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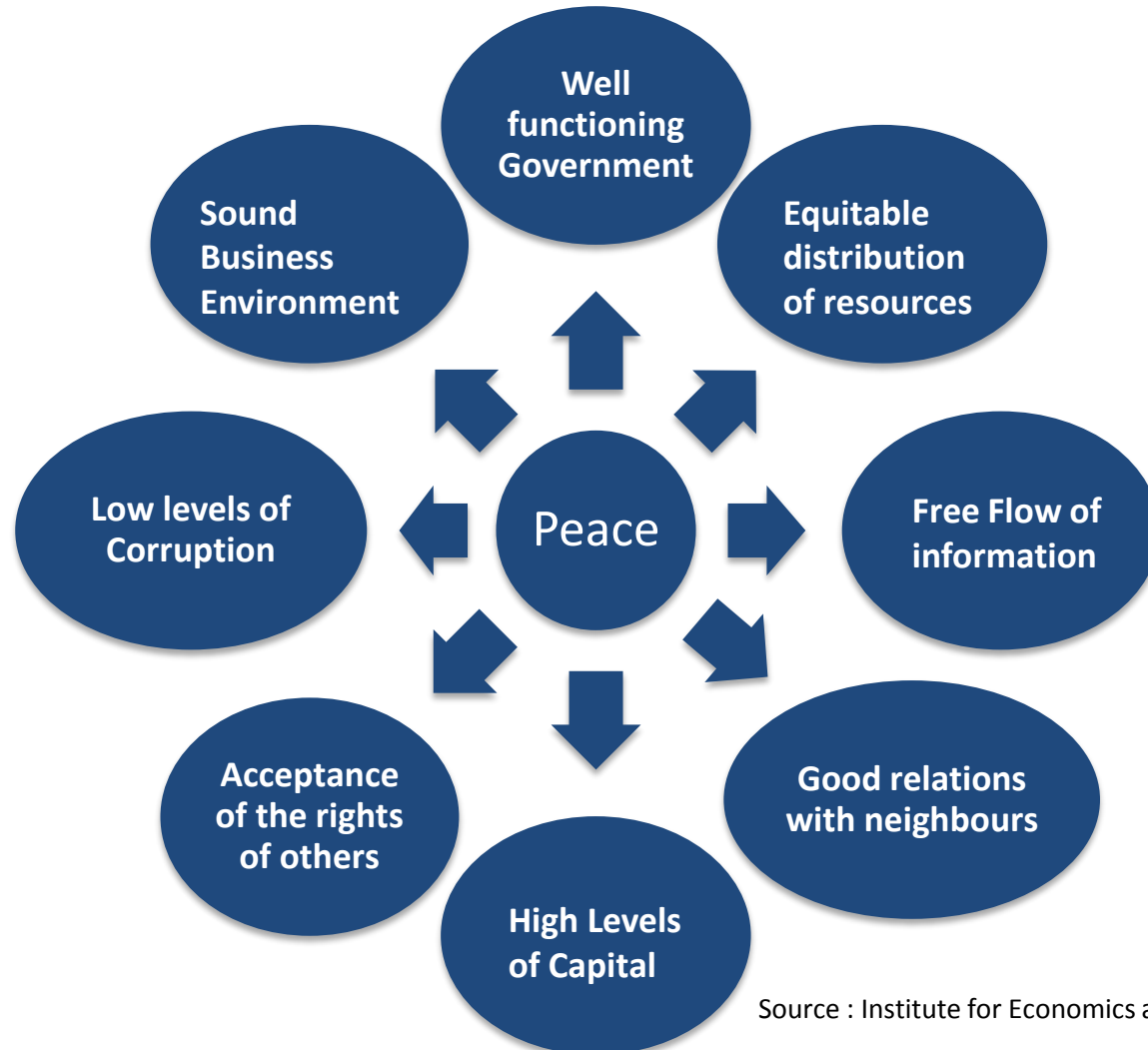
**DURBAN CHAMBER
OF COMMERCE AND
INDUSTRY NPC**

**KZN Executive Leadership Strategic
Liaison Indaba
22-23 November 18**

**Challenges faced by Business in securing investment and
implementing projects in KZN.**

8 Pillars of Peace.

Function as a system



Source : Institute for Economics and Peace

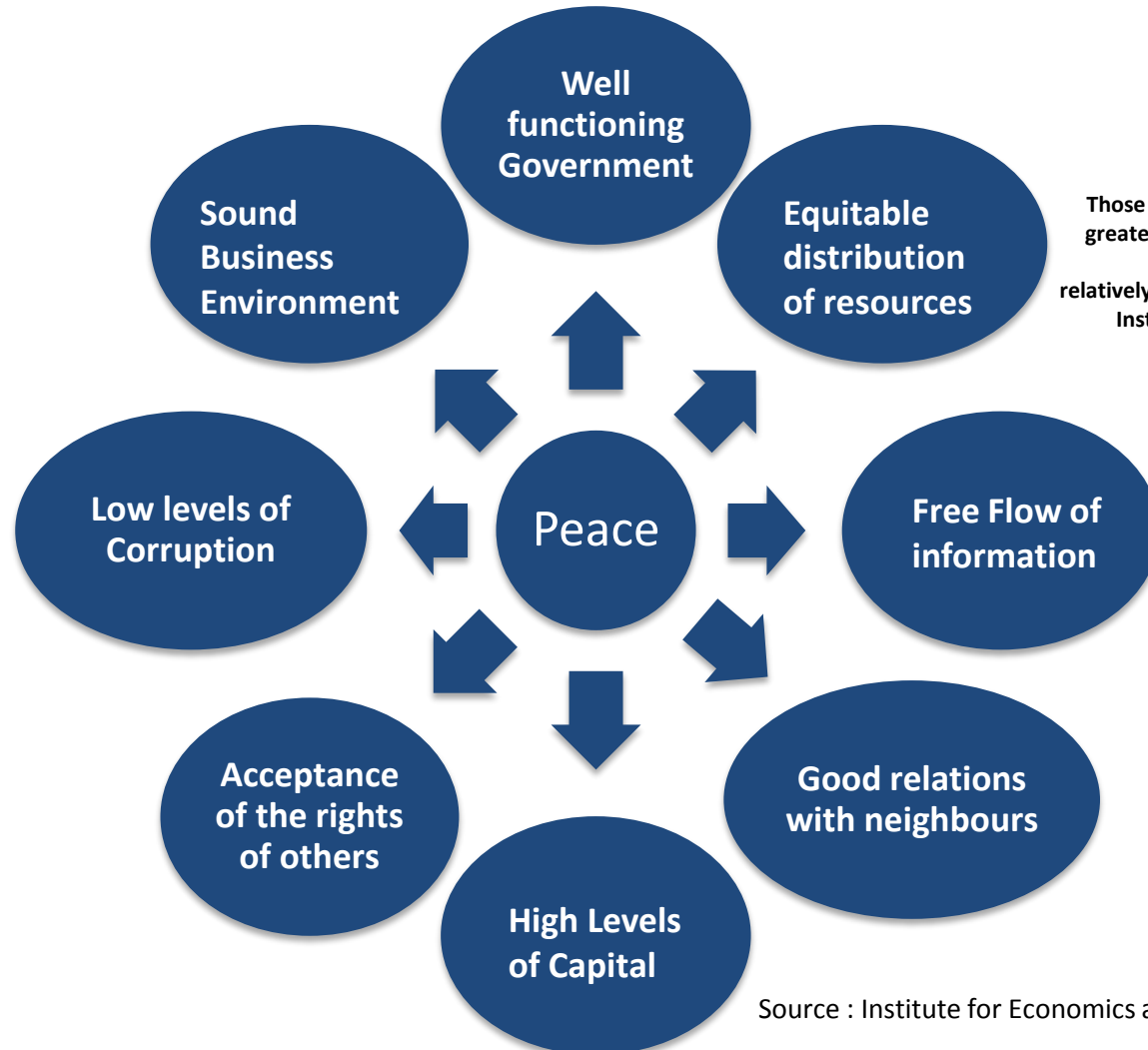


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8 Pillars of Peace.

Function as a system



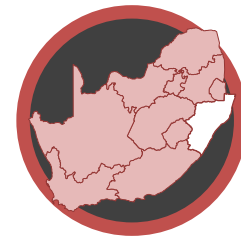
Those Countries which historically have greater equality in land ownership have experienced relatively better outcomes in terms of peace.
Institute of Economics and Peace.

Source : Institute for Economics and Peace



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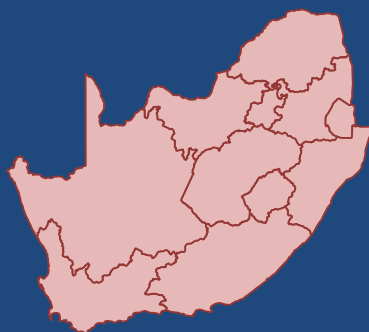
KZN is a gateway to Southern Africa

KZN is well positioned as a gateway to connect global markets to regional markets via global and regional value chains.

FAST FACTS:

- Known as the “**Garden Province**”
- **650kms** coastline
- 94,361 km² - roughly the **size of Portugal**
- **Biggest ports** in SS-Africa
- **11.1 million** people
- **Two Unesco World Heritage Sites**

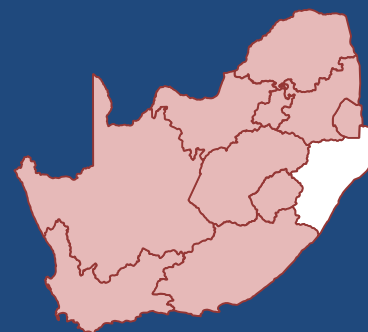




GDP NATIONAL ECONOMY



- 24.2%** Finance, insurance, real estate, tourism and business services
- 16.9%** Manufacturing
- 15.3%** General Government
- 14.0%** Trade (wholesale & retail); catering and accommodation
- 10.1%** Transport, storage and communication



GDP KWAZULU-NATAL ECONOMY



- 20.4%** Finance, insurance, real estate, tourism and business services
- 21.9%** Manufacturing
- 12.8%** General Government
- 14.8%** Trade (wholesale & retail); catering and accommodation
- 13.5%** Transport, storage and communication

Challenges to New Investments



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- Ongoing uncertainty around **land ownership and expropriation** is having a direct and significant impact on new investment including the funding and financing of new developments.
- Lack of timeous **provision of bulk infrastructure** – pertaining specifically to new greenfield investments and development.
 - Inability of Government/Service Providers, to proactively plan for and execute on new infrastructural investment within required timeframes.
 - Entshongweni Urban Development, a Provincial and Municipal catalytic project where a lack of resolution on bulk electrical supply is impeding the significant socio-economic benefits that new investment and development would bring



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Challenges to new Investments



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- The implementation of Invest Durban and Catalytic Project Teams are hugely positive initiatives by eThekweni to promote and facilitate new investment but these initiatives are falling short of the real potential that they could deliver as a result of a lack of meaningful “decision making” abilities.
- The individual personnel are hugely competent but are equally hamstrung having to mitigate and balance separate departmental issues – they do not have the authority to be able to move decisions forward for the benefit of the city and are forced to resolve any and every departmental issue no matter how small.
- There does not appear to be a way in which a strategic position is adopted by the Municipality and then is able to be “enforced” and supported by all departments.



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Challenges to Investments



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- Crime and Grime:

Our Cities are filthy, high vagrant levels and crime ridden (Durban, PMBurg, Richards Bay)

- The New Point Development Area – getting worse
- Mahatma Gandhi Precinct between ICC and Beachfront Hotels – Not safe to walk for locals, tourists alike
- Road running in the City – fecal stench in shrubbery areas
- Smash and Grabs and street begging
- Mini Bus Taxi disregard of other road users i.t.o drop off and pick up zones
 - Adds up to how the City/Province is viewed.
- Internet key to all Businesses (AI, CoBots, IoT) – slower internet speed and expensive (Broadband)
 - KZN could pressure National Gvt on releasing more Spectrum – Lesotho has better internet speed than whole of RSA.



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Challenges on Implementing Projects



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- **Lack of overarching alignment and co-ordination** between municipal departments or between spheres of government. Two examples of this:-
 - **Aerotropolis Project** – Provincially led and a municipal Catalytic Project yet there remains no resolution on key pieces of bulk infrastructure and no champion on new major transportation requirements.
 - **Cornubia** – Presidential Priority Project and Municipal Catalytic Project yet there remains no resolution on the provision of electrical supply for new investment and development
- **Regulatory/administrative/bureaucratic processes** that result in significant delays to final approvals required for Transfers to be registered.
 - Attitude of “how can we delay or stop the development” rather than “how can we help the development happen quickly”.
- **Government procurement processes** remain a significant stumbling block and cause delays to projects, particularly from an uncertainty perspective as the time it takes to ultimately procure a contractor is unknown and lengthy.



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Projects delayed due to Regulatory /Bureaucratic processes.



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Project Name	Description	Value	Location	Jobs	Challenge
Nonoti Coastal Resort	This is a proposed beach resort owned by the Inqaba Community Trust. The resort entails 846 beds in total, 6 restaurants and a 200 seater conference facility, wellness centre, curio shop and a cultural village.	R2 Billion	KwaDukuza	1000	Land conversion – Act 70 of 70 delayed
Encogenix tyre Recycling	Recycling of waste tyres to produce oil, diesel and paraffin.	R40 million	Newcastle	25	Environmental Impact Approvals delayed
The Finningley Development Company	Development of Eco Estate entailing transformation of 31 000ha of agricultural land for the development of the resort, school, research facilities, racetrack, an airport, residential area, agricultural and industrial development.	R45 billion.	Scottburgh	95 000	Land conversion – Act 70 of 70 delayed
KwaDukuza Property Developments; These include Palm Lakes residential and commercial, Zululami Estate, Zimbali Lakes which can pay R65 million property rates per year need to get approval on adjusted RoD , Tahari Estate, Ballito Hills Residential with private school, Malachite commercial, Seaten Daval residential, Elaleni residential, Cavashin by Baldwin Developers	The implementation of these developments has been delayed for more than 4 years by lack of development approvals by KwaDukuza LM (KDM). The developers prefer that this challenge is addressed for the whole region instead of individual developments. Some of commercial banks have declined developments in KDM because of long turn around time in development approvals which results developments becoming financially unviable.	R60 billion	KwaDukuza	300 000	Development plan approvals, building control and town planning approvals, upgrade of SANRAL road M4 by Alberlito Private Hospital and Engen Garage intersection that needs to be upgraded. This region needs intervention by provincial and national govt to assist in obligatory, institutional and local engagements on these issues
Inanda Road Waterfall	The development of an 11 km road to Molweni and Watercrest is critical. This will enable the development of industrial and	R500 million	Hillcrest	2000	An 11 km road linkage between Hillcrest and Molweini is needed in order to commence

Projects delayed due to Regulatory /Bureaucratic processes...continued.



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Inanda Road Waterfall	The development of an 11 km road to Molweni and Watercrest is critical. This will unlock business and employment opportunities in the Molweni area. It will also shorten the travel to KSIA from Hillcrest to 15 minutes.	R500 million	Hillcrest	2000	An 11 km road linkage between Hillcrest and Molweini is needed in order to commence with the implementation of industrial and commercial developments in Molweni.
Tinley Manor Beach Resort	This is a proposed beach resort by Tongaat Hulett. ClubMed has signed up for the development and operations of the resort.	R5 billion	Tinley Manor	2 500	EIA and SPLUMA approval are required. Supply of electricity, road infrastructure (N2 and P228) are critical.
Compensation Mixed use development	This development entails office park, light industrial, affordable housing, logistic hub, retail and warehousing	R15 billion	Compensation, Ballito	8 000	The development needs approval of EIA and SPLUMA. They also need supply of electricity
Mtuba Ridge Mixed Used	This entails the development of light industries, hotel, residential, public library and retail. The development is fully funded by the Chinese investor	R1.2 billion	Mtubatuba	1000	The development requires development of proper sewage plant that can service the entire town, water supply and WULA.

Challenges affecting local investors



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- Rates Calculation on vacant land – North of Durban
 - Rates attract estate levies
 - Need parity with other Cities
- Rates clearance time lapse affects profitability especially with interest increases by end of project
- Interpretation of Sans 10400 laws takes a long time – lack of expert capability
- Worker Absenteeism – no continuity whilst a specific person is on leave of one kind or another, time lapses affecting feasibility exercises.



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A thriving SME Sector *sine qua non* for attracting investments and implementing projects.



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- A structured and well-intentioned Small Medium Enterprise Strategy:
 - 75% of SA SMEs never become established Business which is the highest failure rate in the world
 - 50-90% SMEs fail within the 1st year despite this sector being a source of employment and incomes for 80% of the world population
 - In Sub Saharan Africa SMEs account for 95% of all firms
 - Among other challenges faced by SMEs in Sub Saharan Africa is lack of Government attention.
- Current SME sector solutions are not integrated and misaligned (SEDA | SEIFSA | Private Sector solutions)
 - KZN could consider coming up with a well structured and intentional programme:
 - Entrepreneurial Skills – short term programmes offered by entrepreneurs
 - SME Bank
 - Contract Financing
 - Finance for Business Premises
 - Financing for short term contracts
 - Financing Businesses owned by previously marginalised including women
 - Capital and Bank Guarantee Financing Programme
 - Special Fund for tourism
- SEZ type of incentives for certain categories of SMEs

DCCI prepared to immerse itself with other relevant stakeholders in radical economic transformation of this sector.



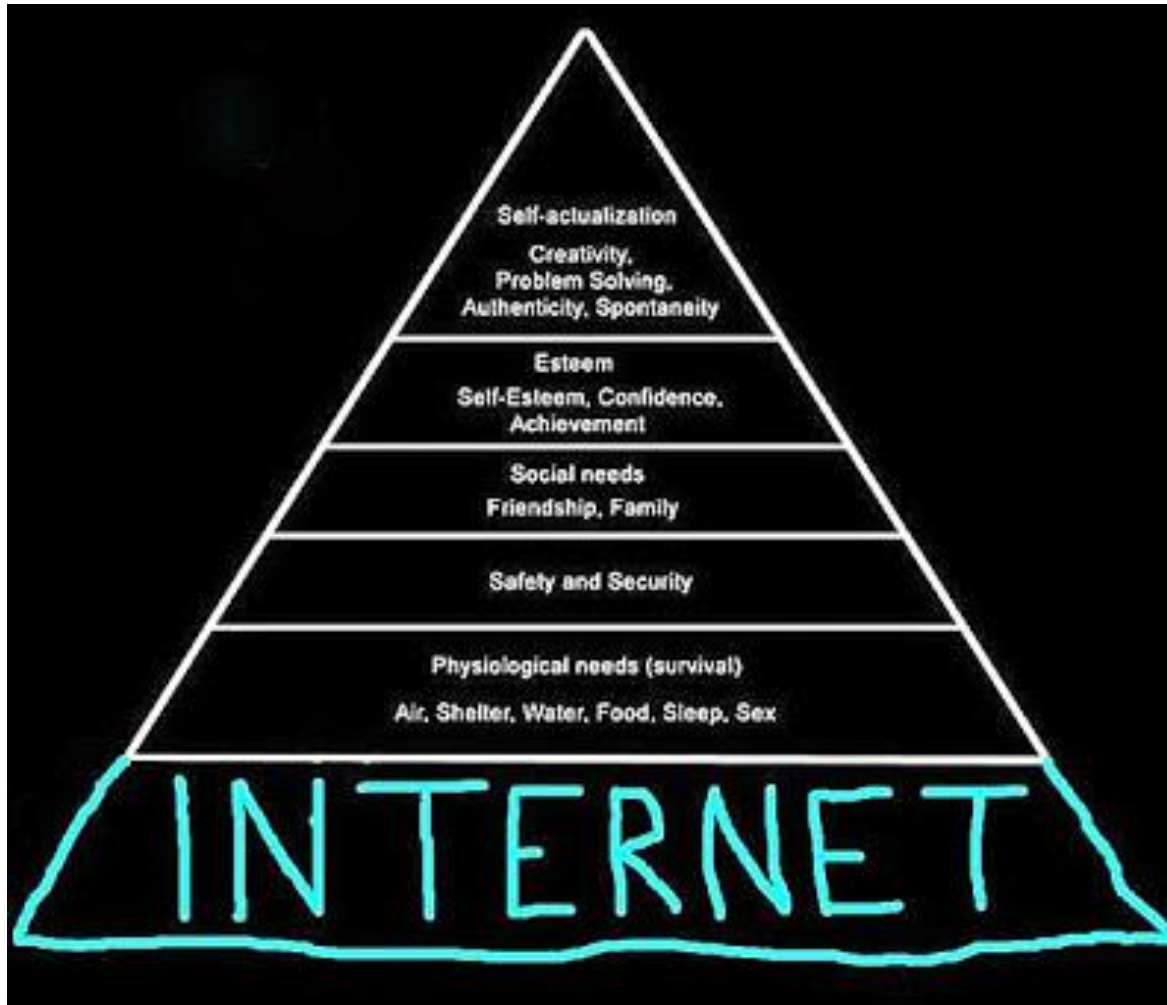
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Challenges to investments & Project Implementation : Maslow's Hierarchy of Needs.



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Internet Speed and Pricing Prohibitive to Investments And Project Implementation.



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- Average download Speed in RSA – 6.38% Mbps, below the world average of 9.10Mbps, 24.87 Madagascar, 60.39 Singapore.
 - Effectively it'd take an SME 1.5 hrs to download a 5mb movie which would take only 11 minutes in Singapore
- Pressure National Govt to release Spectrum
 - Lesotho has better connectivity
 - Unemployed Graduates cannot access job opportunities as more and more advertised online
 - Start ups depend entirely on the internet especially in the services sector
- A number of disruptive Businesses depend on the internet – technology has the potential to liberate us in exactly how Mao Tsetung, Engels and Karl Max foresaw it: people owning the means of production.
- How are we preparing our people to embrace technology: AI (Uber, taxify, Air BnBs, CoBots)
 - Traditional Professions (Law, Medicine, Accounting, Architects,etc) technology



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Let's talk – Xi Ping and Donald Trump Not here 😊



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