



**DEPARTMENT OF ECONOMIC DEVELOPMENT, TOURISM AND ENVIRONMENTAL  
AFFAIRS, VOTE FOUR.**

**2023/24 BUDGET POLICY SPEECH DELIVERED TO THE KWAZULU-NATAL  
PROVINCIAL LEGISLATURE BY MEC FOR ECONOMIC DEVELOPMENT, TOURISM  
AND ENVIRONMENTAL AFFAIRS, MR SIBONISO DUMA ON 18 APRIL 2023.**

**Theme: Reinforcing Inclusive and Sustainable Economic Recovery and Resilience**

**RECOGNITION OF DIGNITARIES**

**Madam Speaker, Honourable N Boyce;  
Deputy Speaker, Honourable R T Mthembu;  
The Premier of the Province of KwaZulu-Natal, Ms Nomusa Dube-Ncube;  
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 Traditional Leadership present, uNdabezitha Inkosi Sithole  
Members of the religious Groups present, Apostle Khwela and Apostle Habile  
The leadership of our province;  
Distinguished Guests;  
Members of the media present;  
Ladies and Gentlemen.**

**SETTING THE SCENE**

Chairperson, in one of his often-quoted compositions, Frantz Fanon, the **social philosopher, and political radical** wrote about the national liberation of colonial people and said...



***“Sometimes people hold a core belief that is very strong. When they are presented with evidence that works against that belief, the new evidence cannot be accepted. It would create a feeling that is extremely uncomfortable, called cognitive dissonance. And because it is so important to protect the core belief, they will rationalize, ignore and even deny anything that doesn't fit in with the core belief.”***

Honourable Speaker, it is an honour and privilege to present the 2023/24 Budget Vote for the KwaZulu-Natal Department of Economic Development, Tourism and Environmental Affairs.

On the 9<sup>th</sup> of February 2023, in his State of the Nation Address, H.E. President Cyril Matamela Ramaphosa reminded us that we are not a nation defined by the various resource endowments that decorate our geographic boundaries, the minerals beneath us, the oceans that form our serene sanctuary, nor the multiple official languages that epitomise our diversity.

Rather, we are defined by hope and resilience. Indeed, it is the same hope that sustained our province when a myriad of exogenous shocks descended on us leaving a trail of indelible marks of pain and untoward suffering among our people.

The same hope galvanised our arsenal, just over three years ago, when the onset of the COVID-19 pandemic profoundly changed the global economy at large. The same hope, **Ladies and Gentleman**, soldiered us on a year later when our province was hit by a wave of social unrest characterised by looting and wanton destruction of economic infrastructure and private property.

Madam Speaker, yet again, the same hope and resilience saw us rising above the ravaging floods that destroyed our infrastructure leaving many homeless and many parts of the province inaccessible in 2022. What pains me is that more than 400 lives were lost.

Indeed, hope and resilience saw us through the painful triple tragedies. However, hope alone cannot take us any further. As the President aptly wrapped up the Nation address by declaring that ‘the people of South Africa want action, they want solutions, and they want the government to work for them’.



In this policy speech, we call upon the citizens of this province to immerse themselves in hope rather than despair. As we do so, we are very mindful of the fact that we are not advocating for masochism, but rather, we are calling for the depth of wisdom that is rarely seen when the nation is facing serious turbulence in its evolution.

We, therefore, say to all our social partners, that where others may see the severe drought in front of them, we need to see the opportunities that are waiting to be tapped. Where others may see a disaster that is befalling them, we need to see an ocean of opportunities that need to be converted to build a new prosperous nation.

Ours is, therefore, “to build an economy that creates opportunities for all and to make tourism work for us all”. Chairperson, one of the fundamental truths of our existence is that the challenges that bring their fair share of hardship and difficulties also empower us with lessons that serve as our guiding light for the future.

Since the evolution of human beings, our ability to change a negative into a positive has remained a tribute to the resilience of the human spirit. The current global economic contraction and its attendant repercussions is a perfect example of a situation that calls to the fore our creativity and resilience to negotiate ourselves out of spots of bother.

**Madam Speaker**, on the 24<sup>th</sup> of February 2023, the Premier of KwaZulu-Natal, Honourable Nomusa Dube-Ncube, presented the State of the Province Address (SoPA) themed “Taking decisive action in time of renewal and hope, as we rebuild a better, prosperous and resilient KwaZulu-Natal”.

The Premier outlined several **bold and decisive actions** that will drive the province back to a long-term stable path.

Madam Speaker, today I will present a people’s budget.

A budget that responds to the various issues our people have repeatedly raised in our frequent consultative engagement meetings across the province.

**Key among other issues raised include:**

- Acceleration of job creation to address the plight of the youth;



- Provision of support to small enterprises that anchor the provincial economy;
- Development of infrastructure that improves the global competitiveness of local producers;
- Tackling barriers to growth that unlock further investment;
- Widen export markets for locally manufactured goods;
- Promote skills development;
- Increase air connectivity to KZN for trade creation;
- Development of efficient regional airports that support domestic tourism;
- Promotion of innovation to increase the international competitiveness of local enterprises;
- Conclusion of rationalisation of public entities to optimise limited fiscal resources;
- Roll out of automated licencing and permitting system to encourage business compliance; and
- Support informal, township and rural-based enterprises;

## GLOBAL ECONOMIC DEVELOPMENTS

**Madam Speaker**, the global economic outlook continues to be weighed down by elevated inflationary pressures, tightening global financial conditions associated with high-interest rate hikes by most central banks and the negative spillover effects from the geo-political tensions.

In the January 2023 World Economic Outlook, the IMF projects global growth to slow down from 3.4% in 2022 to 2.9% in 2023 then rise to 3.1% in 2024. The rise in central bank rates to fight inflation and Russia's war in Ukraine continue to weigh on economic activity.

Growth for advanced economies is projected to decline sharply from 2.7% in 2022 to 1.2% in 2023 before rising to 1.4% in 2024. About 90 per cent of advanced economies are projected to see a decline in growth in 2023.

For emerging markets and developing economies, growth is projected to rise modestly, from 3.9% in 2022 to 4.0% in 2023 and 4.2% in 2024. About half of emerging markets and developing economies have projected lower growth in 2023 than in 2022.

For the Sub-Saharan Africa region, growth is projected to remain moderate at 3.8% in 2023 amid prolonged fallout from the COVID-19 pandemic, although with a modest upward revision since October, before picking up to 4.1% in 2024.



## DOMESTIC ECONOMIC DEVELOPMENTS

On 7 March 2023, StatsSA reported that South Africa's real GDP increased by only 2,0% in 2022 following an increase of 4,9% in 2021.

Growth is projected to decline to 1.2% in 2023, reflecting weaker external demand, debilitating power shortages, and structural constraints.

External shocks such as global geo-political factors and low global demand continue to underpin the low growth trajectory in the country.

The Reserve Bank has lifted rates by a cumulative 425 basis points since November 2021 after it slashed the repo rate to 3.5% in the wake of Covid-19's economic onslaught. As a result, the repo rate is now 125 basis points higher than it was before the pandemic.

Higher interest rates will throw cold water on the country's slow economic growth. The constrained economic growth landscape continues to hamper the job creation potential of the country, whilst accelerating the levels of inequality and poverty. The unemployment rate in South Africa currently stands at 30.6% as articulated in the fourth quarter report by Stats SA.

In KwaZulu-Natal, the provincial economy grew by 2.7% in 2022 and is expected to grow by 1.7% in 2023.

The provincial unemployment rate emerged slightly higher than the national rate at 32.7% with the province's expanded unemployment remaining one of the highest at 46.4% as more and more people get discouraged in their search for employment opportunities.

## STRATEGIC INITIATIVES

### **Maritime University**

Madam Speaker, as the province continues to leverage on its natural capital it became clear that we need to supplement our skills to take advantage of our marine resources. With a coast

line of close to 600 kilometers, the maritime industry presents enormous opportunities for KwaZulu-Natal.

Following the positive outcome of the feasibility of establishing a Maritime University in Ugu District, in 2023, the Department will develop a business plan in consultation with other organs of state such as the Department of Higher Education, Science and Innovation outlining the process of establishing the university.

The concept of developing the Maritime University in the province of KwaZulu-Natal is supported by a review of a number of national and international models, such as Antwerp, Rotterdam and Singapore for achieving a reputation for excellence in maritime education, training and research. In such cases, a major port city becomes home to a number of respected education, training and research institutions which, for the most part, are complementary to one another; and which receive support from the education, government and private sectors; and which make steady progress over time in the number and quality of their offerings.



### **KZN Public Wealth Fund**

Ladies and Gentleman, the triple challenges that befell the province starting with COVID-19, social unrest and floods gave a glaring indication that the province needs to put in place a contingent fund to fall back on when such unexpected shocks arise.



Madam Speaker, an even more, compelling impact is that the province, like the rest of the country, is often confronted with fiscal shortfalls affecting the scale and speed of rolling out developmental projects to recover from unexpected shocks.

### **Cannabis**

I am happy to report that Moses Kotane Institute has developed a Masterplan which outlines key responsibilities for organs of state as part of developing the Cannabis industry. The department recognises the potential of the cannabis and hemp sector in driving provincial economic growth and development plan in a radical, transformed and inclusive manner. As part of its commitment towards growing this sector, the department has set aside an amount of R5 million for the 2023/24 Financial Year. This will be realised through the cannabis and hemp commercialisation programme which the department has adopted aimed at stimulating investment by the KZN public sector and further attracting more investments towards growth and beneficial ion of the cannabis enterprises. It is EDTEA's considered view that this sector will be a catalyst in providing economic stability, job creation, poverty eradication and improved health for the KZN citizens.

Madam Speaker, Moses Kotane Institute, is therefore leading the work on setting up a KZN Public Wealth Fund to minimise the colossal effects of possible future economic shocks.

### **Green Economy**

The Donnybrook Biomass plant is another project partly supported by EDTEA with an amount of R2 million. The project is already operational, this project will be opening during the current financial year. The project sponsors will be opening similar plants in the whole province, and this will create more jobs and reduce poverty levels in our communities.

An amount of R7 million was invested to acquire the property, whilst an amount of R30 million has been invested in plant and machinery. In this project, the Department contributed R2 million for the refurbishment of the property.

During the construction phase, 20 jobs were created, and 12 full-time jobs were created. At full capacity, the plant will create 45 employment opportunities;

additionally, 60 jobs will be created by SMMEs that will benefit from the ecosystem at full capacity to meet a demand of 30 tons per day.

### **Job Creation**

Unemployment remains a colossal challenge that has occupied the attention of this government and shall remain so until our people have access to sustainable livelihoods.

As a result, creating opportunities for growth and employment generation remains at the forefront of the KZN Government policy priorities. This has been the priority since the term of office of this government started in 2019, and it shall remain so until our people have been freed from the shackles of poverty.

### **Air Connectivity**

Madam Speaker, air connectivity is a critical driver of growth through trade facilitation and tourist movement. The Department leads a multi-stakeholder provincial forum dedicated to coordinating and promoting international and domestic air services at King Shaka International Airport.

**King Shaka International Airports now takes pride in facilitating the following connections:**

- 7 direct flights a week to Dubai on Fly Emirates;
- 5 direct flights a week to Doha on Qatar Airlines;
- 2 flights a week to Istanbul on Turkish Airlines via Johannesburg;
- Direct flight to Harare on Fly Airlink; and
- Recently, a bi-weekly flight to Lusaka on Proflight Zambia.





## **Skills Development**

Madam Speaker, the need for a skilled workforce to drive the human resource needs of our province can never be over-emphasized.

EDTEA in partnership with the University of KwaZulu-Natal is forging ahead with developing learning programmes under the Aerotropolis Institute Africa (AIA) to support the development of the Durban Aerotropolis/Dube Tradeport SEZ.

Thus far, UKZN has approved and implemented a range of short courses related to route development, smart cities, and aerotropolis. From 2019 to 2022, a total of 165 professionals successfully completed these courses.

The university has introduced five aerotropolis modules at Post Graduate Diploma level and at least 62 students have been enrolled in these programmes.

In 2023/24 UKZN will finalise the development and accreditation of the flagship aerotropolis programme in the form of a Master's in Management of Airport Cities/Aerotropoli.



To support the development of aeronautical engineering skills, an amount of **R1.5 million** is allocated towards bursaries for KwaZulu-Natal students enrolled in aeronautical engineering programmes at the universities of Pretoria and Wits.

Furthermore, the Department supported 67 masters and 43 doctoral research candidates through bursaries administered by MKI.

## **Innovation**

Madam Speaker, innovation is key to unlocking long-term growth for our manufacturers and improving the international competitiveness of our producers.

To bridge the gap between innovation and commercialisation, the Department worked with MKI under a programme called Commercialising Innovations and Research (CIR).

The programme funded six innovations driven by youth in the province in areas of food safety, environmental and waste management, robotics, education, health (medical diagnostics), alternative energy, entertainment and e-commerce among others.

In 2023, **R2 million** has been set aside towards developing more innovations that address the province's social challenges.

## **Digital Centres**

Digital centres remain a catalyst for economic development in rural areas, where youth, entrepreneurs and innovators often lack access to digital infrastructure and internet connectivity.

School learners also use these centres for assignments, research and applications, while entrepreneurs use the centres for business-related activities.

Following the onset of the COVID-19 pandemic, the province has set up digital centres in the following areas: Kokstad, Bergville, UPhongolo, Inkosi Langalibalele, Mandeni, Umdoni, Dube City, Jozini, and Umfolozi.

For the year 2023, a total of R4.2 million has been assigned to finalize the construction of four digital centres located in Richmond, Ndwedwe, Harry Gwala, and Mpfana. These centres will each provide employment opportunities for two local graduates who are currently unemployed and possess IT-related qualifications.



### **Special Economic Zones**

As we endeavour to attract investment into the province, our Special Economic Zones (SEZs) need to step up the development of bulk infrastructure at Dube TradePort and Richards Bay Industrial Development Zone SEZs both of which play a critical role in attracting and increasing spending on infrastructure.

Over the last financial year, Dube Trade Port opened TradeZone 2, making available developed land for lease to investors and manufacturers. Two private investors, Synergy Blenders and LM Diapers, began construction of operational plants by July 2022.

Construction of two warehouses of 5000m<sup>2</sup> and 12000m<sup>2</sup> respectively is due to commence in the first half of 2023/24. These warehouses are intended to provide completed industrial

building space in TradeZone 2 for lease to private sector manufacturers who are looking to lease completed facilities, rather than build their own.

On the other hand, the Richards Bay IDZ intends to acquire phase 1D to house two high-value projects in the form of an Eskom Gas Power Plant with an estimated investment value of **R72 billion** and Isizinda Smelter for metals beneficiation.

### **Infrastructure Development**

The Department fully recognises the role of infrastructure in driving economic development. Consequently, a lot of infrastructural projects have received substantial budget allocations for implementation in 2023.

#### **Ndumo Retail Centre**

In 2023, the development of the Ndumo Retail Centre, which is valued at R150 million, will receive R18 million in funding. Madam Speaker, despite facing several structural obstacles that caused delays, I am pleased to inform you that construction is projected to begin in August 2023.

#### **Durban Water Front**

As part of growing tourism in the province, the department is entering into a four-way Memorandum of Agreement (MOA) with eThekweni municipality, Transnet and the IDFC to formulate, design and implement the Durban Water Front precinct.

The Durban Water Front will be a modern precinct comprising mixed-use development, hotels and other iconic building structures.

#### **KZN Regional Airports**

The rationale for Provincial Government to provide support and develop several regional airports is both for disaster management exercises as well as for potential economic benefits for regional tourism and cargo potential. These airports cannot be viewed in isolation, and their economic impact extends beyond the airport's boundary. In other words, regional airports act as an enabler for business and tourism to be conducted. However, when significant infrastructure projects are identified at airports, a number of sustainability and non-aviation-related projects are also considered making the running of these airports more viable and sustainable.

For the fiscal year 2023/24, the Department has designated R7 million towards the enhancement, operationalisation, and efficiency improvement of KZN's regional airports, specifically Pietermaritzburg, Margate, Ulundi, and Mkhuze airports. These infrastructure upgrades will create 40 job opportunities.



### **Properties capital investments**

Ithala Development Finance Corporation has started the rebuilding of four factories in Madadeni Industrial Estate, Nongoma Shopping Centre and Eshowe Shopping Centre which were severely impacted during the July 2021 riots. The rebuilding of the remaining affected properties will commence in the current financial year.

### **Interventions on Cyber Security**

Over the past few years, our country has faced persistent and increasingly sophisticated malicious cyber-attacks that have threatened the critical infrastructure and arteries of our society and economy, and ultimately our people's security and privacy. It is in that light that we must initiate and enforce efforts to identify, deter, protect against, detect, and respond to these actions and actors.



The Department must carefully examine what occurred during any major cyber incidents nationwide and apply lessons learned. This cybersecurity fortification regime will require more than government action. Protecting our critical infrastructure from malicious cyber actors requires all of us to partner with experts in the private sector.

The Department must adapt to the continuously changing threat environment, and ensure its ICT infrastructure and systems operate securely. To that end, we need to make bold changes and significant investments in order to defend this vital institution that underpins the way of life for the people of our province. The Department must bring to bear the full scope of its authorities and resources to protect and secure its computer systems, whether they are cloud-based, on-premises, or hybrid. Banks, government entities, hospitals, sensitive databases, water utilities and port authorities must all be prioritised in the effort to fortify the Province's infrastructure and security.

## Investment Promotion

Madam Speaker, investment – both domestic and foreign – is key to addressing the colossal challenge of unemployment that currently confronts us as a province.

To that end, the provincial Government has stepped up efforts to attract both Foreign Direct Investment (FDI) and Domestic Direct Investment (DDI) into our priority sectors of the economy.

In 2022, the total Rand value of investments into the province of KwaZulu-Natal amounted to over **R4.9 billion** creating over 4 258 jobs. These investments were facilitated and committed by Trade & Investment KwaZulu-Natal, Dube Trade Port and the Richards Bay IDZ.

We are pleased to announce that through vigorous investment campaigns the following major investments have been signed off in the province during the 2022 budget year:

- **CMT Global**, is a textile and apparel manufacturing company located in Ezakheni. They are the largest vertically integrated textile manufacturing plant in the Sub-Saharan region. The investment is worth **R390 million** and will create 1650 jobs.



- **Sino Africa Gas**, a project that entails manufacturing of food grade carbon dioxide for the beverage sector, located in Newcastle. The project is valued at **R56 million** and will create 50 jobs.
- **Zululami Estate**, a Luxury Coastal Estate development located in KwaDukuza under iLembe District. The project is valued at **R320 million** and will create **150 jobs**.
- An investment project worth R38 million has been initiated by **Nyenzehle Holdings (Pty) Ltd**, a black-owned farming business headquartered in Newcastle. The project aims to empower black farmers in and around Newcastle by enabling them to access markets through cattle rearing and providing feed to the feedlot owned by Nyenzehle Holdings. The implementation of this project will generate **40 employment opportunities**.
- **Estcourt Intermodal Terminal**, entails the development of a logistics park and an intermodal terminal at the old Masonite/Evowood site in Estcourt. The project is valued at **R1.2 billion** with an estimate of **1000 jobs** to be created.
- **Duzi Forestry Engineers**, is a plywood and veneer manufacturing project based at Ngome under AbaQulusi local municipality in Zululand District. The investment value for this project is estimated at **R104 million** and at full operation, the project will create **250 jobs**.
- **Serenity Hills Eco Estate**, a residential security estate located in Margate. The estate is built on the premise of conscious and sustainable living with solar-ready houses, rain and stormwater harvesting as well as modern living. The development also includes a 15-20 bed hotel. The investment is valued at **R800 million** and will create **1000 jobs**.

## Export Promotion

Madam Speaker, we are fully aware of the significant role that exports play in advancing economic development in our province. As such, we have been actively engaged in promoting the export of KZN's products to various destinations in Africa and around the globe.



### **Emerging Exporters Programme**

During the previous fiscal year, the Emerging Exporters Programme capacitated a total of 41 emerging exporters to improve their readiness for exporting. This effort resulted in an additional **R37 million** in increased turnover through exports and the creation of **248 employment** opportunities.

### **Exporter Competitiveness Programme**

The Department has been implementing an Exporter Competitiveness Programme that looks at improving the productivity and competitiveness of enterprises through improved value chain efficiencies and improved industrial competitiveness.

Since its inception, the programme has supported 58 participating companies in the province with a combined turnover of **R1,2 billion**.

### **Expansion into Other Markets**

In order to grow KwaZulu-Natal's footprint in various countries, we continued to facilitate the participation of local companies in trade missions into Africa.

A total of **148 companies** from KZN participated in exhibition events held in Ghana, Angola, Tanzania, Mozambique, and Algeria.

Notwithstanding our reach into the continent, it is equally important that we nurture our relations with our traditional markets. We have continued to facilitate the exposure of our companies through trade events in traditional markets namely; the UK, USA, Germany, Italy, India, Russia and China.

The 10th KZN Export Week was executed successfully in December 2022. This annual event has highlighted the significance of exports to the KwaZulu-Natal economy and celebrated the success of KwaZulu-Natal exporters.





## Enterprise Development

Madam Speaker, small businesses and cooperatives are an integral part of our drive to build an inclusive economy. They provide a conduit to dilute the massive concentration and centralization of the economy in the hands of a few conglomerates.

The Department has been implementing interventions to create opportunities for small businesses and cooperatives to form part of the producer value chains.

We will also use our procurement spend and direct funding to pave the way for these businesses to capture certain markets, and get reliable access to inputs and support through technological innovation.

It is equally essential to intervene in establishing new enterprises that prioritize the provision of fundamental goods and services such as agriculture, transportation, infrastructure development, construction of clinics, hospitals, and schools, as well as the supply of food consumed in institutions such as schools, hospitals, and prisons. This approach is crucial in promoting equitable ownership and control of the economy, creating employment opportunities, and redistributing wealth.

In the year 2022, the Department provided support to various enterprises operating in key Operation Vula commodities, including detergents and cleaning chemicals, clothing and textiles, bakeries, and pulp and paper.

- About 398 small enterprises received business support through training, mentorship, marketing and exhibitions, and business advisory services.
- About 40 small enterprises were assisted to showcase their products at various exhibitions.
- Furthermore, a site has been identified at eThekweni Municipal area for the construction of a bakery incubator to provide business and technical skills, mentorship and incubation for the small enterprise bakery operators.
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- A location has been identified at Madadeni Industrial Estate in the Amajuba District for the construction of the Amajuba shared production facility that will focus on the manufacturing of detergents and cleaning chemicals. The construction of this facility is scheduled to begin in the first quarter of 2023/24.
- Whilst the construction completion rate at the Ugu Vula Detergents Centre stands at 98 per cent;
- The KwaMashu Vula Detergents Centre is now operational, and 75 small enterprises have been enrolled for a 3-year mentorship support programme.
- 29 small enterprises received business support and utilized the facility for the production of detergents and various household cleaning chemical products in 2022 generating about **R1 670 000** in income

### **Enterprise Development Fund**

As of 28 February 2023, the Enterprise Development Fund has approved a total of **572 loan applications** submitted by SMMEs, with a combined value of **R305.5 million**. Of this amount, **R173 million** has been disbursed to date, leading to the creation of **1828 job opportunities**. In the fiscal year 2023/24, an additional **R250 million** is anticipated to be disbursed, which is estimated to generate around **2200** employment opportunities.

### **Masakhe Entrepreneurship Programme**

The Masakhe Entrepreneurship Programme is aimed at providing business support and funding solutions to entrepreneurs, with a specific focus on youth, women, and businesses located in rural and township areas. As of February 2023, the programme has provided a total of **R27.3 million** in support to 65 women-owned businesses and **R79.13 million** to **205 youth-owned businesses**.

**Township and Rural Economy Investment Policy:** The Township and Rural Economy Investment Policy which seeks to provide blended finance of 60% loan and 40% grant has been approved by IDFC.

The policy targets rural and township enterprises (informal businesses) at a maximum total value of **R500 000**. The modalities for accessing this fund will be announced in the current financial year.



## Economic Empowerment

Madam Speaker, we acknowledge the significant progress that has been made in-transforming the socio-economic landscape and improving the lives of the people of this province under successive ANC-led administrations over the past twenty-nine years.

However, we believe that more radical measures are required to effectively address the persistent challenges of unemployment, poverty, and inequality in our province. The Premier's State of the Province Address outlined a number of such measures, which we believe are necessary to make substantial progress in these areas.

We have specific programmes of action to give practical expression on the economic objectives of emancipating the historically disadvantaged of our society:

### Youth Fund

The Department is supporting the empowerment of youth by providing assistance in setting up enterprises via the KZN Youth Fund. The programme is framed on a sector-focused approach targeting manufacturing; ICT; Agriculture and agro-processing; maritime as well as creative industries, just to mention a few.

Following the conclusion of due diligence of applications by the KZN Growth Fund, an allocated amount of **R90 million (R40 Million EDTEA and R50 Million OTP)** will be disbursed to 96 youth-owned projects in 2023.

### Black Industrialist Programme

The Department is strategically partnering with other national departments, such as the dtic to support the black industrialists under the Black Industrialist Programme.

Through the KZN Growth Fund, the province is currently assessing nine Black Industrialist projects valued at over **R544 million** and projected **6073 jobs** created.



## Operation Vula Fund

The ardent desire to develop and transform the economy saw the province, through EDTEA, registering significant achievements in empowering small businesses.

The Operation Vula Fund targeted at opening opportunities for historically disadvantaged groups within the provincial economy who demonstrate sustainable and profitable initiatives that create jobs gained traction in the previous year. The fund became a key instrument amidst the ravaging COVID-19, with a spend of **R339 Million** benefitting **1002 SMMEs** and Cooperatives during the first phase.

Following challenges noted during the rollout of the first window of the fund, the Department saw the need to review the funding policy before opening the second window.

Madam Speaker, I am pleased to announce that the policy for Operation Vula's Second Window has been finalized and launched on March 28th, 2023. We will be announcing the opening of a second window before the end of **April 2023**. To support the launch of the second window, **R100 million** has been allocated as start-up funding for Operation Vula, with the potential for additional funding based on the number of applications received across all tiers. We believe that the second window of Operation Vula will provide critical support to small businesses and entrepreneurs, particularly in light of the challenges posed by the COVID-19 pandemic.

## Sector Development and Support

We continuously strive to ensure that our sectors competitively respond to the constantly changing global trends through the provision of interventions and support to sectors that have the potential to create growth and jobs.

### Creative Industry

In pursuit of consistent support for the growth and development of the Cultural and Creatives Industries (CCI), the Department implemented the Emerging Designers Incubation Program in collaboration with the South African Creative Industries Incubator (SACII).



A program was implemented that had a specific focus on entrepreneurship, business and market access, brand development, as well as business and personal coaching. The program selected 25 emerging designers from various districts including Ugu, Zululand, Uthukela, Umzinyathi, Ethekewini Metro, and Umgungundlovu.

Madam Speaker, I am happy to announce that one of our participants in the program has already signed a contract to have her clothing line displayed/sold at Edgars in Gateway and Sandton City.

### **Maritime Sector**

The economy of KwaZulu-Natal relies heavily on the maritime sector, which serves as a crucial pillar. Additionally, the province places significant importance on the fish farming industry. In the upcoming 2023/2024 financial year, 40 individuals from KZN will receive training in fish farming. Moreover, 15 maritime graduates will be enrolled in the Graduates-in-Training programme, and 15 young people will undergo training in artisanry.

### **Agro-processing**

In pursuit of the department's commitment to grow and improve the competitiveness of SMMEs in the agro-processing value chain, the focus was on addressing the barriers to "market entry".

To that effect, the department completed the conversion of containers into packhouses in Skhemelele and Dukuduku under the Umhlabuyalingana and Mtubatuba Local Municipalities. The installed infrastructure includes cold room facilities; seedlings; pesticides; office furniture; electricity; fencing; water, and, the budget to commercialise the facilities for at least twelve months.

In the 2023/2024 financial year, the Department allocated R 5 million to support the commercialisation of cannabis, a product with the potential to uplift the livelihood of a lot of people in the province.



## **Fish Processing**

The Department has partnered with the Department of Forestry, Fisheries and Environmental Affairs (DFFE) to provide facilities for processing fish to small fishers and cooperatives.

The facilities include refrigerated and fully refurbished cold storage facilities to keep their produce fresh and in good standards for market competitiveness; fishing rods and fishing reels; flaked ice machines and digital weighing scales; fishing safety boots and fishing gloves; cooler-boxes as well as fishing knives to the amount of **R1 853 000** to help them commercialise their fishing activities.

A total of 35 small-scale fishers' cooperatives along the KwaZulu-Natal coastline from Ugu, Ethekwini, Ilembe, King Cetshwayo, Umkhanyakude and Umhlabuyalingana municipalities have been assisted.

## **Business Process Outsourcing (BPO)**

South Africa's Business Process Outsourcing (BPO) / Global Business Services (GBS) has recorded unprecedented growth over the past two years.

To leverage this growth, the department shall continue in the current financial year with the up-skilling of our youth in this sector. Still, the focus for the 2023-24 Financial Year is towards Supervisory and Management skills.

## **Business Governance**

### **KZN Automated Licensing and Information Management System**

Madam Speaker, an efficient and quick business licencing and permitting system is essential to reduce the prevalence of illicit trade.

However, municipalities continue to experience challenges with businesses that deliberately opt not to register or do not update their details, increasing the risk of illicit trade.



The department will enhance capacity at the municipal level to support the adoption and use of the automated business licencing system, which is more efficient and quicker.

### **Business Inspections**

The Department plans to amplify the fight against illicit and illegal business activities by conducting frequent business inspections to ensure compliance with regulations and by-laws.

The Department will further ensure Municipal Integrated Compliance Forums (MICOREF) are established and optimally functional in all municipalities across the province to ensure continuity of compliance monitoring.

### **Legislative Policy Review**

Madam Speaker, the changing economic landscape has necessitated a review of various policies and acts to ensure a responsive business environment that equitably benefits all economic agents within the province.

To that effect, the legislative review of the current KZN Liquor Act No 6 of 2010 is currently at its final stages of development - this will address some of the existing loopholes within the legislation, remove some of the barriers to entry for new participants, reduce some of the red tape plaguing the turnaround time for applications.

The KZN Business Bill, which will create a legislative framework to support the township and rural development strategy and as streamline processes relating to the informal sector and business licensing for the province will be finalised in 2023.

## **Red Tape Reduction**

Madam Speaker, we know that to make a meaningful impact on growth, we must keep creating an enabling environment for business.



We have heard on numerous occasions how rules and regulations, administrative, management procedures and systems, and even social values that are not or are no longer effective in achieving their intended objectives, have hindered attracting meaningful investment in the province and country as a whole.

The red tape makes it difficult for businesses to succeed, grow, create jobs and invest in infrastructure and development. However, as custodians of the economic development mandate in the province, we understand that entrepreneurship and small business start-ups are vital to the growth of the province and the South African economy.

We have since signed Intergovernmental Protocol Agreements on red tape reduction with Inkosi Langalibelele, Mtubatuba, Mooi Mpofana, Umdoni, Endumeni, Umngeni and Emadlangeni municipalities.

## **Regional and Local Economic Development**

We have seen tremendous value in forging partnerships with other organisations to create opportunities for growth in our regional communities.

### **Small Scale Growers Support Partnership with SAFDA**

In 2022, the 3-year partnership with SAFDA to support Small Scale Growers (SSGs) with fertiliser entered its second year.

A total of 584 growers benefited, including 56 youth and 291 females.

In 2023-24, the programme targets to support 500 growers in the Jozini and Pongola sugar catchment area.

### **Social Entrepreneurship Programme**

The Department has acknowledged the significant contribution of the social economy towards addressing developmental challenges in the province. As a result, they have contracted the University of KwaZulu-Natal, Mangosuthu Buthelezi University of Technology, and the University of Zululand to provide technical assistance to 135 social entrepreneurs over a three-





year period, starting in 2022. As of 2023, 56 social entrepreneurs have already begun the programme.

Selected participants are exposed to cutting-edge thinking, innovative practices, business tools and peer learning in social entrepreneurship required for personal development and social ventures development and scaling.

### **Informal Trader Infrastructure**

Madam Speaker, the Department has elevated the provision of infrastructure to support informal business.

The Provincial Recovery Fund saw informal infrastructure development at Umvoti, Okhahlamba, Msunduzi, Kokstad, Umdoni, Manguzi, Hlabisa and Ethekwini local municipalities.

Additionally, the KwaMajomela Mixed Use Centre construction at **R13.4 million** was completed and now awaits handover.

These projects have supported **155 construction jobs**, benefiting **554** of a targeted 820 informal traders.

In the 2023/24 budget year, informal trade facilities have been planned for Msunduzi, Impendle, Umngeni, Richmond, KwaMbonambi, and King Dinizulu, targeting to benefit 148 informal traders.

## **Tourism**

The KwaZulu-Natal tourism sector has shown resilience post Covid-19 and the 2022 floods that ravaged the province.

Madam Speaker, it gives me pleasure to announce that KZN is officially South Africa's leading domestic tourism destination, with statistics recently released by South African Tourism



showing that the province recorded the domestic trips for the year 2022 at 7.6 million trips, surpassing the pre-Covid 19 numbers of 6.2 million in 2019.

The last time the province reached the 7 million mark was in 2013. This amounts to a domestic tourism spend of **R19.5 billion**.

Hotel occupancy has also increased from 68% in July 2019 to 81% by December 2022.

In May 2023, the province will host the Africa's Travel Indaba (ATI), the continent's largest and most prestigious travel and tourism exhibition showcasing the unique African experiences to the world.

A total of 5 517 people attended the Indaba in 2022, contributing **R41.5 million** in direct spending, a provincial gross domestic product contribution of **R120.7 million** and annualised employment contribution of 243.

This year, Africa Travel Indaba is expected to attract 6 600 visitors, 900 exhibitors, 470 Buyers, and approximately 250 jobs to be created. We are expecting 77% hotel occupancy rate and this year's edition of Africa Travel Indaba is expected to contribute R78 million direct spend into the KZN economy.

Through the good work done by the Convention Bureau, the province will host several international events on our shores; these will be announced during this financial year.

## Environmental Management

### Speedy Finalisation of Environment Impact Assessment (EIAs) and Water Use Licences

Madam Speaker, we are committed to facilitating the speedy issuance of Environmental Impact Assessments (EIAs) and Water Use Licences to support the roll out of catalytic projects.

A total of 159 EIAs were issued for various catalytic projects in 2022. The projects created 10161 jobs during the construction and operational phases and brought in **R9 billion** worth of investment into the province.

In 2023/2024, the Department commits to processing environmental authorisation requests within 30 days of receiving the request.

### **Invasive Alien Species Programme**

In the previous financial year, 176 387 Hectares of land were cleared of Invasive Alien Species, creating 9499 jobs in the process.

In 2023, the Department commits to clearing 100 000 hectares of alien species creating 7 725 jobs. The department also intends to upscale the number of jobs by 10 000.

Madam Speaker, the fight to conserve our biodiversity and derive maximum value from our ecological assets has seen the Department, through Ezemvelo KZN Wildlife, aggressively implementing anti-rhino poaching and various other programmes. The programmes have the potential to create a number of much-needed jobs for our youth.

For example, the Environmental Monitors Programme created 215 jobs in 2022.

Ezemvelo KZN Wildlife is implementing various projects to enhance the returns the province receives from its environmental assets, such as the KZN Maloti-Drakensberg Trans-frontier Park Fence Project, uMlalazi Road Project, Thendele Roofing Project, Tembe-Ndumo Project, Ithala Road Project, and Midmar Road Project.

These projects are at different stages of implementation and have so far created more than 400 jobs.

In 2023, Ezemvelo KZN Wildlife has committed to supporting 180 rural communities that are adjacent to protected areas in the biodiversity economy. This initiative falls under the Rural Economic Revitalization Programme, which aims to assist local entrepreneurs in accessing training, incubation, funding, and market opportunities in the long term.



Following the acquisition of its first SACAA Remote Operating Certificates (ROC) License that enables the entity to legally operate drones in controlled and uncontrolled airspaces, Ezemvelo KZN Wildlife intends to use drones in anti-poaching, search & rescue, among other initiatives.

## 9. CONCLUSION

In conclusion, I would like to thank the African National Congress and the entire ANC Leadership for entrusting me with this humbling responsibility.

I wish to extend my appreciation to the Honourable Premier Nomusa Dube-Ncube for her continued support and guidance.

I would also like to thank my esteemed colleagues in the Provincial Executive and social partners in the Province for their continued resolve to see the entire KZN being extracted from the shackles of poverty and economic transformation.

I would like to extend my appreciation to my predecessors' Dr Zwelini Lawrence Mkhize, Mr Mike Mabuyakhulu, Mr Sihle Zikalala the Minister of Public Works and Infrastructure, Premier Nomusa Dube-Ncube and Mr Ravi Pillay who paved the way and laid a solid foundation.

I would like to thank the HOD of EDTEA for leading the department with the entire management team, who are always ready and willing to go the extra mile.

My gratitude also goes to the Chairpersons and the CEOs of our Public Entities, who are playing a pivotal role in ensuring that we continue with our developmental mandate.

I also salute all members of the EDTEA FAMILY in our department and public entities.

And last but not least I would like to thank my wife, Mrs Duma and the entire Duma Family for their unwavering support.

With this budget, we are giving them yet another tool to expand the opportunities for economic prosperity to every resident in this province.



Let us not allow the carnival to remain monopolised by a handful of wealthy men and women while the majority of our people toil for crumbs falling off the master's table.

Indeed, the case for radical economic transformation is a compelling one and cannot be postponed.

Now is the time to change our fortunes, now is the time to empower our people, and now is the time to be agile.

### **BUDGET FOR ENTITIES**

<b>ENTITY</b>	<b>2023/2024 (R'000)</b>
Dube Trade Port	504 531
Ezemvelo KwaZulu-Natal Wildlife	893 255
Ithala Development Finance Corporation	112 022
KwaZulu-Natal Film Commission	93 657
KwaZulu-Natal Gaming and Betting Board	52 776
KwaZulu-Natal Liquor Authority	89 252
KwaZulu-Natal Tourism Authority	150 890
KwaZulu-Natal Sharks Board	69 663
KwaZulu-Natal Growth Fund Trust	47 579
Trade and Investment KwaZulu-Natal	99 116
Richards Bay Industrial Development Zone	130 115
Moses Kotane Institute	57 664
<b>TOTAL ALLOCATION FOR ENTITIES</b>	<b>2 300 500</b>

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

<b>PROGRAMME</b>	<b>2023/2024 (R'000)</b>
1. Administration	336 461
2. Integrated Economic Development Services	372 503
3. Trade & Industry Development	967 017



4. Business Regulation & Governance	205 052
5. Economic Planning	46 510
6. Tourism Development	281 718
7. Environmental Management	1 197 269
<b>TOTAL ALLOCATION</b>	<b>3 406 530</b>

I now move the budget of **R3 406 530** for the 2023/24 financial year, I so move.

I thank you,

**Mr. Sboniso Duma, MPL**

**MEC for Economic Development, Tourism & Environmental Affairs**