

DEPARTMENT OF ECONOMIC DEVELOPMENT, TOURISM AND ENVIRONMENTAL AFFAIRS

VOTE 4

BUDGET POLICY SPEECH 2019/2020 DELIVERED TO THE KWAZULU-NATAL PROVINCIAL LEGISLATURE BY MEC FOR ECONOMIC DEVELOPMENT, TOURISM AND ENVIRONMENTAL AFFAIRS, MS NOMUSA DUBE-NCUBE

30 JULY 2019

"POSITIONING KWAZULU-NATAL AS A TECHNOLOGICAL HUB TO HARNESS THE FOURTH INDUSTRIAL REVOLUTION FOR ECONOMIC GROWTH, DEVELOPMENT AND JOB CREATION"

Madam Speaker, Honourable Nontembeko Nothemba Boyce; Deputy Speaker, Honourable Mluleki Ndobe;

The Premier of the Province of KwaZulu-Natal, Honourable Mr. S Zikalala; 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

INTRODUCTION

In one of his writings, Nobel Laureate, André Gide once observed that "man cannot discover new oceans unless he has the courage to lose the sight of the shore".

This means that we cannot begin to push the boundaries of poverty, unemployment and inequality if we do not have the courage to dare sail away from the shore and discover new frontiers of economic opportunities.

Chairperson, we stand here to deliver our maiden Budget Speech for the Department of Economic Development, Tourism and Environmental Affairs with a distinct sense of understanding that the challenges we face as a province and a country mean that it cannot be business as usual if we want to turn around our economy. For us to move forward, we need to sail through uncharted and choppy waters and lose sight of the shore. We cannot continue to do the same things and expect the same results. But, more importantly, we need the courage of our conviction to take extraordinary decisions and to realise that the challenges we face are not bigger than the sum total of the confluence of opportunities that our province has.

We stand before you humbled by the decisive mandate bestowed upon us by the people of this province in the elections held on 8 May 2019. Our people, in their collective wisdom, have given the African National Congress an unsailable mandate to economically transform KwaZulu-Natal in order to grow South Africa.

While our government has made huge strides over the past 25 years in reversing the legacy of colonialism and apartheid, the majority of our people remain on the fringes of economic activity in our province because of an economy which was structured to benefit a few.

We are of the firm view that the strides we have made in accelerating the provision of social services, such as housing, quality public education and healthcare, must correspond with economic inclusion, job creation and increasing the participation of the previously marginalised in the economy. We need to overhaul the ownership patterns and control of the economy while also attracting new investments into different corners of the province.

The current state of affairs puts in great jeopardy our democratic project and casts a cloud over our country's future growth and development prospects. This truism is echoed by the perspective of the ANC as the ruling party that: "No political democracy can survive if the masses of our people remain in poverty, without land, economic liberation and without tangible prospects for a better life."

It is within this context that we understand our department's mandate. Our role is not only to make a couple of millionaires and tinker at the edges of an unworkable economic setup. Our role is to build an economy that benefits all of our people; unleash the potential resident within our province so that we are globally-competitive to create conditions for meaningful, inclusive and sustainable economic growth. Only after we have achieved this task, will our political democracy survive. Only after we have achieved this task, will our democratic project find resonance with all our people, particularly the previously marginalised.

Chairperson, growing the economy and creating jobs is the fundamental task that faces this sixth ANC-led administration. Both His Excellency President Cyril Ramaphosa and our Honourable Premier, Khuzeni, in their SONA and SOPA, respectively, set clear parameters for radical economic transformation, creating jobs and growing the economy. They have sent a clear message that for the next five years we cannot adopt a business as usual posture. The electoral mandate of this sixth ANC-led administration is unambiguous about the urgent need to transform the economy and to ensure mass participation in it.

It is against this background that, as a starting point, we will attend to the "grimy restraints" at the structural level of our economy which require urgent attention and interventions. The reality is that we can no longer gloss over the palpable inequality, poverty and unemployment that perpetuate the economic edifice of apartheid economic planning. We need an intervention that unleashes a decisive break with the skewed structure of our economy. This can only be achieved by a government that intervenes decisively in the economy.

Chairperson, the KZN economy provides an advantageous position from which to understand the perspective of the South African economy. This province has the second largest percentage share in the national economy in terms of contribution to the GDP. It is, therefore, common cause, Chairperson, that if we grow the economy in KwaZulu-Natal, this will elicit a positive growth in the national economy.

It is for that reason that over the next five years, we are committing to prioritising job creation; transforming production and economic ownership through radical economic transformation; championing the inclusion and participation of young people in the economy; reviving township and rural economies as well as positioning KZN as a hub for the Fourth Industrial Revolution. These programmes will constitute the cornerstone of our economic development trajectory and are a strategic response to the economic development imperatives espoused in the NDP. To this end, we boldly pledge to prioritise policy implementation in pursuit of creating jobs, jobs and jobs.

CURRENT ECONOMIC TRENDS

Chairperson, this Budget Speech is presented at a time when the expansion in the global economy is showing signs of fatigue. Downside risks emanating from the on-going trade war between the US and China, undercurrents of geopolitical tensions in the Middle East, financial stress and volatility and subdued business confidence remain elevated with potential to severely disrupt economic activity and inflict significant damage on longer-term development prospects. At the same time, substantial policy uncertainty in Europe remains high, including concerns over Brexit. As a result, global growth is projected to expand at a steady pace of 3.3% in 2019 and 3.4% in 2020.

ECONOMIC PLANS TO RE-IGNITE THE KZN ECONOMY

We wish at this stage to detail to this House programmatic areas that will give expression to our efforts to grow the economy. Taking our cue from the Nine-Point Plan, as announced by the President and the State of the Province Address, radical economic transformation and job creation have been identified as the key areas of focus for the 2019-2024 term of office. In the next five years, we will be embarking on radical measures to encourage investments in our province.

PREVIOUS BUDGET SPEECH COMMITMENTS

1. Radical Economic Transformation Summit

Chairperson, we are pleased to announce that on 28-29 March 2019 we hosted a ground-breaking Radical Economic Transformation Summit which was attended by all social partners, including business forums and established business.

2. Investment Conference

We convened this conference on 12 October 2018. The KZN event provided a platform to hand over the KZN Investment Opportunities handbook to the Presidential Envoy on Investment. The handbook contains an estimated US\$19.1-billion (approx. R260-billion) of investment opportunities that have the potential to create in excess of 800 000 construction jobs and 415 000 permanent job opportunities once committed.

3. Funding for Black Industrialists

The KZN Growth Fund, working with EDTEA, is at the forefront of the identification and co-funding of projects promoted by Black Industrialists. To date, both parties have co-funded projects with a combined project value of R790-million within the province. In total, the projects have created about 1 200 job opportunities. One of the recipients of the Black Industrial Funding programme is here today.

4. Business Retention and Expansion

Chairperson, through our interventions aimed at business retention and expansion, we envisage that over a thousand job opportunities and R2.1-billion worth of investments will be retained/created in the province. These jobs will be created mainly through the following institutions:

- Trade and Investment KwaZulu-Natal (TIKZN) will retain investments and jobs to the value of R1-billion and 2500 respectively; and
- RBIDZ will retain investments and jobs to the value of R320-million and R190-million, respectively.

Our interventions in this area will be across the province, with Ithala retentions and expansions mainly taking place within their industrial estates located at Ilembe, uThukela and Amajuba districts.

5. Maritime

KZN Sharks Board entered into an MOU with Mediterranean Shipping Company to train 3 500 cadets. Some of these trained cadets have already been absorbed by MSC. Through Sharks Board's CSI, 100 youths and women have been employed by Khanyo Textiles in Hammarsdale. Another contingent of 400 youths will be employed through our Private Partnership Programme.

6. Enterprise Development

In line with our commitment to support SMMEs and cooperatives, Ithala Development Finance Corporation (IDFC) disbursed loans to the value of R379.85-million in 2018/2019 to these enterprises. This funding was provided to 750 entities and has enabled facilitation of 3 457 job opportunities. The loans are provided to the SMMEs and cooperatives that participate in the key sectors. These include manufacturing, agriculture, construction and trade and services.

7. KZN TVET Colleges to Train Cooperatives

Chairperson, we are pleased to report that EDTEA entered into a contract with all KZN TVET Colleges to train cooperatives in technical and business management skills in all eleven district municipal areas. To date, 104 cooperatives have been trained in carpentry, baking, crop farming, stock farming, hand and machine sewing technical skills, and 45 in business management skills.

8. BBBEE Verification

Chairperson, we fulfilled our commitment to conduct a BBBEE verification on Provincial Government departments and public entities in KwaZulu-Natal. The report has been forwarded to the KZN Economic Transformation Monitoring Council for its implementation.

PROGRAMME 1 - ADMINISTRATION

Chairperson, during the 2018/2019 financial year, the Department started the process of reviewing its organisational structure. This process will be finalised during this current term of office. The purpose of the review is based on a thorough situational and functions analysis that was conducted to ensure that the organisational structure responds to government's policy priorities and social vision as envisaged in the National Development Plan. It must also align with all Medium Term Strategic Framework projects relevant to the Department's mandate in respect of Economic Development, Tourism and Environmental management.

PROGRAMME 2 – INTEGRATED ECONOMIC DEVELOPMENT SERVICES

The purpose of the Integrated Economic Development Services (IEDS) programme is to advance economic growth and job creation initiatives that prioritise historically disadvantaged individuals and groups through enterprise development, economic empowerment and regional and local economic development.

1. SMME Development

We aim to support the development of SMMEs and cooperatives which will create 6 086 jobs. This will be achieved:

- Through the Enterprise Development Fund;
- Support businesses owned by women;
- Support youth-owned businesses;
- Support small enterprise shared production facilities and business incubation;
- Provide full package business support (in phases) to emerging small manufacturers of toilet paper and other paper products, detergents and household cleaning chemicals; and
- Provide grant funding to cooperatives;

2. RLED Initiatives

Chairperson, we plan to go to all regions to strengthen our economic development plans. All our interventions to grow KwaZulu-Natal are grounded in local economies and our local municipalities have a huge role to play in this. The ultimate goals are always higher economic activity and job creation. Through our regional local economic development initiatives, we will support initiatives which will create 165 permanent jobs in the province. The following interventions in 2019/2020 will contribute towards us achieving these targets:

- Gijima Local Competitive Fund (LCF) projects;
- SECO-funded Vuthela LED Support Programme in Ilembe, including: (Municipal Infrastructure; Private Sector Development; Public Finance Management); and
- Infrastructure for informal traders and businesses across the province;

3. Radical Agrarian Socio-Economic Transformation (RASET)

Chairperson, the RASET model is aimed at opening up opportunities along food production value chain, including farm produce supply by under-privileged farmers and emerging agro-businesses. It also seeks to create an alternative value chain in order to bypass structural barriers associated with the existing value chain. The following interventions from the RASET implementation plan will be implemented during this financial year and it is estimated that 680 jobs will be created as a result of investing in the following assets:

- 2.7 ton Refrigerated truck delivery X6;
- 1.7 Mesh wired truck X3;
- 4X4 bakkies 1 ton with trailers X6;
- Pack house/agro-processing facilities;
- 1 500 hectares of land will be planted.

4. Agro-processing

Chairperson, through our interventions in agro-processing, we aim to create 115 jobs and the following interventions have been prioritised during this financial year:

- The production and processing of organic Rose Geranium oil and herbs to be done on site and sold to Scatters Oils Pty Ltd.
- The production of high value horticulture crops, including cut flowers for the export market: 4 cooperatives will be supported; and
- Leather processing: Resumption of hides and skins processing training and collection centres.

5. Project Finance/Funding

Chairperson, through our development finance institutions, such as Ithala SOC Limited (the banking entity) and KZN Growth Fund, we will implement initiatives that are geared towards supporting radical economic growth and job creation. These initiatives will entail the following:

- Ithala SOC Limited's Build the Bank Programme is a key strategy of the Department which will unlock radical economic growth by delivering affordable and accessible banking services to the under-banked in the province. To this end, R59.8-million has been committed by EDTEA to this programme in 2019/2020;
- Ithala SOC Limited has a housing loan budget of R319.6-million for 2019/2020 and this will not only allow our people an opportunity to own their own homes but it will also stimulate the peripheral housing industries, such as builders and artisans; coming to mind is Ikhaya Elikufanele Housing Scheme initiative whose launch we attended three days ago.
- Ithala SOC Limited is working with SANTACO and local taxi associations to finance taxis. R32-million has been set aside in 2019/2020;

- Ithala SOC Limited will provide banking services, including rollout of 20 Self Service Devices (SSDs) in support of Operation Vula. The ATM SSDs are intended to assist the businesses to be more commercially viable through the sale of electricity, airtime and ATM cash withdrawal services; and
- Ithala SOC Limited is the preferred banking services partner for Radical Agrarian Socio-Economic Transformation (RASET) Programme, Bulk Buying Programme, Cash Plus Care Programme and National School Nutrition Programme (NSNP) sans a few challenges we are currently dealing with.

6. Operation Vula Fund

As committed in the previous financial year, in the coming weeks we will be launching an Operation Vula Fund which is geared to provide grant funding to initiatives that promote the mandate of EDTEA, such as those targeting manufacturing, SMME development, localisation, tourism, economic infrastructure development and job creation. We will also ensure that a portion of the fund is ring-fenced for start-ups that are in the ICT sector, medicinal cannabis and hemp.

This fund's value is R105 million and it is targeting mostly our township entrepreneurs who have been adversely affected by the economic slowdown. Here, we are targeting car mechanics, panel beaters, steel fabricators and welders, poultry farmers who need lighting, hardware shop owners and spaza shop owners who will be assisted further through our bulk-buying programme launched four months ago. The focus is mainly on youth, women and the disabled.

We shall capacitate our other funding streams like KZN Growth Fund, Ithala SOC, Ithala IDFC to augment the Vula Fund.

Chairperson, the following interventions from the Operation Vula implementation plan will be implemented during this financial year and it is estimated that 800 jobs will be created as a result, including:

- Penetrating clothing and textile value chain opportunities;
- Revitalisation of townships and rural businesses: Digital business, Franchise, and Waste Management;
- Operation Vula bakeries projects;
- Supporting furniture manufacturing projects;
- Youth placement technical training programme (various sectors);
- Women in construction and engineering; and
- Developing a sports-based economy by having SMMEs who would make sports apparel, equipment, drinks, medication and these will target mostly youth and women.

Operation Vula is implemented throughout the province. The main beneficiaries will be youth, women, local entrepreneurs, cooperatives and SMMEs.

PROGRAMME 3 – TRADE AND SECTOR DEVELOPMENT

The Trade and Industry Development programme comprises three sub-units, namely Strategic Industrial Interventions, Trade and Investment Promotion, and Sector Development. The prime objective of the programme is to stimulate economic growth through trade and investment, development of priority sectors and implementing strategic industrial interventions.

1. Export Promotion

Chairperson, through our intensive export promotion interventions and programmes, we intend to facilitate the export of R384-million worth of goods and services thereby creating/retaining 2 240 jobs. This will be achieved through:

- Trade and Investment KwaZulu-Natal Target Africa and East initiative
- Implementation of PUM Programme
- EDTEA KZN Exporter Competitiveness Programme
- Arts and Crafts Market Access Programme
- Africa Fashion Exchange which will be creating R2-million worth of exports. Our interventions around exports are demand-driven and we will be supporting exporters throughout the province. The beneficiaries will be the youth, women, people living with disabilities, local based entrepreneurs and emerging black industrialists.

2. Investment Attraction

We aim to attract collective investments to the value of R4.1-billion thus creating 7 000 jobs in all the districts throughout the province. These jobs and investments will be created mainly through the following institutions:

- TIKZN will attract investments to the value of R2.2-billion;
- KZN Growth Fund will finance investment to the value of R200-million;
- Dube Trade Port (DTP) will attract investment to the value of R1.5-billion thus creating approximately; and
- The Richards Bay Industrial Development Zone (RBIDZ) will attract investment to the value of R190-million.

These investments will be attracted to all the districts of our province. However, the lion's share of investments in the 2019/2020 financial year will be going towards the following districts: eThekweni metro, and uMgungundlovu, Ilembe, King Cetshwayo, Ugu and Amajuba districts.

3. Industrialisation

Chairperson, during this financial year, we are targeting to create 4 284 jobs through industrialisation with a prime focus on increasing localisation. Our interventions in this area will yield R10.6-billion worth of investments. We are indebted to the following institutions that will help us achieve these goals:

- With a financial injection of R8.3-billion worth of investments over the MTEF Dube Trade Port Corporation is expected to create a number of jobs across all of its precincts. This includes the R1.3-billion Mara Phone investment. Mara Phone is the first African designed and manufactured smart phone. Manufacturing will commence in September this year. Already before they have actually opened, they want to expand! - and
- RBIDZ is expected to generate R2.2-billion worth of investments in manufacturing through Palm Oil Refinery and Chemical Production Plant. The strategy around proposed oil and gas hub in Richards Bay is progressing well, targeting oil and gas supply.

4. Infrastructure development

Honourable Members, we are serious about embarking on an infrastructure revolution. We believe that through investments in strategic infrastructure, the face of this province will change drastically. Importantly, the investment is structured in order to create much needed jobs. We wish to report that 100 temporary jobs will be created through regional airport infrastructure development.

In addition, we are planning the following: -

- Public Transport Solution for the King Shaka International Airport. The Rapid Rail link is still in the planning phase;

- Setting up of the Aerotropolis Institute Africa (AIA) at the University of KwaZulu- Natal;
- Two students enrolled in 2019 at the Wits University and Pretoria University, respectively, through our Aeronautical Engineering Bursary. Three more students will be enrolled in 2020; and
- We are also planning to roll out an Auto Services Hub in uMsunduzi, uMhlathuze and Amajuba district. These will be in strategically located sites to be operated by disadvantaged auto service providers from the township and semi-rural areas.

5. Informal Economy

Chairperson, recognising the important role played by the informal economy, we wish to announce that during this year we will be implementing the following interventions to support this sector:

- KZN Informal Economy Master Plan finalisation;
- KZN Automated Business Licensing and Information Management System;
- Consumer Case Management System (E-Complaints). This forms part of our drive to make technology a part of an everyday experience; and
- Market stalls establishments to support street vendors.

The above initiatives will be implemented throughout the province. The target beneficiaries are the informal economy, youth, women, local entrepreneurs and KZN citizens. We have set aside R4.9-million to be spent on these activities.

6. Film Industry:

We are changing the game and its rules. We want the Film Commission to start attracting Hollywood production companies to shoot their films in KwaZulu-Natal. We will equip the Film Commission with infrastructure equipment, including high-end filming infrastructure, HD cameras, lighting and studio. Such an investment in infrastructure is aimed at ensuring that when such big companies come to KwaZulu- Natal, they do not bring their own equipment but rent it here and provide training for our youths in the industry. We want them to work with our own assistants and train them. We aim to build a state of the art studio with 5D capabilities in the next three years. This will assist us with filming, producing and packaging "made for TV" material while we generate revenue through editing capabilities. This is how we are going to create jobs in the short term.

Chairperson, the KZN Film Commission will create hundreds jobs through KZN Film Fund of R10-million through leveraging additional funding to four times the value. Furthermore, 10 films are being developed and produced through our collaboration with Nigeria, Kenya and the minorities in the UK through co-productions to the value of R63.7-million.

Chairperson, the KZN Film Commission has 160 projects on its books. We have assisted over 15 black owned SMMEs to produce local content whilst servicing, to some extent, national productions specialising in equipment hire companies, production, makeup artists, locations, animation, accounting services and scriptwriting. Incubation programme valued at R2-million will support 10 SMMEs in 2019/2020.

The film fund has supported the development of entrepreneurs through the awarding of 236 multi-year projects valued at R250-million over the past 5 years, creating 1684 temporary jobs. In August this year, Nu Metro and Ster Kinekor will officially launch a film shot in Newcastle in collaboration with the KZN Film Commission. About 5 films commissioned by the Film Commission have gone to cinemas. This reflects on strides made in advancing film and tourism. These have been integrated to promote KZN as a destination of choice, create youth orientated jobs and grow the economy. Some of the people who made the film are seated in the public gallery today. They are producer Zuko Nodada and actress Sithandiwe Kgoroge.

Chairperson, we are inspired by the service excellent sectors such as K-Cap located in KwaMashu and Impucuko in Musgrave, which are proving to be our loadstars in this endeavor to make KZN a film making destination of choice for South Africa. This will contribute towards the creation of a locations catalogue which will play a huge role in promoting our tourism offerings.

7. Gaming and Betting Function

Chairperson, this House will be aware that the gaming and betting function has been transferred to EDTEA. We are, therefore, duty-bound to account for their previous commitments as well to this House. During the 2018/2019 financial year, despite the challenging economic climate, the KwaZulu-Natal Gaming and Betting Board managed to grow tax revenue which is a major contributor to the Provincial Government's own revenue collection as follows:-

- Casinos: R430.76-million (3.37% increase)
- Route Operators: R 107.55-million (12.05% increase)
- Bingo: R 1.712-million (1526% increase)
- Bingo with LPM: R 16.992-million (13.26% increase)
- Betting Industry: R 127.661-million (1.39% increase)

The KZN Gaming and Betting Board has made huge strides in transforming the Betting Industry. We are happy to announce that as things obtain in this industry the majority who were denied access now occupy the majority stake.

PROGRAMME 4 – BUSINESS REGULATION AND GOVERNANCE

The purpose of Business Regulations is to manage and implement the Constitution and the legislative mandate of the Province in relation to liquor (policy and legislation function only), gaming and betting (policy and legislation function), consumer and regulation services (formal and informal businesses) in terms of applicable liquor, consumer and business legislation. The Business Regulation Programme comprises of three sub-programmes, namely the Consumer Protection Unit, Regulation Services (formal and Informal trade) and the Policy and Legislation Unit.

1. KZN Liquor Authority

Chairperson, we are equally mindful that trading in liquor is also an economic activity which contributes towards job creation and economic activity. The entity currently has approximately 6900 active liquor licensed traders in the province. Each license issued translates to a conservative average of 2 jobs per license, hence we have an estimated 13 800 jobs indirectly created through the licensed outlets. In line with our effort to digitise our operations, KZN Liquor Authority has launched a new liquor licensing system which allows for the automation of the liquor license application processes with the aim to roll out an online application facility in the near future. We must hasten to say that we are totally opposed to liquor outlets near schools and the non-adherence to the regulation of licenses.

PROGRAMME 5 – ECONOMIC PLANNING

The Programme provides key input into economic development through gathering economic data, conducting micro and macroeconomic analyses and building economic models that inform the development of economic policies and strategies. The Economic Planning programme comprises four sub-programmes, namely Policy and Planning; Research and Development; Knowledge Management, as well as Monitoring and Evaluation.

This programme oversees Research and Development, Knowledge Management, Monitoring and Evaluation and Policy and Planning.

PROGRAMME 6 – TOURISM DEVELOPMENT

Tourism is a concurrent function between the national and provincial governments and the province is tasked with planning, policy making, regulation, monitoring and development promotion of tourism in line with national imperatives.

1. Tourism

Chairperson, youth development and job creation remain amongst the key priorities of government. The Department continues to enhance Tourism Graduate Development Programme aimed at assisting tourism students and unemployed tourism graduates to gain experiential training and to acquire skills. To date, a total of 366 graduates and students have been assisted and placed at various municipalities and lodges. The programme has yielded positive outcomes in terms of achieving one of its goals which is job creation. Over 70 tourism graduates have secured permanent as well as contractual employment.

Chairperson, we must hasten to mention the inspirational story of a young man, Mr Zitho Motha, co-owner of Mkuze Falls Private Game Lodge in oPhongolo. This five star facility was attained through land restitution with a value of R150 million. Today this game reserve has the Big Five. Mr Motha sent us a request which included infrastructure development, extension and a game-viewing vehicle. We encourage you, Mr Motha, to be the first to apply to our Operation Vula Fund and also to the Youth Fund. We will visit each district to receive applications.

Chairperson, tourism has a relatively low ratio of investment to job creation and can create many jobs in a comparatively short time. We will train tour guides in all the districts. Tourism generates employment and income in supporting industries, such as financial services, construction, cleaning, security, laundry, arts and crafts, beach vendors, tour operation, food and beverages. Tourism also offers the opportunity of bringing development to rural areas and can allow for the sustainable utilisation of the nature and natural environment attributes. It is in this regard, Chairperson, that through our tourism related initiatives, we aim to create approximately 27 000 permanent jobs and attract R35.2-billion from the private sector. We are indebted to the following initiatives that will help us achieve these goals:

- International marketing in Europe and the Americas;
- Development of Tinley Manor Beach Resort;
- Development of Blythedale Beach Resort;
- Cruise Terminal establishment;
- Ngodini and Ndumo Border Caves development;
- Nelson Mandela Capture Site;
- Bhangazi Lodge upgrade;
- Bhangane Campsite upgrade;
- Regional integration through East 3 Route programme (Mozambique, eSwatini, Seychelles and Mpumalanga); and
- Maluti-Drakensberg Route initiatives.

These investments and job creation opportunities will be spread across the province.

2. Strategic Tourist Destination and Events Tourism

Chairperson, we have hosted a number of high profile events, individually and in partnership, such as the BRICS Business Council, Fourth Industrial Revolution, Forbes Africa Women Leadership Summit, Tourism Africa Indaba and International Congress and Conventions Association (ICCA).

These events elevated the profile of the province and Durban to such an extent that our hotel occupancy rate has been above national average during the fourth quarter of the last financial year. Through Tourism KwaZulu-Natal we have partnered with a number of airlines and tourism trade to promote affordable travel into the province in order to encourage a culture among a majority of South Africans who view travel as unaffordable. International tourist arrivals into KwaZulu-Natal grew from 812 513 in 2017 to 817 388 in 2018.

PROGRAMME 7 – ENVIRONMENTAL MANAGEMENT

Chairperson, this programme is mainly to advance environmental sustainability for socio-economic development through the promotion of sustainable use of natural resources and healthy environment.

1. Climate Change

Honourable Members, during this financial year, we undertake to intensify a programme of adaptation and mitigation in order to reduce the risks of climate change. The recent floods which left thousands of people destitute and destroyed infrastructure is a clear indication that climate change is a reality.

The Climate Change Council will be resuscitated to co-ordinate the work of all spheres of government, business and society at large. We need to ensure that the necessary awareness campaigns are undertaken and that the necessary tools are made available to help combat global climate change and to support the reduction in greenhouse gas emissions.

Development of the Provincial Green House Gas Emissions Inventory which will unlock numerous business opportunities related to climate change mitigation.

2. Coastal Management and Oceans Economy

In the last financial year, we finalised the provincial Coastal Management Policy and Coastal Management Programme implementation plan. The plan provides for the development of coastal management lines which indicates the relative risk exposure along the coastal zone in relation to sea level rise and coastal storm surges. The plan will serve as a guide for future development of projects along the KZN coast.

Chairperson, the oceans economy is key to our success as a province. A large number of jobs can be created from the ocean through fishing, aquaculture, coastal management, cruise tourism, ship-building and repair. In 2019/2020, we are planning to create 1 055 jobs through our interventions in the blue economy. In this regard, the following specific interventions will be implemented:

- Aquaculture Development Zone (Amatigulu) establishment: Environmental Impact Assessment study;
- Establishment of a fish processing facility as a means to add value to the aquaculture and fishing industry in the province;
- A designated area for boat builders and suppliers to be co-located and operated in order to leverage economies of scale;
- Support of 31 Small Scale Fishing Communities along the coast of KZN to commercial fishing;
- Oil Refinery establishment: feasibility study is currently underway by a private investor; and
- Gas Hub development.

The job creation opportunities will be spread across the province, however, the bulk of these opportunities will be going towards: eThekweni metro, and Ilembe, King Cetshwayo, uMkhanyakude and Ugu districts.

3. Environmental Management

Chairperson, through the following interventions we aim to create 22 500 job opportunities during this financial year:

- Job opportunities will be created through clearing of alien plants; Value added industries (eco-coffins) and 120 000 hectares of alien invasive species clearing;
- 100% processing of EIA applications thus unlocking R20-billion worth of investments and more than 10 000 jobs;
- 900 environmental enforcement inspections will be conducted to protect our biodiversity;
- 100% air emissions application licenses finalised within legislated timeframes; and;

The above initiatives will be implemented throughout the province. The target beneficiaries are rural communities, youth, women local entrepreneurs and civil society. We will be spending R105.4-million from the fiscus.

Chairperson, His Excellency, President Cyril Ramaphosa has charted the way with the YES! Programme to clean up our beaches and coastal areas. We shall emulate this programme to retain our Blue Flag status.

4. Invasive Alien Species Programme (IASP)

Chairperson, the programme has been able to achieve and exceed all targets that were set for the 2018/2019 financial year. The main programme has been able to achieve a total expenditure of R35.97-million. A total of 2 357 people were employed in the programme in ten district municipalities during the 2018/2019 financial year.

Somlomo, sizohambela indawo yaseMvoti eNhlalakahle ukuyosusa ukhula lwezitshalo zokufika kuleli. Lokhu sikwenza ngaphansi futhi kohlelo esilubiza iGood Green Deeds ukwenza ukuthi izindawo zethu zibe zinhle, zingangcoli, zingamili izitshalo zokufika.

NEW ANNOUNCEMENTS

OUR MARCH INTO A DIGITALLY INSPIRED FUTURE

1. Fourth Industrial Revolution

Chairperson, we are, indeed, as a province marching full steam into a digitally inspired future. Research has shown that South Africa and by extension our province has one of the highest cellphone penetration rates in the world which means that technology is, indeed, a part of an everyday experience for our people. We no longer imagine a day without market transfer enablers, such as e-wallet, cash send etc.

Our key focus areas will be in the opportunities in the ICT sector as presented by the Fourth Industrial Revolution, green economy, manufacturing and buying local to stimulate industrial sustainability, we will attend to the township and rural economic landscape, support the empowerment of SMMEs and cooperatives, especially in townships and rural areas. We will roll out the Industrial Parks programme through partnership with the Department of Human Settlements and Public Works, Arts and Culture, Sport and Recreation, Health and Agriculture departments. This is to ensure that we build new economic centres in all new major human settlement developments.

Chairperson, history tells us how blacks, and Africans in particular, have been systematically and historically been left out of development, resulting in dire generational poverty. With the advent of the Fourth Industrial Revolution, we dare not allow the same injustice to happen again. We can never be made to lag behind anymore. We need to adapt our skills, reskill our people and position them for the tide of technological development sweeping our future.

The economy and society is being fundamentally changed by technology of the Fourth Industrial Revolution disrupters. While the prospects of job losses are real, new jobs are being born, new work methods are being introduced and others need to be developed. Thus, the workforce will continue to be reskilled and that will advance work collaboration increasing production and the quality of decision making. This means that we must adapt and commit to continuous improvement and continuous learning but, more so, repurposing our skills, innovation and doing things differently.

It is for this reason that we want to position the province of KwaZulu-Natal as a technological hub in order to harness the Fourth Industrial Revolution. History has taught us that you cannot stop the raging tide of technological change. Even the Luddites did not succeed to stop technological change when they destroyed machines during the Industrial Revolution because they were worried that machines were taking their jobs.

However, in identifying ICT and technology in general as a sunrise sector, it does not mean that we should completely shift our focus from other sectors around which the provincial economy is anchored. These include tourism, services sector, transport and logistics manufacturing etc. However, it means that we should, at all times, be conscious of the fact that technology has become the new gold and is the driver of economic development globally.

Underscoring the fact that the tsunami of technological change is upon us is that more and more young people are now using e-hailing cabs, such as Uber, Taxify Bolt to move around. As a result, this service is now available in the streets of major cities, which means that, as government, we can no longer sleep through this revolution. We are living in a period of explosive change, of self-driving cars, medical supplies and food delivery by drone, the advent of machine learning, artificial intelligence, robotics and gene-editing which has the capacity to radically prolong human lifespans. In this regard, we need to demystify technology from being an abstraction to a tool for an everyday experience.

As part of creating a globally competitive economy, we need to create technology that will be in line with our economy evolution. For example, there is an app that has been developed to help taxi owners to keep track of the movement of their taxis. Lokhu kukhombisa ngokusobala ukuthi i-technology akusiyona into yoMtakabani. In this age of technological disruptions, we want our province to be ahead of the curve. Central to this is the rollout of optic fibre across the province in order to create universal internet connectivity. Our ambitious plan is to have wall-to-wall internet coverage across the province in the next five years.

Chairperson, regrettably, the advent of the Fourth Industrial Revolution has meant that jobs, especially in the financial sectors like banking, have been affected. Banks are retrenching due to the advancement in financial services technology. However, there is room for the creation of related applications.

Chairperson, the Fourth Industrial Revolution will disrupt lives between the physical, digital and biological sphere resulting in new capabilities and possibilities for people and machines. The global economy is in transition to a knowledge economy led by an innovative and agile information society. Knowledge-based economy have a potential to stimulate e-commerce which has the potential to stimulate economic growth.

More than ever, we hardly have a choice; we have to bring our people on board and to connectivity. We intend establishing containers for vendors sell data, repair handsets and even develop APPs.

Chairperson, on the part of broadband rollout we have signed agreements with Sentech and we are working with SITA and Dube Trade Port to expand our footprint to every region in the KwaZulu-Natal through the creation of digital parks. We want to be disrupters! Watch this space!

In this regard, the province is embarking on the following projects to breathe a new life into our Fourth Industrial Revolution aspirations:

- We are establishing a state of the art Innovation Hub which will be housed at the Dube Trade Port and working with Moses Kotane Institute. The Innovation Hub will focus on creating Artificial Intelligence (Ai), Block chain technology, Biotechnology and big data analytics. For example, since its inception, Bitcoin has taken the world by storm so much so that there are shops in South Africa that accept it as a form of payment. South Africa's next big invention in crypto- currencies must come from here in KwaZulu-Natal. More importantly, we want the hub to be a place where all the techno geeks from the province can be able to create a multitude of applications that will assist to take the province forward;
- We are also building a high-speed broadband to power wide area network to connect all things;
- We are also enhancing the Dube Trade port cloud computing facility to host the new applications and systems that will be built by our people;
- We are also establishing a hardware manufacturing plant that will build devices that will connected to the internet as part of the Internet of Things (IoT) programme.
- We are rolling out ICT Hubs to provide generic services like tele-centres, desktop publishing, internet connectivity (Wi-Fi), incubation and business support, innovation support, entrepreneurship and information services to the community. In the fullness of time, we want to have public areas, such as libraries, taxi ranks in townships as Wi-Fi free spots, where our people can able to connect to the internet with ease;
- We will run parallel programmes of setting up technology recycling centres, focusing on research on material used and establishing e-waste centres. This is yet another opportunity for creating new work and new economic opportunities; and
- The recently released policy on high demand spectrum and policy direction on licensing of a wireless open access network creates a unique opportunity for the province of KwaZulu-Natal to fundamentally revolutionise access to broadband and connectivity for undeserved and rural communities. The wide range of benefits will include direct investment participation by historically disadvantaged individuals, including women, youth and people with disabilities. We are in talks with the Department of Communication and Digital Technologies to make KwaZulu-Natal a pilot province in the rollout of the spectrum.

2. Partnership with MEDIA INFORMATION COMMUNICATION TECHNOLOGIES-SETA

We are excited with the partnership between EDTEA and the MICT-SETA. This partnership will see the province championing the facilitation of skills that will enhance the advancement of the fourth industrial revolution in key sectors such as media, information and communication technologies.

3. International Investment Conference

In September 2019 EDTEA will host an International Investment Conference in Durban which is aimed at showcasing our investment opportunities to global investors. We shall make the formal announcement on Thursday, 1 August 2019.

4. Business Stability Initiative

In August 2019 we will be launching a Business Stability Initiative which is a partnership between government and organised business aimed at promoting business stability to achieve shared economic growth. Flowing from the RET summit, we are taking decisive action to deal with the issues of site invasions and business disruptions that have become rampant in the province. We have experienced the burning of tucks in this province and we will have rapid response for any disruption in business operations such as construction sites.

5. Rural Economic Development

This government takes the economic development of rural communities seriously. In the next few weeks, we shall be launching the commencement of construction of a R70-million steel fabrication factory called Business For Good (BFG) at KwaXimba village in Camperdown. The Mayibuye Community are recipients of 21 previously white-owned farms through the South African Land Restitution Programme. The BFG model is unique whereby an opportunity is created where business, the community and conservation work in proximity. The company is 51% black-owned by the Mayibuye Community and employees. The KZN Growth Fund has made this possible by providing funding to the amount of R50-million for the construction of the factory. An estimated 250 temporary jobs for each will be created during construction of the factory while a further 200 permanent job opportunities will be created post construction.

6. Halaal Initiative

In September this year we will launch our Halaal Initiative programme which is geared to position the province as the lead exporter of Halaal products from South Africa and ensure that there is real transformation of the Halaal manufacturing industry. We aim to develop the Halaal manufacturing sector through FDIs and trade with other countries that have developed and continue to develop a robust halaal sector.

7. Medicinal Cannabis and Hemp

Chairperson, the legalisation of cannabis to be grown for recreational purposes has opened up endless opportunities that we need to exploit. We are glad to reveal that this has drawn huge interest even from global investors. As we speak, we already have investors in talks with Dube Trade Port. However, this also presents a golden opportunity for our growers to exploit this boom. As government, we will be ensuring that regulation, licensing, cultivation and extraction are adhered to. Cannabis has an assortment of value-added products produced from it and we want that market for our people.

8. Sugar Industry

Chairperson, it is with deep concern that we note the challenges facing the growers and millers in the sugar industry. It is common cause, however, that the industry can be transformed through a diversification of its downstream product basket (including products such as bio-ethanol, biogas and bio based plastics amongst others) that could enable the sustainability of both millers and growers alike whilst spawning new opportunities. Indeed, we were recently informed by the DME that the national government has approved in principle the bio-ethanol framework. As government, we have therefore established a provincial task team to support the industry in pursuing diversification and its future growth.

9. Textile Special Economic Zone

Chairperson, KwaZulu-Natal has been geared as a Launchpad for the lucrative textile industry. We are also exploring the prospect of Textile Special Economic Zone in the previous traditional textile hubs. We shall, in due course, make announcements on that front. The time has come to fundamentally alter the economic landscape by creating an economy that benefits all.

CONCLUSION

In conclusion, Chairperson, as demonstrated through this Budget, we are committed to helping our people prosper. Even in the face of challenges, frustrations and great odds stacked against us, we will "Never, never, never, never give up." At times it may seem as if the soil of hope is cemented over by challenges, however, we realise that the green grass will break through.

We would like to reiterate our sincere gratitude, particularly, to the Portfolio Committee on Economic Development, and Tourism, Portfolio Committee on Environmental Management, Members of this House, and all staff of the Department of Economic Development, Tourism and Environmental Affairs, not forgetting our public entities - for the support they have rendered in producing this plan. Let us all, unflinchingly, commit to the building of our province as one people, united by a common vision of seeing a prosperous KwaZulu-Natal.

Chairperson, the iconic Steve Jobs, who co-founded Apple, once said that the people who change the world are those who push the human race forward. He also said that "...the only thing you can't do is to ignore them because they change things."

Indeed, when we say that our province is at an unstoppable speed on the highway of the Fourth Industrial Revolution, we mean business. We are pushing the frontiers of imagination for a better digital future.

Before we conclude, we wish to thank the African National Congress, the movement of Oliver Tambo, Winnie Mandela, Albertina Sisulu, Mama Mboxela, for entrusting us with this critical responsibility to fashion a new economic order for the benefit of all. Allow us to also thank, the Honourable Premier of the Province, Sihle Zikalala for bestowing on us the mandate to drive the agenda of economic growth and development in our province. We extend our heartfelt appreciation to all the Members of this august House for the words of encouragement, support and wise counsel as always. Special word of thanks also goes to the Acting HOD, Mr Siza Sibande, for his stewardship of the Department and for the warm reception and induction with all staff. To my husband, Mr. Sibusiso Ncube, uMamkhulu, my children and my entire family thank you for your unstinting support and thanks for always being there for me.

Now, we wish to move the Budget for Vote Four, which is the Department of Economic Development, Tourism and Environmental Affairs for the year 2019/2020, according to the following programmes:

| PROGRAMME | 2019/2020 (R'000) |
|---|-------------------|
| 1. Administration | 305 476 |
| 2. Integrated Economic Development Services | 442 746 |
| 3. Trade & Sector Development | 945 705 |
| 4. Business Regulation & Governance | 176 463 |
| 5. Economic Planning | 43 366 |
| 6. Tourism Development | 288 997 |
| 7. Environmental Management | 1 045 385 |
| TOTAL PROVINCIAL ALLOCATION | 3 248 138 |

I now move the budget of R3 248 138 for the 2019/2020 financial year. I thank you!