverse skills required for sustainable economic growth and in evolving a co-ordination role in the roll out of education and skills programmes in the province.

**RICHARDS BAY INDUSTRIAL DEVELOPMENT ZONE (RBIDZ):**

The R53 Million Medway Road Project was completed and created about 720 cumulative construction jobs in the 16 month period.

Having signed over 20 investors, the RBIDZ is likely to run out of available land within the next few weeks. However, the RBIDZ is on track to conclude the purchase of Phase 1D, a 77ha piece of land, which is earmarked to host the 2000 to 3000MW gas to power plant, as well as another 162ha site where the old Bayside Aluminium Smelter is located. The acquisition of these properties, valued at a combined R407 million, will more than double the RBIDZ’s land footprint.

Negotiations are underway to acquire a further 1000 hectares of land, north of Richards Bay, which will be critical towards fulfilment of the entity’s 50 Year Master Plan. Further, R5 million funding has been set aside to conclude an Oil & Gas Feasibility study, which will, no doubt, boost RBIDZ’s chances of hosting the mooted oil refinery for the country. The
The total value of pipeline investments is R12.2 billion with 3696 construction jobs and 1939 permanent jobs expected.

**TOURISM KWAZULU-NATAL**

The province of KwaZulu-Natal, through the Durban KwaZulu-Natal Convention Bureau, continued to successfully bid for and host major conferences and events in the province. These included, *inter alia:* The World Economic Forum on Africa, Pan African Health Tourism Congress, World News Media Congress and the Loeries Creative Week.

The total economic impact of all the business events that we have secured is in the region of R600 million.

In order to ensure that KwaZulu-Natal remains a tourism destination around the globe, it is important that we are on par with the world in the use of technology to assist travellers to gain access to information about the destination with ease.

We have therefore launched the KwaZulu-Natal Travel Guide Application which is currently available on all Android and apple phone phones for free. The TourismApp has features such as Geo-location which helps users to find tourism activities, accommodation, restaurants and many more. It also enables our visitors to locate accommodation, experiences and events taking place in KZN at the click of a button.

**NEW ANNOUNCEMENTS**

**KZN TVET COLLEGES TO TRAIN COOPERATIVES**

In our on-going drive to capacitate and prepare cooperatives to play a meaningful role in the economy and, in particular, to drive the radical economic transformation project, the Department has concluded a partnership agreement with all nine KZN TVET Colleges to train cooperatives in the 2018/19 financial year. In terms of this partnership, each TVET College will provide technical and business management skills to cooperatives in the district municipality in which it is based.

Each district is allocated 53 cooperatives to be trained resulting in a total of 583
cooperatives with a minimum membership of 2 915 individuals. The budget allocated for this training is R33.1 million

**B-BBEE VERIFICATION**
As part of our agenda of advancing economic distribution, our Department shall undertake B-BBEE auditing/verification of the province’s top 100 private sector companies as well as all the Provincial Departments and EDTEA Public Entities. The verification will include the identification of opportunities for small enterprises and will also analyse the procurement spend and who benefits from these opportunities.

The Department will utilise the B-BBEE Codes of Good Practice as a tool to carry out this task. The report from this exercise will be forwarded to the KZN Economic Transformation Monitoring Council for processing and further action. We have set aside R6,5-million towards this exercise.

**SELF SERVICE TERMINALS:**
A partnership has been concluded with Companies and Intellectual Property Commission (CIPC) through the conclusion of a memorandum of understanding where stand-alone self-service terminals (SST) will be installed at our provincial office in Pietermaritzburg and also at various municipal offices to assist in fast tracking business registration.

The CIPC envisages that 2 SSTs will be set up at our Head Office by the end of June 2018. Within the period of 2 years, the CIPC hopes to have resourced all Departmental district offices and has further committed itself to use available resources at municipalities to help set up the SSTs. As the Department, we commit to engaging with all municipalities to provide the bare minimum requirements for the CIPC to set up in those municipalities.

The business registration through SSTs will automatically generate SARS Registration and issue B-BBEE compliance certificates.

**RASET & SPAR PARTNERSHIP**
An agreement is being finalised between government and the Spar Group on farmer support at primary production, processing and access to market levels. This partnership is
based on the common objectives between RASET and the Spar Rural Hub model. In terms of the model, farmers get supported to produce, own a portion of the processing facility and are guaranteed access to markets. The model is such that both farmers and Spar rural shops have an interest in the sustainability of the processing facility through direct ownership.

About 400 farmers will benefit from the partnership. This first of its kind pilot project, situated in Jozini in the uMkhanyakude District, targets identified mainly rural, poverty nodes in the province. It will gradually be rolled out to other rural districts.

NEW APPROACH TO RASET IMPLEMENTATION

Madame Speaker, we are concerned about the slow pace of the implementation of the RASET programme. The challenges we experienced included a lack of capacity in our district development agencies and delays from participating departments in signing off take and service level agreements.

To deal with these difficulties, we will do the following:

- Adopt the labs approach, similar to Operation Phakisa, in implementing RASET. This approach is results driven, involving setting clear plans and targets and on-going monitoring of progress.
- The provincial Director-General will convene RASET laboratories in each District, starting with the Harry Gwala where the programme was launched. These laboratories will craft detailed plans with clear targets as well as public commitment on the implementation of the plans.
- The Cabinet will also conduct an Operation Siyahlola Campaign in each district to monitor RASET laboratories.

KZN YOUTH BUSINESS DEVELOPMENT FUND

We want to confirm our support for the R50-million KZN Youth Business Development Fund as announced by the Honourable Premier during the SOPA. We commit that we will be engaging with the private sector to contribute to the fund as well as our public entities. At the level of implementation, we have set up a Steering Committee made up of officials from the Office of the Premier and EDTEA to work out the modalities of the implementation approach.
EDTEA RESPONSE TO SUKUMA 10, 000

Madame Speaker, in response to the Premier’s announcement of Sukuma 10 000, which is a call to action for us as the province to create employment opportunities for especially the youth, we have identified a number of programmes, including our EPWP Alien invasive plants clearance programme, Tourism Monitors and Ezemvelo Seasonal workers, through which we will actively contribute towards achieving this target as set out by the Premier.

ON-LINE BUSINESS REGULATORY & INFORMATION MANAGEMENT SYSTEM

During this financial year, we will launch the online business regulatory and information management system. This project is seen as the game-changer in the Business Regulatory and Information Management space. Once completed, the system will provide a platform for the KZN Business to be able to make Business Licence and informal Economy Permit Application on-line and be able to trace the progress in relation to each application. The system will be utilized by municipalities as a uniform tool and eliminate red tape and give certainty in terms of businesses processes. This with no doubt will go a long way towards reducing the unintended red tape and cumbersome processes associated with Business Licencing. The System will also provide authentic and real time verification and information management for the government and its entities. We will be embarking on this project with SITA.

CASE MANAGEMENT SYSTEM DEVELOPMENT

In our quest to empower consumers and improve turnaround times on complaints resolution, we have come up with an innovative case management system which will have a GIS coding and mapping component. This system is intended to expedite front line service delivery particularly in relation to complaints resolution and real time contact with the complaints handler through the contact centre.
CONCLUSION

Madam Speaker, as stated earlier, the nation is celebrating the lives, contributions and achievements of two of our highly-revered freedom fighters and genuine stalwarts of our liberation movement, the African National Congress. Madiba and Mama Albertina Sisulu, in terms of their personal sacrifices in the quest to free South Africa from the shackles of colonialism and apartheid, directly challenged an order that sought to maintain the subjugation of black people.

We therefore have every reason to thank the selfless and tenacious contributions by our fore-bearers including these two colossal figures of our liberation. More importantly, we are indebted to Mama Albertina Sisulu who despite constant harassment that included prolonged periods of detention in solitary confinement, maintained a glowing hope that one day South Africa would join other nations of the free world that freedom would triumph over oppression.

This is succinctly reflected in her optimistic address about the future of this nation at the height of apartheid repression in 1984, during the first anniversary of the United Democratic Front (UDF) when she said: “I am very happy to be one of those in the UDF, because in all these 17 years that I’ve been banned it has been my wish that one day, I would get to such a gathering, a multiracial gathering, a gathering that gives me hope that this South Africa, one day, will be a just South Africa for everybody.”

Therefore, our proclamation today of “Sikhulisa umnotho, siwubuyisela ebantwini” is about building the just South Africa that Mama Albertina Sisulu envisaged. We call on all the members of this House and the public at large to join us as we engage in the campaign to grow the economy and, critically, to ensure economic distribution and job creation.

In conclusion, I wish to thank the Honourable Premier, Mr TW Mchunu for his continued support and guidance. Equally, I would like to thank my colleagues in Cabinet and our social partners in the province for their continued resolve to our development’s ideals. The support and co-operation respectively received from the chairpersons of the Portfolio
Committees for Economic Development and Tourism and as well as Nature Conservation, Mr Nhlakanipho Ntombela and Ms Zanele Ludidi couldn’t be adequately appreciated.

I would also like to thank the Head of Department, Ms Pumla Ncapayi and her entire team for always going the extra-mile. I owe my gratitude to my political home, the African National Congress, for entrusting me with the privilege of contributing to our vision of achieving radical economic transformation.

My utmost gratitude is reserved for my wife, uMaZondi and our children for their continued support and sacrifice, particularly during those long periods of absence from home when I am taken away, sometimes for days on end, by the call to bring about economic freedom to our people.

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<thead>
<tr>
<th>PROGRAMME</th>
<th>2018/2019 (R’000)</th>
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<tbody>
<tr>
<td>1. Administration</td>
<td>271,110</td>
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<tr>
<td>2. Integrated Economic Development Services</td>
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<tr>
<td>3. Trade &amp; Industry Development</td>
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<tr>
<td>4. Business Regulation &amp; Governance</td>
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<td>5. Economic Planning</td>
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<tr>
<td>6. Tourism Development</td>
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<td>7. Environmental Management</td>
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<tr>
<td><strong>TOTAL ALLOCATION</strong></td>
<td><strong>3,009,296</strong></td>
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</tbody>
</table>

I now table the Department of Economic Development, Tourism and Environmental Affairs for consideration by this august House.

I now move the budget of **R3 009 296.00** for the 2018/2019 financial year, I so move.

I thank you,

Mr Sihle Zikalala, MPL
MEC for Economic Development, Tourism & Environmental Affairs