

**UTHUKELA ECONOMIC DEVELOPMENT AGENCY QUARTELY REPORT (1ST JANUARY -31ST MARCH 2021)**

**PURPOSE**

To report on the activities as well as financial performance of the Agency to the parent municipality (Uthukela district municipality) for the period 1st January to 31 March 2021

The Agency started the beginning of the year in a very slow pace. This was due to the fact that the country was placed at level 3 of lockdown just before the end of 2020 due to the insurgence of the 2nd wave of covid19. The physical contact with stakeholders especially farmers was stopped and the staff had to alternate working in the office from Monday to Thursday and on Fridays it was the office attendance for all the staff members. The CEO attended every day.

The Agency is now showing some minimum stability which is also ensuring that its mandate is being executed. There are 2 secondees one from Alfred Duma LM (Mr B Madikizela who is responsible for investments) and the other from Uthukela district municipality (Mr B Sibisi responsible for RASET and Agriculture). Ms B Hlongwane whose salary is paid by the board is responsible for tourism and special program. The Agency also received 2 tourism interns from EDTEA from the beginning of the year and their contract is 18 months. The district has also provided the Agency with financial intern whose contract is for 2 years. Furthermore, there are 3 EPWP contracts until the end of the financial year.

**BOARD ACTIVITIES**

The Agency lost one board member Mr M Mosia who passed away on the 2nd February 2021 and was buried on the 5th February 2021. This leaves the board with 5 members and their term of office ends on the 30th June 2021. The table below indicates the sittings of the meetings:

**MEETING SCHEDULE**

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| **TYPE OF MEETING** | **DATE** | **ATTENDEES** |
| Finance’s Renumeration | 05/03/21 | Mr Msomi **(**chair) , Mr P Stokil, Ms Mazibuko, ACFO Mr Dlamini, Bongiwe (Secretarial) |
| HR | 08/03/21 | MrRev Nduli (chair), Mrs Asmal, CEO Ms DCP Mazibuko, Manager Mr B Madikizela, Bongiwe (secretarial) |
| BOARD | 11/03/21 | Mr Shabalala (chair), Rev Nduli, Mr Msomi, Mrs Asmal, CEO Ms DCP Mazibuko, Mr Madikizela, Mr Sibusiso, Ms B Hlongwane (secretarial) |

The board strategy meeting was supposed to sit on the 10-11 February 2021 was postponed to 28-29 April 2021, it will sit virtual.

The Agency continues to give secretariat assistance to the economic cluster that sit forth nightly and the CEO continues to chair the cluster and she also reports to the TCC and attends the DCC.

**TOURISM AND SPECIAL PROGRAMS**

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1. **REPORT**
   1. **January 2021**
      1. **Tourism Stakeholder Engagement**

* All three LM’s were visited for alignment & to understand the status of the tourism establishments within their areas.
* ILM – The office is operating under constrained conditions, with no resource such as computers, telephones or access to internet. The Tourism office uses their own private resources in order to carry out their duties. There were appeals for them to be assisted with working equipment such as computers, means of communication as well as access to internet. The office indicated that the issue has been escalated to all the structures of management for assistance, however, there has been no allocation of resources still. EDTEA indicated that they are aware of the matter and intervention methods are in place, however, not yet finalised.
* OLM – The office is fully functional & equipped. They also have a healthy relationship with the private sector. The Agency will be working with the municipality to identify projects and programs that will benefit the LM, as well as collaborating with the private sector to improve the tourism industry in OLM.
* ADLM – The office is functional, however not fully equipped. The office space is being shared amongst individuals and this situation is not ideal considering the nature of the current pandemic. The LM has a relationship with the Local Tourism Association & the tourism establishments within the municipality.
* All three LM’s, as well as the district municipality have received graduates/interns from EDTEA.
  + 1. **DATABASE**
* The Agency together with the LM’s, are currently working on updating the Tourism Database.
* The Tourism Associations have been engaged to ensure the accuracy of data on the database
  + 1. **SURVEYS**
* The Agency together with the LM’s, started conducting BEE compliance surveys with the Tourism Establishments in the district, as required by EDTEA. These are ongoing surveys.
* There is no co-operation in most of the white owned establishments, whereas there is 40% response rate with the rest of the establishments.
  + 1. **STATS**
* The agency aims to use the relationships that are being built with the associations to collect data that will be able to assist the district in understanding the exact contribution that the tourism industry is making towards the economy of the district.
  1. **INDIGENOUS MUSIC ACADEMY**
* In its’ effort to source funding for one of the tourism catalytic project namely, Indigenous Music Academy, the Agency had engagements with the National office of Arts & Culture.
* The Provincial Chief Director of Arts & Culture has been scheduled to come for a site inspection for this project.
* The Agency has also had engagements and a site inspection with the Accenture task team and is awaiting feedback on the outcome of the visit.
  1. **TOURISM FOCUS GROUP**
* The monthly Tourism Focus Group meetings have had to be cancelled due to poor attendance. The stakeholders feel it would be a duplication of the LED & Tourism Forums that sit on a quarterly basis.

* 1. **LADYSMITH TOURISM ASSOCIATION STAKEHOLDER ENGAGEMENT**
* The Agency had a stakeholder engagement with the Ladysmith Tourism Association to fully understand the current state and the covid-19 impacts in the tourism establishments in Alfred Duma Local Municipality.
  1. **DISTRICT LED & TOURISM FORUM**
* The Agency took part in the District LED & Tourism Forum that took place on 24/03/2021, where the district’s tourism reports were presented.
  1. **THE TOURISM RELIEF FUNDING**

**( information to be added by Ms Hlongwane)**

1. **Provincial Tourism Forum**

* The Agency attended for the first time the Provincial Tourism Forum, where detailed reports on the current state of Tourism & the economic impact of covid-19 in the province was presented.
  1. **SITE INSPECTIONS**

The Agency visited some tourism establishments in Uthukela District during the lock-down level 3. The following were the findings:

* Most of the establishments were not doing well especially with the liquor restrictions that were imposed. They complained that the food & liquor stock expired, resulting in a huge loss of income & high waste management costs.
* They also complained that the covid-19 protocols were high maintenance, whereas their cash flow charts were dropping.
* Some establishments benefited on the relief funding & some did not due to technical glitches.
* Many were concerned about the future of their employees as there was no income coming in. Many have their staff on rotational basis.
* Okhahlamba indicated, however, that there are minimal disruptions in their establishments.

**1.8 SPECIAL PROGRAMS**

* + 1. **ACCENTURE**
* As part of strengthening and sourcing funding/making collaborations with private sector, the Agency has had 2 meetings with Accenture. There is commitment that they will partner with the Agency on various programs. A site visit was conducted with Accenture on the following projects.

1. Chicory farm

2. Okhahlamba bean and butternut co-ops

3. Nkaseni and Ngodini ground nuts

4. Matthews farm

5. Indigenous music academy site

6. Rural and township tourism (Ilenge lodge)

7. Sinaye park

8. Yametsi trading enterprise

9. Top of the Rock bread and

10. Siyaphambili livestock coop.

* + 1. **ECONOMIC RECOVERY PLAN**
* Economic Recovery Plan has been adopted by the council on Friday the 26th February 2021.
  + 1. **UEDA & COGTA ENGAGEMENT**
* Uthukela Economic Development Agency had engaged the provincial office of COGTA with regards to the strategy planning session that is scheduled to take place on 28 – 29 April 2021.

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1. **AGRICUTURE AND RASET.**

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**2.1 INTRODUCTION**

Uthukela Economic Development Agency has performed under very trying conditions brought about by the emergence of Covid-19 pandemic. The second wave that lasted from the end of the past year to the middle of February necessitated that the agency devises a plan to have her employees alternating when it comes to physically coming to work in the offices. The arrangement kept the wheels turning with bare minimum of work being done.

The effect of the arrangement was felt also at the agriculture section. Meetings with farmers had to come to a halt. Workshops could not be held. But be that as it turned out to be, some work had to be done.

**2.2MEETINGS AND FARMER VISITS**

13 meetings were held with farmers in different locations around the district. Of those meetings 6 were with groups of farmers while 7 were held with individual farmers.

A total of 8 farms were visited around the district. In each of the visits, farmers were present for direct engagement.

**2.3 FARMER GROUP MEETINGS**

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| DATE | AREA/CO-OP | MUNICIPALITY | WARD |
| 22.01.21 | Nkaseni | ILLM | 22 |
| 09.02.21 | Ngodini | ILLM | 20 |
| 09.03.21 | Ubumbano | ILLM | 20 |
| 09.03.21 | Inkonjane | OLM | 8 |
| 30.03.21 | SAWIF | OLM | OLM |
| 31.03.21 | Ubumbano | OLM | 20 |

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**2.4 FARMER SUPPORT**

Farmer support came in the form of market sourcing, visit of farmers by Accenture, transport of produce and workshops.

**Markets** were sought from local (within the district) and out of district potential clients. Locally, Save More and Mack son’s – both in Alfred Duma purchased from previously disadvantaged farmers. 1400kg and 700kg of Butternut were sold to the two supermarkets respectively. A private buyer by the name of Nivashni bought 25 tons of groundnuts from the farmers of Nkaseni and Ngodini in Inkosi Langalibalele.

**Accenture**, accompanied by agency RASET unit visited 1 co-op in Inkosi Langalibalele, 1 co-op in Okhahlamba and one co-op in Alfred Duma. Two co-ops from Inkosi Langalibalele engaged with Accenture off site.

RASETconducted one **workshop**, with women farmers belonging to SAWIF in the Okhahlamba municipality. They were workshopped on ensuring sufficient quantities to secure market and on choosing the right produce to plant in a season.

**Transport** of produce was undertaken for the farmers of Nkaseni, Ngodini and KwaHlathi. 25 tons of groundnuts was moved for the former 2 and 17,6 tons of butternut have been moved, in co-operation with the farmer and client, for the farmer from Kwahlathi.

**2.4.1 FARMER SUPPORT WITH MARKET**

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| **FARMER** | **MUNICIPALITY** | **WD** | **PRODUCE** | **QUANTITY** | **VALUE** |
| Nkaseni | ILLM | 22 | Groundnuts | 10tons | R165 000.00 |
| Ngodini | ILLM | 22 | Groundnuts | 15tons | R247 500.00 |
| Mabizela | ADLM | 36 | Butternuts | 17.6tons | R77 000.00 |

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1. **CHICORY PROJECT**

* The Agency continues to assist Ubumbano Chicory co-op with the revival of the chicory production, processing and sale to Nestle.
* An agreement has been reached that the Agency will responsible for the processing of the chicory.
* MOU/SLA will be drafted by the Agency.
* TIKZN is processing the application for funding removal of machinery from old farm to new farm which The Agency lodged on behalf of the co-op.
* Chicory seeds have been tested and found to be in good condition. Fixing of the roaster will determine when planting will begin.
* The PSC is finalizing the appointment of the technician to fix the roaster.
* Ubumbano has, in a meeting with The Agency, agreed to give processing of chicory to the agency for management on behalf of the co-op.
* Members of the co-op have been trained on drafting the working constitution.

1. **AGRI-HUBS**

**Mathews Farm** hub in the Alfred Duma Municipality has been fitted with selection to insulate against heat coming into the hub through the roof. Cold room cooling generators have been moved to the outside.

The hub is ready for operations.

**Chicory Farm** hub in the Inkosi Langalibalele has been erected and properly secured. The Agency awaits permission from COGTA to use grant savings and interest to fit electricity and water pipes.

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**Fresh Produce Market** hub in Okhahlamba is furnished and ready to operate. The Agency is yet to sign an MOU with the municipality to regulate use of this facility.

1. **COGTA GRANT FINANCIAL REPORT**

**Total grant amount :** R3 000 000.00

**Total amount spent :** R2 959 803.25

**Grant savings :** R40 196.75

**Interest accrued :** R56 137.15

The Agency has submitted a proposal to use the savings and the interest for the purchase of a 750kg capacity trailer and for bringing to the Chicory hub in Inkosi Langalibalele electricity and water.

1. **CONCLUSION**

In the last quarter The Agency distributed 1500kg of bean seeds and a 100kg of butternut seeds. In this coming quarter those two commodities will be ready for the market. Transport will remain a challenge. As it sometimes happens, The Agency will count on the parent (municipality) to assist with bakkies and trailers

**INVESTMENTS**

**3.1 DEVELOPMENTS IN DEFY WAREHOUSE & DISTRIBUTION CENTRE**

* Renovations to the warehouse are almost complete.
* The warehouse is expected to be operational from 01 April 2021.
* Defy has outsourced the operation and management of the warehouse to Bakers, a logistics company.
* Bakers has advertised vacancies for the warehouse during March 2021.
* Alfred Duma Municipal Council has delegated the responsibility for this investment to UEDA.

**3.2 DEFY EXPANSION**

* Defy Factory in East London is being closed and is being relocated to Uthukela District (at existing Defy Factory at Ithala Industrial Estate).
* This will add a new line of production at Ezakheni factory of side by side fridges.
* Value of the investment is R55 million.
* There are 152 workers at the East London Factory, only 28 have indicated willingness to relocate to Ladysmith and therefore, 124 jobs will be created in Ladysmith.
* Relocation is expected to be complete by 30 April 2021.

**3.3 DEVELOPMENTS IN UTHUKELA BERRIES EMPOWERMENT DEAL**

* Mr Clouston the owner of the farm has initiated a process of partnering with the workers on the farm to start another company where workers will own a 51% share.
* A loan of R1 million has been secured from Nedbank to fund the deal.
* UEDA is assisting the workers to register a co-operative that will represent them in the deal.
* The new company will grow raspberries, blackberries and other berries in tunnels for domestic and international market.
* Registration of the workers’ co-operative is in progress and the new business entity is expected to start operations in October 2021.
* When the new entity is operational, application for funding to government departments and agencies will be made.

**3.4 CABLE CAR DEVELOPMENTS**

* Project is back on focus again after being in the back banner for some time.
* It is listed as one of the catalytic projects in the KZN Tourism Master Plan.
* Feasibility study has been completed and business plan have been developed.
* A meeting of relevant stakeholders was convened on 3 February to chart a way forward.
* The Office of the Premier is championing the project and UEDA has been invited to be one of champions as well.

**3.5 COLENSO POWER DEVELOPMENTS**

* Progress is slow
* The company is planning to list on the London Stock Exchange to raise more capital
* A Chinese Company is working on the technical side of the business.
* IDC and DBSA have not shown any interest in funding the project.
* UEDA and TIKZN are assisting the company to apply to the KZN Growth Fund for additional funding.

**3.6 STEYNBURG PIGGERY**

* Located off the R74 road in Bergville under Okhahlamba Local Municipality.
* It is a Farrow to Finish unit with an average sow herd of 4 800 and an average of 60 000 pigs on the farm.
* It’s an investment of R380 million for the state of the art piggery.
* When fully operational it will have a staff complement of 50.
* The first batch of sows have arrived and recruitment of staff has started.
* There is an opportunity for the construction and operation of feed farm for the pigs.
* UEDA is planning to work with the previous tenants of the farm to plant maize in their new farm to supply the pigs’ feedlot.

**3.7 UTHUKELA CLOTHING AND TEXTILE SEZ**

* To be located at Ithala Industrial Estate in Peters – Ezakheni.
* Shareholding will be equally divided between national, provincial and local governments.
* At National level DTIC will own 33.3%, at Provincial level EDTEA will own 33.3% and at local level Alfred Duma is supposed to own the other 33.3%.
* At local government level, Alfred Duma Local Municipality has decided to bestow its ownership on Uthukela Economic Development Agency to hold it on behalf of the whole District. However, Alfred Duma will remain a role player in the SEZ since its under its jurisdiction.
* Other role players are Ithala Bank as a landlord and Dube Trade Port as an operator of the SEZ.
* Existence of this SEZ will possible increase occupancy at the Industrial Estate which presently hovers around 40%.