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BUSINESS RETENTION AND EXPANSION PLAN FOR ULUNDI LOCAL MUNICIPALITY

DRAFT REPORT
MARCH 2020



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SECTION 1: INTRODUCTION

1.1 BACKGROUND

Recognised as an area facing various challenges and obstacles with regards to high unemployment, ULundi Local Municipality has embarked upon a new project, known as The Business Retention and Expansion (BR&E) Programme. Research has shown that even though the attraction of new investors and the establishment of new enterprises may counteract the effect of high unemployment rates, it is still an insufficient means of addressing unemployment and the impact business closure has on local communities. It has been found that one of the most effective methods of addressing unemployment in a local area is the retention and expansion of existing businesses, as they can be responsible for up to 80% of new jobs created within a specific time period.

1.2 PURPOSE OF THE BR & E

Piloted successfully in the early 1990s in KwaZulu-Natal, the BR&E programme is to create healthy, inclusive, sustainable and enterprising business communities. It is intended to work in alignment with other national, provincial and local development initiatives to promote the expansion and retention of local businesses, as well as to create new job opportunities.

The overall purpose of the uLundi BR&E programme is to stimulate local economic development and create employment opportunities by retaining and expanding existing business.

1.3 PROGRAM OBJECTIVES

The Business Retention and Expansion Programme is expected to demonstrate local support to existing businesses in helping to solve their problems and challenges, enhance their profile, and provide better information and understanding of the strengths and weaknesses of the business climate. This will not only attract new investors but also encourage expansion that leads to sustainable job growth within the uLundi area. It is also intended that the development and implementation of strategic action plans will encourage new and improved business ideas, thus resulting in business growth and overall economic development.

The Ulundi BR&E Programme has three main objectives including the following:

- To improve communication
- To demonstrate support for local businesses and solve immediate business concerns
- To identify priorities for economic development

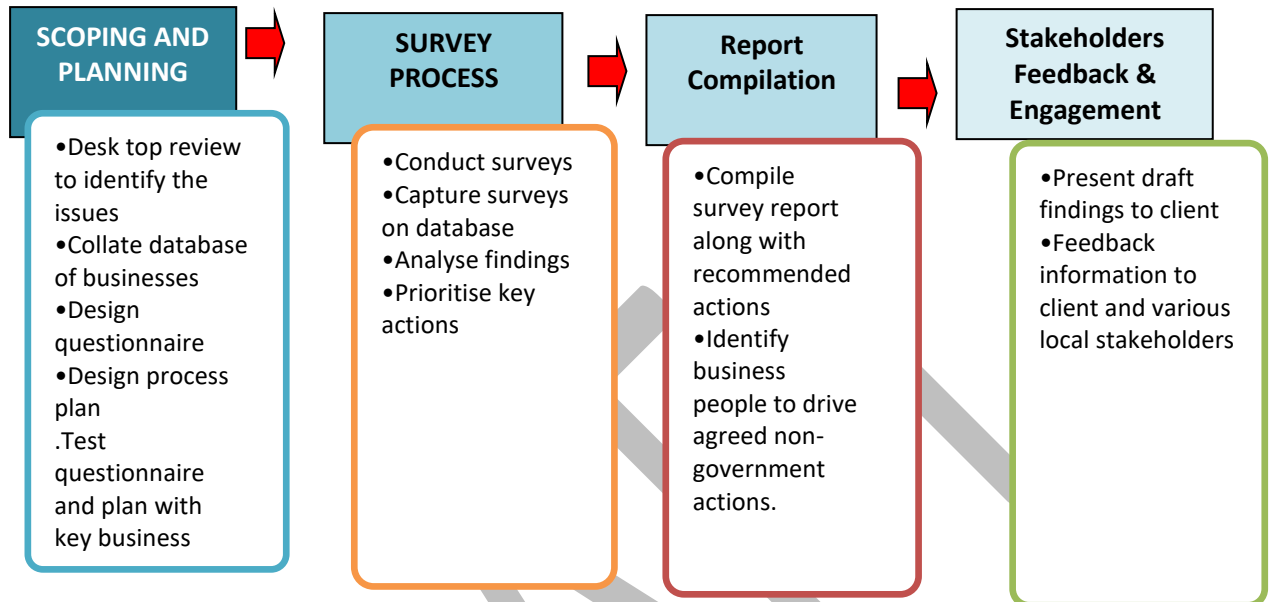
1.4 METHODOLOGY

The following diagramme provide an overview of the Ulundi BR&E study process.

This is done by conducting a confidential survey of local business in order to learn what it is like to be in business locally and to record ideas, concerns, priorities and the obstacles to

business growth. The information from the survey is then used to develop proposals for a local action plan and may also provide useful input to the plans and thinking of external role-players.

Figure 1: BR&E Programme Phases



Source: Ulundi Municipality

As presented above, an in-depth business survey was conducted with local businesses in February 2020, and the findings of the results captured and reported. An analysis of the results culminated in the identification of a number of critical issues that were prioritised as being key interventions towards retaining and expanding local businesses in the area.

Based on these prioritised interventions, specific actions/activities have been identified, and recommended action plans developed accordingly. This report therefore represents the overall Ulundi BR&E programme and sets out the key action plans to be taken forward.

1.3 STRUCTURE OF THIS REPORT

This report is structured as follows:

- Section One: Introduction,
- Section Two: Understanding BR& E, SMMEs and Ulundi Local Municipality
- Section: BR&E Survey Findings, and
- Section four: Recommendations and action plans in response to the business survey conducted.

SECTION 2: UNDERSTANDING OF BR& E, SMMES AND ULUNDI MUNICIPALITY

This section presents the universal understanding of the Business Retention and Expansion; it presents the overview of Small Medium and Micro Enterprises; and concludes with an understanding of the study area which is Ulundi Municipality.

2.1 BUSINESS RETENTION AND EXPANSION

2.1.1 Overview

Business Retention and Expansion is a key element of local economic development efforts. The BR&E economic development strategy focuses on the retention and expansion of existing businesses to assist them in navigating today's global economy. While the attraction of new businesses and incubation of start-ups can be important components of an overall economic development strategy, communities now recognise that helping existing businesses survive and grow is the number one strategy.

Expansions and contractions are defined as changes in employment at an existing plant or business location. Start-ups and dissolutions are defined as the creation or closing down of a separate plant or business location. This "churning" of business creation, dissolution, expansion, and contraction is a natural part of a local economy. The BR&E challenge to a community is to facilitate the expansions while taking preventative actions to reduce the number of dissolutions and diminish the contractions.

Commonly, more jobs are created by business expansions than by new business start-ups. Researches have shown that roughly 77% of new jobs in the many local areas are created by existing business¹. Ulundi Local Municipality, in launching this BR&E programme, has the potential to improve the climate for existing businesses and, therefore, benefit from the continued presence and growth of those businesses.

Another benefit of a BR&E programme is the information provided by the survey on the community's strengths and weaknesses. The strengths can be highlighted in community promotional material, while the weaknesses give the community an opportunity to make important changes and show businesses it is responsive. By acknowledging its weaknesses, a community also shows businesses it is trustworthy and will take a realistic look at its situation.

Another benefit of a BR&E programme is how the process enhances the partnership and relationship between public and private sector in the area. This partnership between private and public stakeholders allows the mobilisation of more resources, ideas, and contacts to address problems identified in the area. Quite often, this local team will continue to interact in addressing other community concerns that arise long after the official programme has ended.

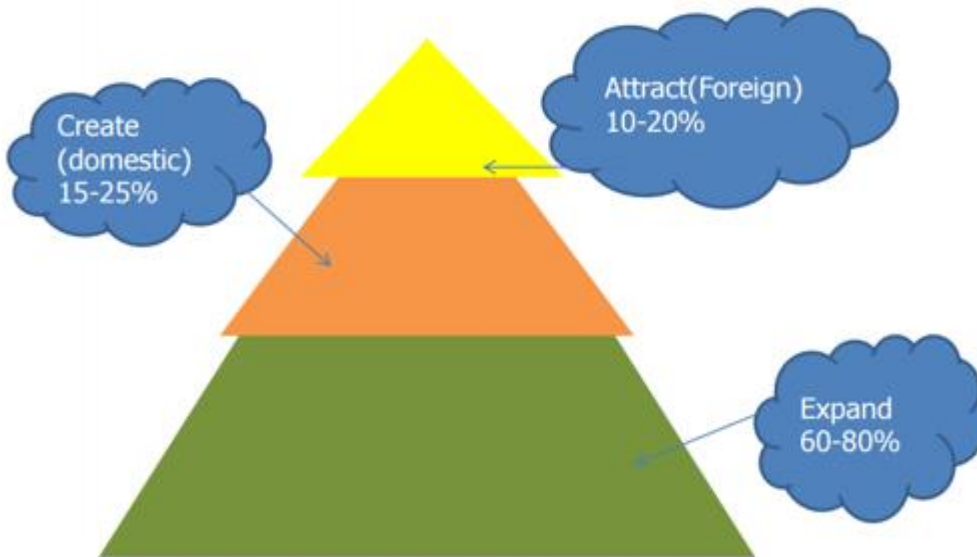
¹ Source: Minnesota DEED, QCEW program 2016

2.1.2 Specific Benefits of Business Retention and Expansion

Specific benefits of the BR & e include the following:

- It is more expensive to attract a foreign enterprise or create a new business and such new operations only create between 10% to 20% of new employment opportunities in the local economy;
- Re-investments by existing companies not only ensures the retention of existing jobs, but also creates 60% to 80% of new direct and indirect jobs in the local economy;
- Existing and well-established businesses contribute to the development of other industries in terms of backward and forward business linkages;
- Existing and well-established businesses also contribute to bettering the local socio-economic environment and assists in improving the trade balance; and
- If the Municipality does not protect and look after existing businesses, the resultant opportunity cost to the local economy becomes too high.

Figure 2: Sources of new jobs



Source: Minnesota DEED, QCEW program 2016

2.1.3 Four Pillars of Business Retention and Expansion Support:

The following table presents the four pillars of the business retention and expansion support.

Table 1: Universal pillars of the business retention and expansion

Key Pillars	Descriptions
Pillar 1: BUSINESS ADMINISTRATIVE SUPPORT	<ol style="list-style-type: none"> 1. Business Operating Permits 2. Work permits for workforce 3. Development Finance 4. Grant Funding and Incentives

	5. Manufacturing Rebates
Pillar 2: BUSINESS OPERATIONAL SUPPORT	<ol style="list-style-type: none"> 1. Support for Training and Development 2. Business Linkages and Export Promotion 3. Identifying Local Suppliers / Service Providers 4. Develop Networks
Pillar 3: MUNICIPALITY SUPPORT	<ol style="list-style-type: none"> 1. Task Team Collaboration (Industry and Officials) 2. Company Surveys and Analysis 3. Conducive Business Environment 4. Local Economic Development Plan
Pillar 4: STRATEGIC SUPPORT	<ol style="list-style-type: none"> 1. Policy Advocacy Matters 2. Supporting Local Suppliers to meet International Standards 3. Networks to Increase Productivity and Competitiveness 4. Strategic Alliances with Key Sector Clusters 5. Company Support Interventions

2.2 SMALL MEDIUM AND MICRO ENTERPRISES: OVERVIEW

2.2.1 DEFINING SMALL ENTERPRISE

The small enterprise sector plays a crucial role in the national economy. It is vital in developing economies, providing a balance between supply and demand in the job market, creating competition between businesses that leads to the more efficient utilisation of resources, the development of skills and technology, and as a result, the overall development of the economy. Small enterprises are considered to be one of the major sources for employment creation and community growth.

As identified in the National Small Business Act, No. 102 of 1996, "Small Enterprise" means a separate and distinct business entity, including co-operative enterprises and non-governmental organisations, managed by one owner or a number of owners which, including its branches or subsidiaries, if any, is predominantly carried on in any sector or sub-sector of the economy and which can be classified as a micro, a very small, a small or a medium enterprise.

Micro-enterprise

Within the category of micro-enterprises, there are survivalist enterprises. Survivalist enterprises run with a few paid employees and minimal asset value. The enterprises generate income below the minimum income standard or the poverty line, and their main aim is to provide

minimal subsistence means for the unemployed and their families. Most entrepreneurs in this category are involved in hawking, vending and subsistence farming. Micro-enterprises have the potential to absorb unskilled labour, as has been confirmed by the correlation between the unemployment rate and the number of self-employed persons in unregistered, mainly survivalist, enterprises that prevail in informal settlements and rural areas.

Very small enterprises

Very small enterprises employ fewer than 10 paid employees, and in the mining, electricity, manufacturing and construction sectors, fewer than 20. They operate within the formal market and usually have access to modern technology.

Small enterprises

Small enterprises have fewer than 50 paid employees and are more established, with more complex business practices. Usually the owner does not manage the enterprise directly and a secondary coordinating mechanism has been put in place. Growth from a small to a medium-sized enterprise requires an accumulation of resources as well as a set of appropriate incentives for enterprise expansion.

Medium enterprises

Medium-sized enterprises are enterprises with up to 100 paid employees, although in the mining, electricity and manufacturing sectors, this can be up to 200. Although usually controlled by an owner/manager, the ownership and management structure is more complex. A more complete separation of ownership and management is often the natural barrier between medium and large enterprises.

From the preceding highlighted definition, it is understood that SMMEs include:

- All formal small businesses, meaning those registered with the CIPC
- All businesses registered for VAT (but not yet registered with the CIPC)
- All co-operative businesses (primary and secondary)
- All informal businesses, meaning unregistered enterprises
- All non-governmental organisations employing few people
- All state-owned companies employing few people

2.2.2 The Role of Small Enterprises in Economies

In many countries, especially those in Africa and Asia, the micro-enterprise sector absorbs the majority of the working population. The following are statistics that illustrate the key role that micro and small enterprises play in generating overall employment. Firms of five or fewer employees account for half of the non-farm workforce in Latin America, and two-thirds of the non-farm workforce in Africa. Informal sector firms generate three out of every four new, non-farm jobs in Thailand and half of all new jobs in Indonesia. Further, micro and small enterprises comprise more than 97% of all firms in the manufacturing and trade/service sectors

(Simmons, 2004).

Micro firms generate 71% of total employment in the trade/service sector in Thailand. In India, small enterprises constitute an important segment of the economy in terms of their contribution to the country's industrial production, exports, employment and creation of an entrepreneurial base. No fewer than 90% of workers in India owe their livelihoods to informal sector employment. These workers contribute 60% of net domestic product and 70% of domestic income (Simmons, 2004).

In Indonesia, firms with five or fewer employees account for almost half of total manufacturing employment, while small enterprises account for an additional 18%. In Korea, small enterprises have a higher share of employment and added value that enables the economy to adjust smoothly to exogenous shocks and cycle swings (Simmons, 2004; Bakiewicz, 2008).

Politicians, academics and developmental economists in Botswana are of the view that enhancing small business development and promoting entrepreneurship would be a good strategy to grow and promote economic development. From the viewpoint of economic development, small businesses create almost half of new jobs in the economy, and it is assumed that they are good jobs. Estimates from the Botswana Institute of Development Policy Analysis (BIDPA, 2007) put the SMME contribution to employment at 32%, the majority of which is in the micro sector. The BIDPA further found that SMMEs contribute up to 75% of private sector employment and about 20% of national output (GDP) (Nkwe, 2012).

More than half of the economically active population in the Philippines is employed in micro and small enterprises, while Mexico looks to micro-enterprises for 32 % of its gross domestic product and 64 % of its total employment. Approximately 49 % of GDP in Peru and 70 % in Nigeria and Egypt come from the micro-dominated informal economy (Simmons, 2004; OECD, 2004).

In Ukraine, 2.6 million businesses and 87% of all businesses are self-employed individuals who produce, distribute, and/or sell goods in the local marketplace. In Honduras, micro-firms account for 30,000 of 40,000 horticultural firms that emerged in the wake of Hurricane Mitch and in Bangladesh, more than 90% of the firms engaged in the \$350 million shrimp export business are micro-businesses (Simmons, 2004; Alam *et al.* 2006).

2.2.3 Common SMME Challenges

Small enterprises, as presented above, provide employment and allow many marginalised individuals in the country to more easily access the mainstream economy. However, these economic entities are not without their challenges (Simmons, 2004).

Major challenges that small enterprises face include:

- Limited enabling legal and regulatory framework;
- Limited access to information and advice;

- Limited access to procurement and market opportunities;
- Limited access to finance;
- Difficult access to physical trading infrastructures;
- Lack of business skills and capacity building;
- Limited access to appropriate technology;
- Limited industrial relations and the labour environment;
- Lack of joint ventures; and
- Taxation and other financial burdens

2.4 Universal SMME Needs

The needs of SMMEs worldwide are a result of the various constraints that businesses are currently facing (Simmons, 2004). In other words, needs are the opposite side of the coin to the challenges that SMMEs are facing and include the following:

- Easy access to markets and market opportunities;
- Comfortable access to finance and, especially, grants. This reduces SMMEs' reliance on friends or non-banking financial agencies with unfavourable terms;
- Access to land and business premises;
- Access to business management skills;
- Access to human resources skills;
- Access to financial or bookkeeping skills;
- Access to technical skills related to specific sectors;
- Access to IT and computer-related skills;
- Access to mentorship programmes;
- Access to information and advisory services;
- Access to private-public partnerships for information and experience sharing;
- Access to partnerships with large businesses for market opportunities;
- Access to public procurement and tenders; and
- Access to business registration processes

2.3 ULUNDI LOCAL MUNICIPALITY: OVERVIEW

2.3.1 REGIONAL CONTEXT

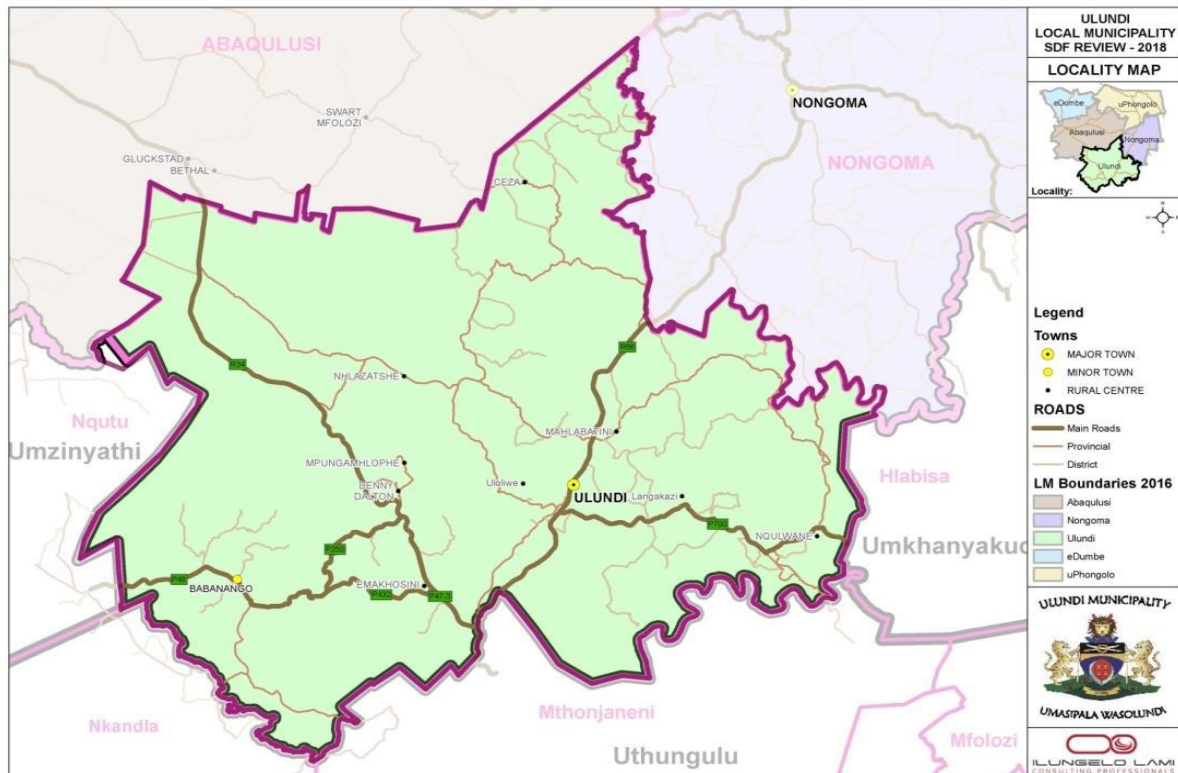
Ulundi Local Municipality (KZ 266) is a Category B municipality situated north-east of the Kwa-Zulu Natal Province. It is located along the southern boundary of the Zululand District Municipality and bounded by 7 municipalities viz. Abaqulusi, Nquthu, Nkandla, Mthonjaneni, Ntambanana, Hlabisa and Nongoma Municipality.

Ulundi LM is a major heritage hub located west of the N2 national development corridor and

133km North West of Richards Bay a major port city. The Ulundi municipal area of jurisdiction is approximately 3,250 km² in extent. The Municipality is predominantly rural in context with very few settlements exhibiting urban characteristics.

The towns and settlements includes Nqulwane, Mahlabathini, Babanango, Mpungamhlophe and Ceza as well as nine Traditional Authorities of Buthelezi, Mbatha, Mpungose, Ndebele, Nobamba, Ximba, Zungu, Nsimbi, Buthelezi-eMpithimpithini.

Figure 3 Ulundi Local MUnicipality



Source: Ulundi SDF 2018

The population within the municipality is approximately 205 762 as per the 2016 Community Survey.

The Ulundi Local Municipality is one of five local municipalities within the located the Zululand District Municipality. The family of municipalities consists of:

- éDumbe (KZ 261)
- uLundi (KZ 262)
- Abaqulusi (KZ 263)
- Nongoma (KZ 265)

The municipality constitutes 22% of the total area of jurisdiction of the Zululand District Municipality. It is made up of 24 wards, covers an area of approximately 3250km² and has a population of about 188 319 people. Approximately 50% of the Municipal area consists of

commercial farms and the area supports a substantial agricultural community. The town of Ulundi represents the only urban centre in the Ulundi Local Municipal area and accommodates approximately 40,000 people. The settlement pattern reveals a high population concentration in the town of Ulundi and densely populated peri-urban area surrounding the town and along the main routes R34, R66 and P700.

Figure 4 Ulundi within the Zululand District



Source: Ulundi SDF 2018

2.3.2 DEVELOPMENT NODES

PRIMARY/MUNICIPAL DEVELOPMENT NODE

The town of Ulundi is situated on the R66 which connects Ulundi directly to Nongoma in the North and Melmoth to the south, then leading to the N2 which connects the town to the coastal cities. The town of Ulundi is the only formal urbanised node and houses all formal (first Economy) economic activities within the Municipality. The areas surrounding the town of

Ulundi are characterised as large, densely populated tribal areas with an informal settlement pattern. These areas are completely reliant on Ulundi for employment, goods and services. Due to the high population density, concentration and service demands, large sections of these tribal areas can be classified as emerging urban settlements.

SECONDARY DEVELOPMENT NODES

The secondary development nodes serve several local communities with above-local level facilities, amenities and activities. These nodes include:

- Babanango,
- Ceza,
- Mpungamhlophe,
- Nqulwane and
- Ulundi/Mahlabatini.

SATELLITE DEVELOPMENT NODES

The following are the proposed satellite municipal development nodes that have been identified:

- Nhlazatshe,
- Mhlahlane,
- Zungu,
- Ezimfabeni,
- Ntintini,
- Stedham,
- Dlebe, and
- Mame/Phangode.

2.3.3 DEVELOPMENT CORRIDORS

The Identification and classification of movement routes in Ulundi is based on function/role, and intensity of use or development along the route/corridor.

REGIONAL DEVELOPMENT CORRIDOR

The R34 runs through the western portion of the municipality and is considered one of the primary movement corridors in Ulundi municipality. Ulundi Municipality recognizes the significance of the R34 at a regional level, and the opportunities it presents for the Municipality.

It connects Abaqulusi Local Municipality to Ulundi, Melmoth, Eshowe and ultimately Richards Bay. Development occurs along this route and the comparative advantages presented is not being utilised. Interventions envisaged in for this corridor include:

- Constant Inter Governmental communication and co-ordination relating to the

development of the Major Economic Corridors and its impacts on the Ulundi Area.

- Developing a localised Corridor Development Strategy, which will focus on spatial structure, infrastructure provision and attracting both public and private sector investment

PRIMARY DEVELOPMENT CORRIDOR

The R66 runs roughly in a northeast-south westerly direction and provides regional access within the Zululand District Municipality. This route has been identified as the primary corridor. The town of Ulundi is situated on the R66, which is the main economic centre of the Ulundi Municipality.

The following interventions are envisaged:

- Developing a localised Corridor Development Strategy, which will focus on spatial structure, infrastructure provision and attracting both public and private sector investment.
- Ensure multimodal transport integration occur along the road at key points, and link to Rural Areas.

SECONDARY DEVELOPMENT CORRIDOR

Important secondary routes include the R68 and the P700. Ulundi is situated at the base of the P700 corridor, which links Ulundi to Richards Bay, Ntambanana, and the Hluhluwe-Umfolozo Park and presents further opportunities for tourism development.

This route will provide a shorter route to the Park from Gauteng and Mpumalanga. The P700 and P701 further provide access to a number of lower order nodes. Interventions envisaged in this area relate to:

- Developing a localized Corridor Development Strategy, which will focus on spatial structure, infrastructure provision and attracting both public and private sector investment.
- Ensure that multimodal transport integration occur along these roads at key points.

TERTIARY DEVELOPMENT CORRIDORS

Tertiary routes link potential proposed satellite municipal development nodes and provides access to public and commercial facilities at a community level. Tertiary routes are access roads connecting the following areas:

- Dlebe
- Ezimfabeni
- Mhlahlane
- Ntonjeni
- Mahlabatini
- Okhukho
- Zungu

2.3.4 KEY ECONOMIC SECTORS

AGRICULTURE

The agriculture sector is one of the most important key economic sectors within the Municipality. The Ulundi Municipality has a limited number of cultivated areas, which is mainly grouped on the boundary of the Municipality.

Another large concentration of formal agricultural activities is situated to the north of Mpepho. Smaller groupings of cultivated land are distributed all over the municipal area. Commercial agricultural activities, although few and limited, are scattered around the Municipal area. These activities are located in the following areas:

- Nkonjeni
- Mabedlana
- Kwadayeni
- Babanango
- Mpungamhlope
- Bloubank
- Ngongweni

Forestry activities are limited to the areas around babanango, especially along the R68 road in the south of the Municipality. The municipality further has four conservation areas. These areas are situated in the following areas:

- Eastern boundary adjacent to the Hluhluwe Ulundi Municipality Reserve;
- North of KwaMbambo;
- Western municipal boundary with Nquthu near Njanbuna;
- Ophathe Game Reserve

Agriculture is a major sector within the Municipality and has the potential to contribute to the development of employment opportunities as well as addressing matters related to food security.

TOURISM RESOURCES

Ulundi is rich with Zulu Culture and has a range of tourist attractions which relates directly to the history of the Zulu Kingdom. The sites include graves of Zulu Kings all buried in the Makhosi Valley (Valley of the Zulu Kings) and the Italeni battlefields. These cultural assets can be developed into a tourism route and can be linked to the historical sites situated at the adjacent Nkandla Municipality. Apart from the historical significant areas, a number of game farms are situated on the Northern boundary of the Municipality.

The proximity of the airport provides opportunities for high quality products to be advertised. The Ulundi LED strategy identifies the following key issues which need to be addressed in order to unlock the tourism potential of the Municipality.

- The development of eMakhosini area to attract more tourism

- The completion of P700 to link Ulundi with uThungulu thus increasing the number of tourism to the area.
- Investigation of more tourist routes with other Municipalities like Nongoma.

INDUSTRIAL RESOURCES

The Ulundi LED Strategy indicates that Ulundi Municipality lacks industries that can employ people on a large scale. Agriculture is the most prominent sector within Ulundi Municipality; it is natural that industry development should be aimed at processing agricultural produce to benefit from beneficiation of products.

BUSINESS AND COMMERCIAL RESOURCES

Ulundi Town is the only commercial and services centre of the Municipality. It is further indicated that most of the population conducts their shopping outside of the municipal area. There is thus a need to expand on this sector and to ensure that disposable income is circulated within Ulundi Municipality and not within other municipal areas.

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SECTION 3: BR & E SURVEY FINDINGS

The profile and analysis of the businesses presented in this section derived from the survey conducted the small businesses in Ulundi Municipality in February 2020. Running small enterprise in Ulundi Municipality is one of the key means of living in the area and makes an important contribution to the economic and social life of the majority of the residents in this Municipality.

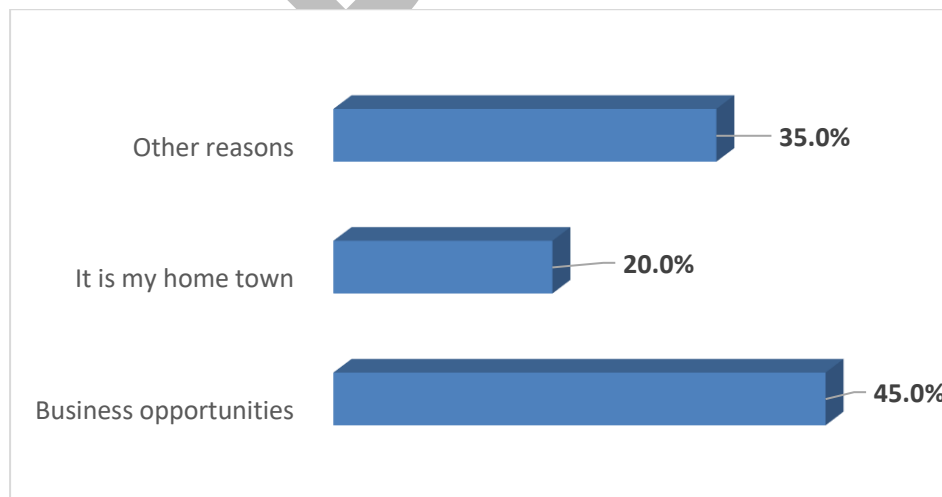
- It absorbs workers who would otherwise be without work or income. Some people enter the business environment in Ulundi Municipality not by choice but out of a need to survive. Especially in circumstances of high unemployment, underemployment and poverty, the small business environment has significant job and income generation potential because of the relative ease of entry and low requirements for education, skills, technology and capital, but the jobs thus created often fail to meet the criteria of decent work.
- It helps to meet the needs of poor consumers by providing accessible and low priced goods and services.
- It serves as an incubator for business potential and an opportunity for on-the-job skills acquisition. In Ulundi it is a transitional base for accessibility and graduation to the formal large businesses and economy.

3.1 BUSINESS STRUCTURE AND HISTORY

3.1.1 Reasons for Choosing

The formal business surveys organised indicated a number of key factors that attracted people to establish business in Ulundi Municipality. However, 45% of the Businesses in Ulundi pointed out that there are business opportunities in the area, another group for around 20% said that it was good for them to businesses from their hometown. the final group presented other reasons that influenced them to start business in Ulundi.

Figure 5 Reason for locating business in Ulundi



Source: Ulundi Municipality 2020 Business Survey

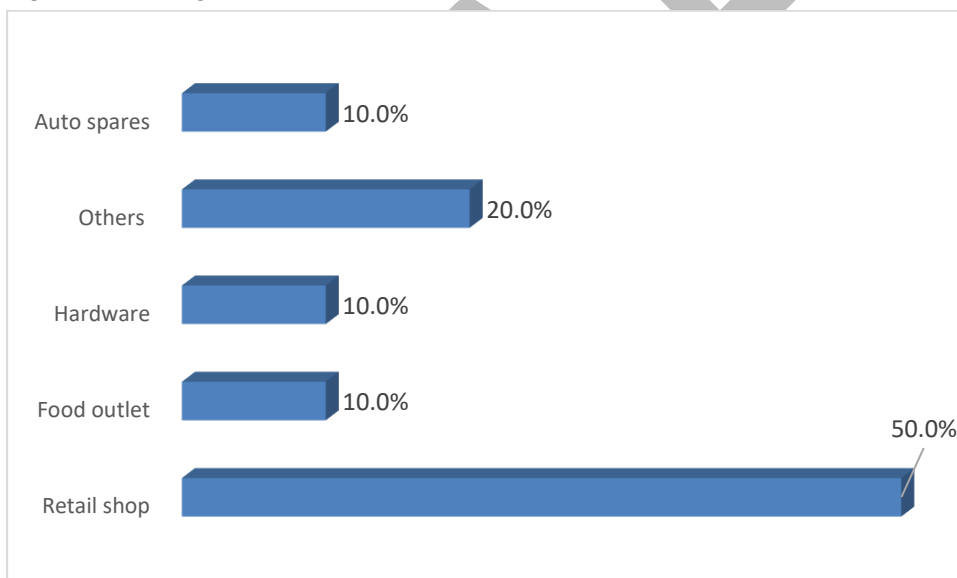
Other reasons include the following:

- To bring our new brand to Ulundi
- To create jobs and help people changing their lives
- To give the community a choice of better prices on their food items
- To help Ulundi people with our products
- To provide our services to the community
- To provide Ulundi community with food product.

3.1.2 Major Activities

Businesses in Ulundi Municipality, as presented in the following figures, provide a variety of merchandise and services to their clients that crosscut many economic activities. Some of them include automotive spares, hardware items, food outlets, retail shops and others.

Figure 6 Trading Goods and Services



Source: Ulundi Municipality 2020 Business Survey

It should be noted that the retail shops provide items such as edible and non-edible household products, ladies, men and kids' shoes and clothing, bags and perfumes, hair product and beauty product. As per the preceding figure, 20% of businesses in Ulundi provide other merchandises including:

- Accommodation with conference and dining
- Bed products - bed and pillows
- Convenience store
- Pharmaceutical products

3.1.3 Business Sector

The following figure indicates that businesses in Ulundi Municipality are involved in many

economic sectors. However, the dominant sector is the retail which accounts for 48% of the total. The Retail sector is followed by the construction sector as well as by the catering and accommodation with 29% and 10% respectively.

Table 2 Business Major Sectors

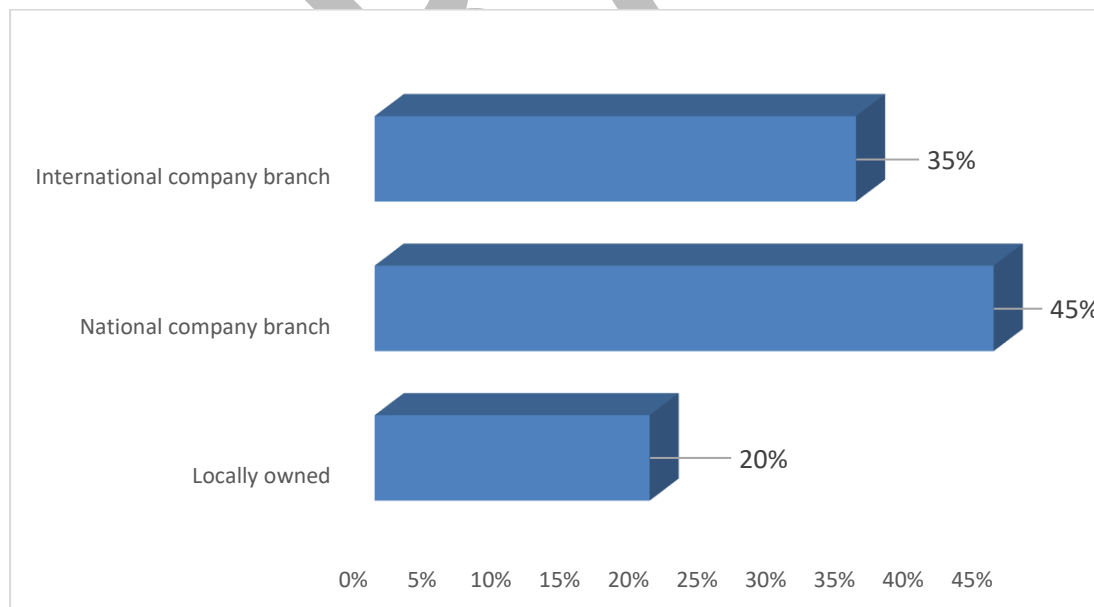
Key Sectors	%
Agriculture, forestry, fishing	5%
Construction, building	29%
Catering, accommodation	10%
Community or personal services	5%
Transport, storage, communications	5%
Wholesale, retail, motor trade	48%
TOTAL	100%

Source: Ulundi Municipality 2020 Business Survey

3.1.4 Local or international Business

As presented in the following figure, the majority of businesses (45%) in Ulundi are either branches of some of the national or South African companies or branches of some international companies. Only small portion of businesses, 20% belongs to local people. In this regard, there is a need to undertake a strong support campaign to ensure that local people are encouraged to start business in Ulundi.

Figure 7. Ownership status of Business in Ulundi



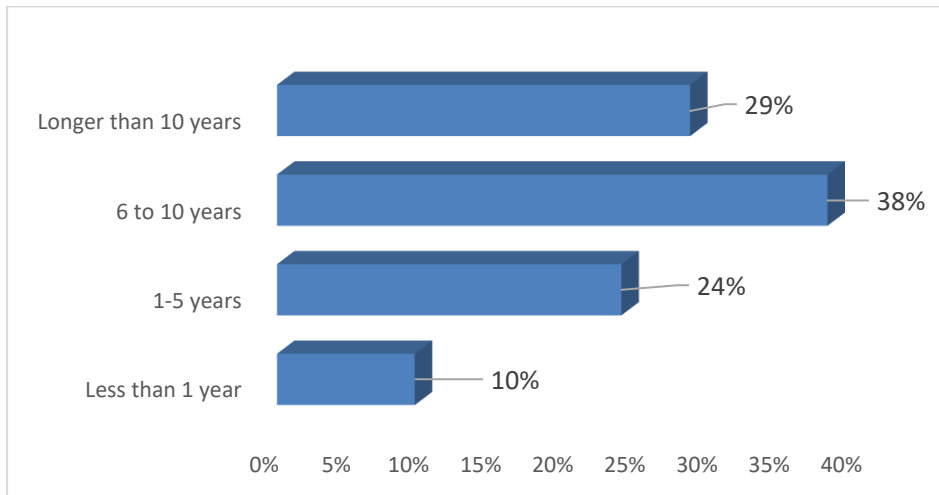
Source: Ulundi Municipality 2020 Business Survey

3.1.5 Business Duration

As per the following figure, the majority (67%) of SMMEs in Ulundi have been operating for more than six years. This indicates and confirms that Ulundi is a good environment for business

stability and growth, and this trend will need to be kept or improved to ensure that businesses are stable.

Figure 8 Business Duration

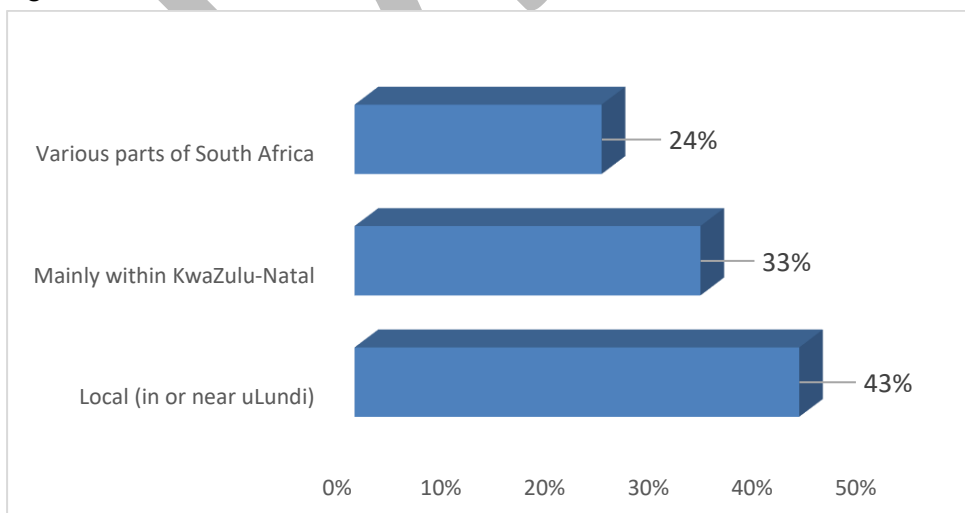


Source: Ulundi Municipality 2020 Business Survey Business Survey

3.1.6 Key Customers

Local customers are the main source of sales for 43% of the businesses surveyed, this is followed by clients from the KwaZulu-Natal province who do come from other districts and Municipalities. In addition, some businesses have clients that are coming from outside of the province. Having a large number of local clients is an efficient economic indicator, as it shows that Ulundi people have the economic or the strong buying power to purchase from local businesses.

Figure 9: Business Main Clients - Sales

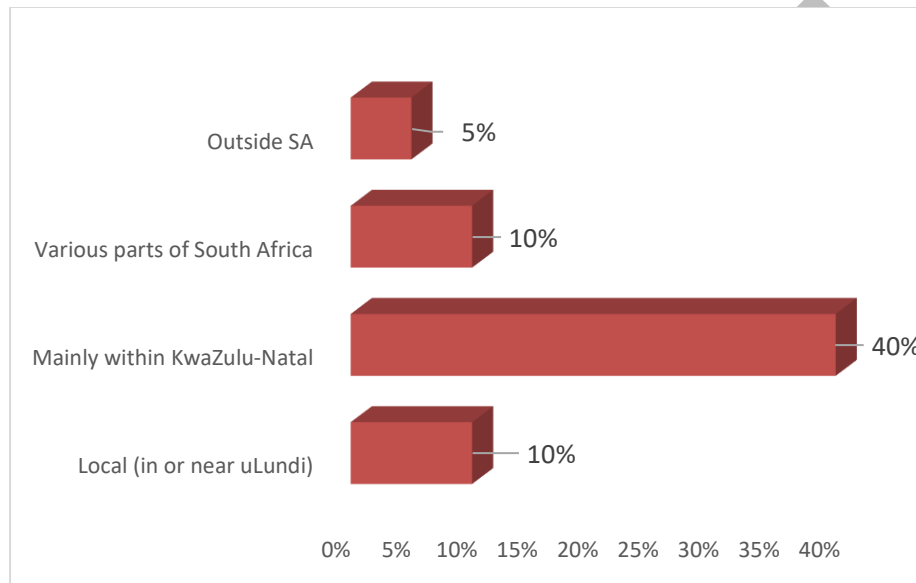


Source: Ulundi Municipality 2020 Business Survey

3.1.7 Key Suppliers

As presented below, when it comes to suppliers 40% of those interviewed purchase the bulk of their supplies from within KZN – often from around Durban – or from various parts of South Africa (10%). Hardly any (5%) make significant purchases outside the country. An issue that will come up again later is the fact that relatively few (10%) can find the majority of their supplies locally.

Figure 10 Business Main Suppliers



Source: Ulundi Municipality 2020 Business Survey

3.1.8 Business Marketing Means

When asked what methods they use to promote their businesses, the great number said word of mouth and social media have a big impact with 14% each on their sales. Networking and socialising were said by 12% of interviewees to have some to big impact on sales. Next in importance are flyers and local radio followed by signage, local newspapers and then local posters.

Table 3 Means of Marketing

Marketing Means	%
Local newspaper	8%
Flyers	10%
National newspaper	6%
Networking	12%
Radio	10%
Signage	8%
Website	8%
Posters	8%

Marketing Means	%
Social media	14%
Word of mouth	14%
Other (Franchise marketing, all means)	2%
TOTAL	100%

Source: Ulundi Municipality 2020 Business Survey

3.2 EMPLOYMENT TRENDS

3.2.1 Number of Full and part Time Employments

As per the following table, majority 65% of formal businesses in Ulundi employ between 1 to 9 full time persons depending on the business sector. However, there are many other businesses in Ulundi that employ between 10 to 20 full time employees. A big surprise is that 10% of the interviewed businesses employ between 20 to 49 full time employees, which is great for the local economy in terms of the reduction of unemployment.

With regard to the part time employments, the majority of businesses employ between 1 to 4 people. It should be noted that, businesses have highlighted that, part time employments are seasonal and they happen during the busy periods such as Easter and Christmas.

Table 4 Full and Part time Employments

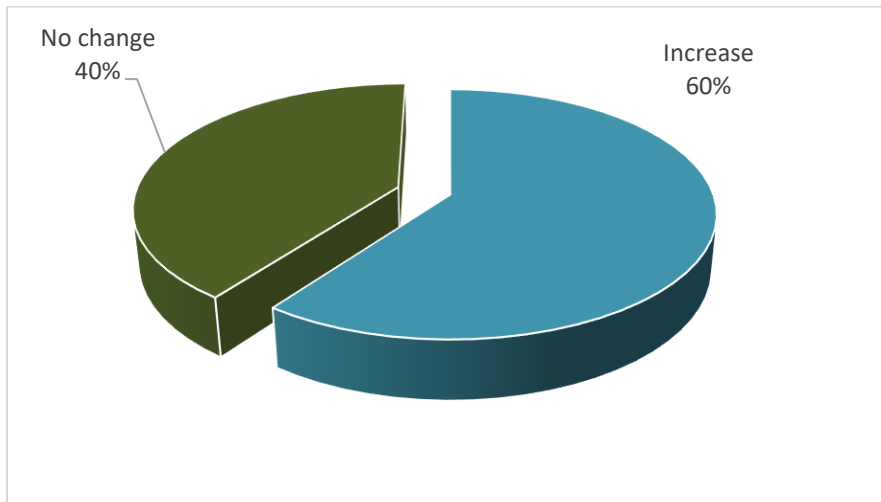
Categories	Full-time	Part-time
1 to 4 Employees	35.00%	60.00%
5 to 9 Employees	30.00%	20.00%
10 to 19 Employees	20.00%	10.00%
20 to 49 Employees	10.00%	10.00%
50 to 99 Employees	5.00%	
100 to 199 Employees	-	-
200 + Employees	-	-
TOTAL	100%	100%

Source: Ulundi Municipality 2020 Business Survey

3.2.2 Change in the Number of People Employed in the Last Two Years

In spite of the economic challenges 60% of the respondents said they had increased the number of people employed over the last two years while 40% said there had been no change in numbers. However, the good news is that no business did not indicate that it has reduced the number of people employed

Figure 11 Employments Trends Over the Past two years

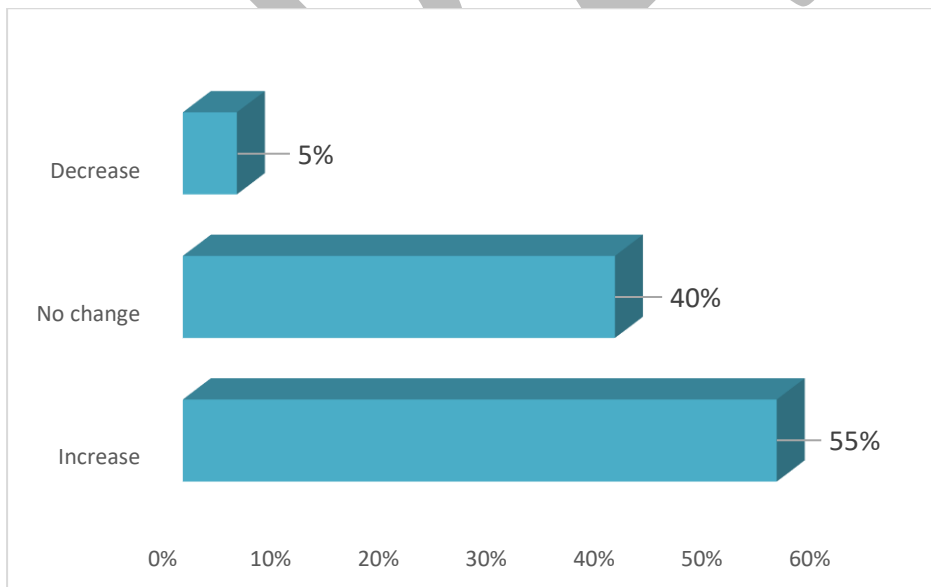


Source: Ulundi Municipality 2020 Business Survey

3.2.3 Expected Change in the Number of People Employed Over the Next Two Years

The overwhelming majority 55% of the businesses interviewed plan to employ more people over the next two years, while 40% expect their numbers to remain the same. Only 5% expect to reduce the number of people employed.

Figure 12 Expected Employment Trends Over the Next Two years

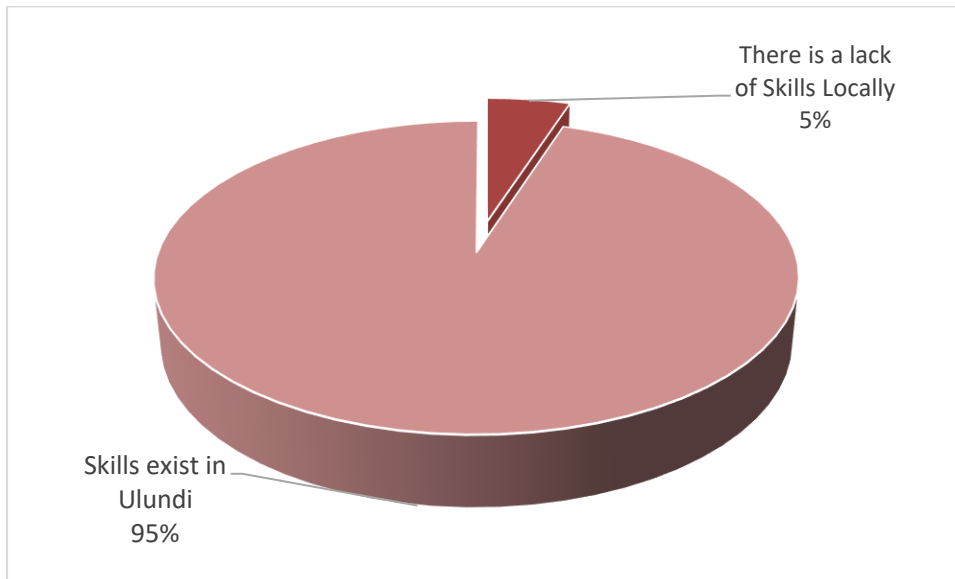


Source: Ulundi Municipality 2020 Business Survey

3.2.4 Difficult Skills to Recruit Locally

When asked what whether there is a challenge to access required skills for the improvement of business, the overwhelming majority (95%) of the businesses interviewed pointed out that the required skills are available in the Municipality.

Figure 13 Availability of Skills in Ulundi



Source: Ulundi Municipality 2020 Business Survey

3.3 BUSINESS ENVIRONMENT

3.3.1 Main Advantages of Running Business in Ulundi

A remarkable 40% of respondents feel the availability of customers is an advantage of running a business in Ulundi while 10% see the access to suppliers in the area being another advantage. Unusually for surveys of this nature, many businesses 10% of those interviewed believe the rate of crime locally to be an advantage. Also well regarded are the image of the area (7%) and the availability of business services (7%).

Table 5 Advantages of Running Business in Ulundi

Main Advantages	%
Access to customers	40%
Access to suppliers	10%
Crime rate	10%
Image of the area	7%
Availability of business services	7%
Road networks	4%
Support by municipality	4%
Availability of housing	3%
Quality of life locally	3%
Availability of skills locally	3%
Cost/reliability of transport	1%
Reliability of electricity/water supply	1%
Relative cost of land/property	1%
Other	1%

Main Advantages	%
TOTAL	100%

Source: Ulundi Municipality 2020 Business Survey

3.3.2 Main Disadvantages of Running Business in Ulundi

The most frequently mentioned disadvantage was the unreliability of the electricity supply – an issue for nearly quarter (13%) of those interviewed. It may also have been one of the factors influencing the 10% of respondents who believe image of the area is another disadvantage of running a business locally. On the list for 10% of businesses was the crime particularly for workers at night. The Local maintenance/repair services is a disadvantage for 10% and the Availability of skills locally for 30%.

Table 6 Disadvantages of Running Business in Ulundi

Main Disadvantages	%
Reliability of electricity/water supply	13%
Local maintenance/repair services	10%
Image of the area	10%
Crime rate	10%
Availability of skills locally	8%
Cost/reliability of transport	7%
Support by municipality	7%
Relative cost of land/property	7%
Relative cost of rates & services	6%
Road networks	6%
Access to customers	4%
Strength of local market	3%
Access to suppliers	3%
Availability of housing	3%
Availability of business services	3%
Quality of life locally	1%
Availability of public transport	1%
TOTAL	100%

Source: Ulundi Municipality 2020 Business Survey

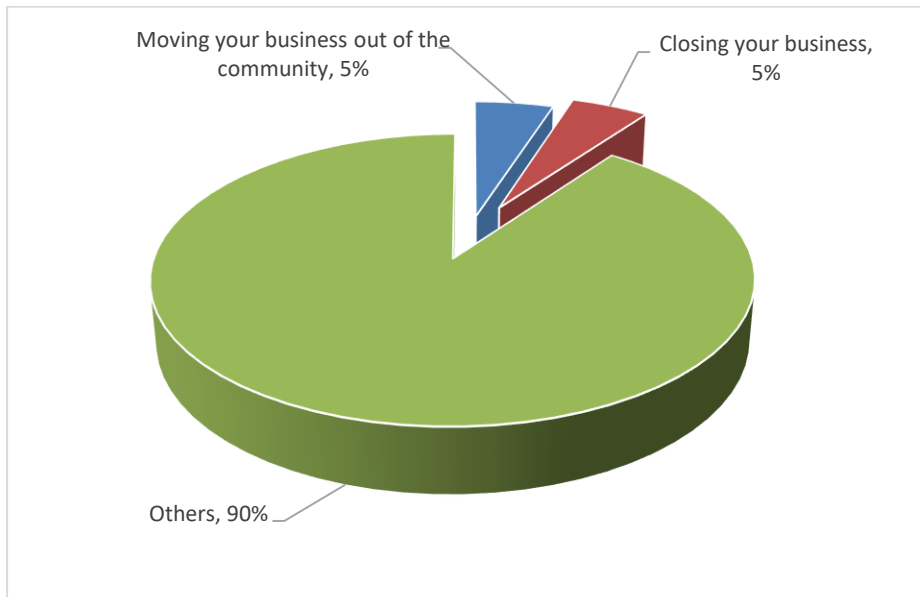
3.4 FUTURE PLANS

3.4.1 Business Options Over the Past Two Years

Based on their experience over the past two years, 90% percent of businesses in Ulundi did not want to move their business out of the community; they did not want to sell or to close down their businesses; but they are happy to continue trading in Ulundi. As pointed above, this indicates and confirms that Ulundi is a good environment for business stability and

growth, and this trend will need to be kept or improved to ensure that businesses are stable.

Figure 14 Business Options Over the Past Two Years

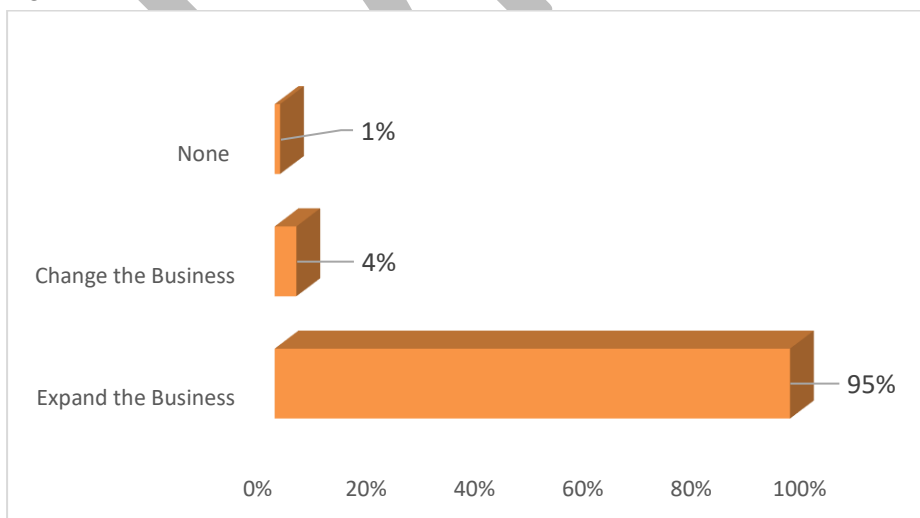


Source: Ulundi Municipality 2020 Business Survey

3.4.2 Plans to Expand or Change the Business

Regarding the business expansion, the following figure indicates that the overwhelming majority of the interviewed businesses 95% in Ulundi Municipality are optimistic to expand their enterprises and employ more local people. Some intend to increase capacity, acquire bigger premises or take on more employees; many are diversifying into new products or services.

Figure 15 Business Future Plan



Source: Ulundi Municipality 2020 Business Survey

3.4.3 The Major Constraints to Expand the Business

As presented above, many businesses in Ulundi are optimistic to expand their enterprises. However, in order to achieve the business expansion, formal businesses presented a number of concerns to be addressed as presented in the following table.

The most frequently mentioned constraints to expansion were as the lack of Availability of finance (13%), Lack of space (13%), Commodity prices (13%), and the lack of accessing suitably skilled employees (13%). An equal number (11%) said their main problem are Small size of local market, excessive competition, and Limited product range.

Table 7 Business Challenges

Descriptions	%
Availability of finance	13%
Small size of local market	11%
Too much competition	11%
Limited product range	11%
Lack of space	13%
Commodity prices	13%
Achieving quality standards	4%
Franchise restrictions	7%
Cannot find suitably skilled employees	13%
Infrastructure/services (give details)	2%
TOTAL	100%

Source: Ulundi Municipality 2020 Business Survey

3.5 SUPPORTING ENVIRONMENT

3.5.1 Immediate Help to Improve the Performance of the Business

Business in Ulundi indicated a number of needs in order to improve their activities in the next 12 months. Most interviewees see New products (22%) and Improved staff skills (20%) as the key to improved performance in the year ahead. Access to new staffs (15%), Local and regional information access (12%), and Better access to industry information (10%) would also help. Other ideas include a common vision for local development shared by business and the municipality, promotional events, a directory of local business and better opportunities to tender to the municipality.

Table 8 Assistance to improve performance

Descriptions	%
Improved management skills	2%
More staff	15%
Improved labour relations	5%
New products	22%

Descriptions	%
Local and regional information	12%
Improved staff skills	20%
Better industry information	10%
New machinery/equipment	5%
Trade/export opportunities	5%
Others	5%
TOTAL	100%

Source: Ulundi Municipality 2020 Business Survey

3.5.2 Information needed for the Improvement

When asked if they would like to receive information on various topics, interviewees expressed most interest in information on access to business incentives (21%), tender opportunities (16%), How to write a business plan (16%) and municipal bylaws (11%). Some would also like to know more about Access to finance (5%), How to tender (5%), Marketing (5%) and merchandising (5%).

Table 9 Information Required for the Improvement

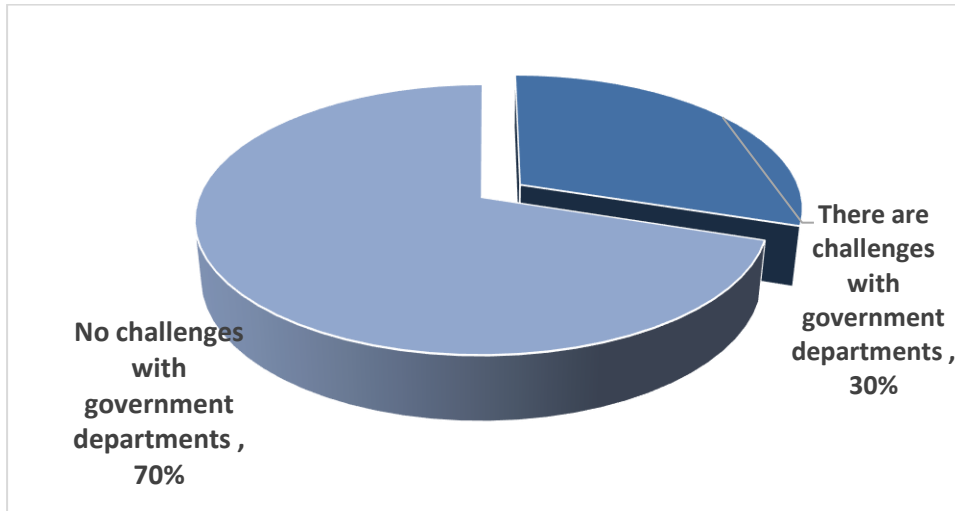
Descriptions	%
Business management	3%
How to write a business plan	16%
Access to finance	5%
Municipal bylaws	11%
Exporting	13%
Incentives	21%
Tender opportunities	16%
How to tender	5%
Marketing	5%
Merchandising	5%
TOTAL	100%

Source: Ulundi Municipality 2020 Business Survey

3.5.3 Challenges faced by Business with Official Departments

Overwhelming majority of the interviewed businesses (70%) said they were not experiencing a problem with any level of government. Among the remaining 30% the most frequently mentioned problems are slow (or no) responses to applications or queries, high rates and service charges and also the high cost of new electrical services. Several complained of communication and information problems or difficulties around local tendering and procurement.

Figure 16 Challenges with Official Departments



Source: Ulundi Municipality 2020 Business Survey

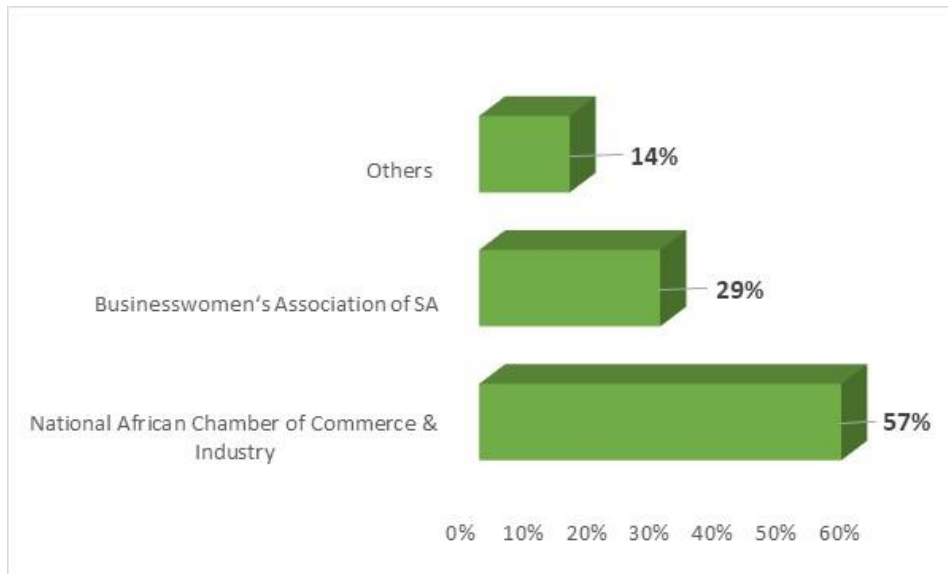
3.6 LOCAL BUSINESS ORGANISATIONS

3.6.1 Business Membership Organisation

Up to 57% of respondents are members of the African National Chamber of Commerce Industry; Other members of the Businesswomen's Association (29%). As many as 14% are members of other business organisations many of which are specific to a particular industry.

It should be noted that business organisations such as the Chamber of Commerce and Industry are associations that represent the interests of business to local, district, provincial as well as the national government, making local area a better place to live, work, do business and invest in. They focus on accelerating regional economic growth, the viability of small and medium enterprises and promoting investment in key economic sectors, amongst others, is critical to economic growth and job creation.

Figure 17 Business Membership



Source: Ulundi Municipality 2020 Business Survey

3.6.2 Services needed from the Municipality

Unsurprisingly, issues related to access to business opportunities (18%) topped the list of things that would make businesses to grow. This has been followed by the engagement of government on issues impacting business (lobby) (15%). In this regard, many businesses saw the Municipality having a key part to play while a number suggested that more networking sessions should be done to connect local businesses.

Table 10 Service Needed from the Municipality

Descriptions	%
Networking events	10%
Business mentorship programme	8%
News of proposed developments	8%
Local statistics and information	13%
Information on legislation	8%
Training courses	10%
Access to business opportunities	18%
Small Business advice	10%
Engage government on issues impacting business (lobby)	15%
TOTAL	100%

Source: Ulundi Municipality 2020 Business Survey

3.7 CONCLUSION

3.7.1 The Single Most Important to Make Ulundi a Better Place for Business

Unsurprisingly, issues related to electricity, roads and other infrastructure topped the list of

things that would make Ulundi a better place to do business. This has been followed by the promotion and attraction of investments into the Municipality in order to ensure that diversities are created in the area in terms of products offerings.

Table 11 Key Factor to make Ulundi a better place for business

Descriptions	%
Attraction of investors into Ulundi	19%
Availability of water and electricity	25%
Build Trading Market / kiosks for SMMEs	8%
Capacity building and skills development	15%
Improve Municipal procurement for small business	8%
Improve road infrastructure	25%
TOTAL	100%

Source: Ulundi Municipality 2020 Business Survey

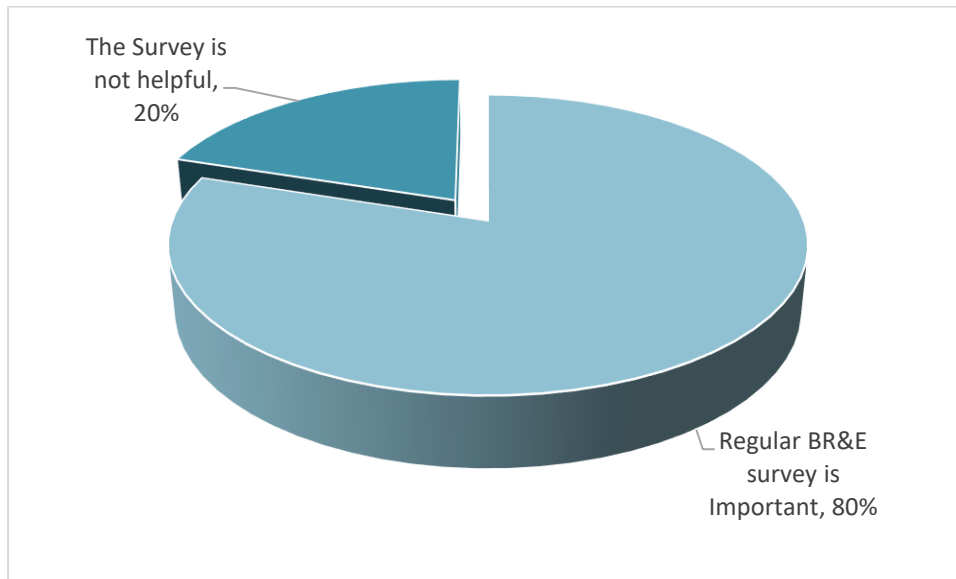
3.7.2 Importance of the Regular BR&E Survey

Finally, 80% of people felt the questionnaire helped them express their opinions but 20% were not sure whether it helpful or not.

However, it should be noted that the regular business survey importantly provides all stakeholders the necessary statistical information to assess the satisfaction level of the businesses in order to evaluate the Municipality's performance and how this affects the life of the business operators under its jurisdiction. This will allow the Municipality to become aware of the needs of its businesses, thus enabling the Municipality to plan for the future development of the area.

The survey will indicate those aspects of life that Ulundi businesses are dissatisfied with, thus providing the Municipality with direction in formulating programmes and projects on how to improve and fulfil the needs of its businesses in terms of the Integrated Development Plan. The aspects that business are satisfied with will be noted in order to ensure that the Municipality improves on the current situation.

Figure 18 Significance of the BR&E Survey



Source: Ulundi Municipality 2020 Business Survey

DRAFT

SECTION 4: BR & E RECOMMENDATIONS

At its core, the BR&E Programme for the Ulundi Local Municipality is a planning-to-action process that has been designed to incorporate a survey of local businesses; an analysis of the strengths and weaknesses of the local business environment; and the setting of priorities for action that will help keep local businesses thriving and growing.

During the business survey, the following key issues were raised by local businesses to be addressed as a means to retaining and expanding existing businesses in the Ulundi area:

- Enhance municipal support for local business enterprises;
- Ensure an improvement to the local business initiative, and overall coordination of business representation in the local area;
- Take active measures to improve the levels of safety in the CBD;
- Increase communication efforts between the Municipality and local business;
- Provide support and promote local production and manufacturing businesses; and
- Undertake an active drive to increase local employment opportunities within the municipality.

Throughout the process of undertaking the business survey, asking relevant questions and identifying issues and interventions; an important aspect that was continuously flagged related to whether or not the municipality can, or has the capacity, to address the issues raised.

Based on this, and in order to identify appropriate corresponding activities/action steps for each of the above prioritised interventions, a methodical approach was adopted in categorising the interventions according to two distinct levels:

- Regional level – those activities that can be addressed locally i.e. by the Municipality; but require the formation of partnerships in order to be completed.
- Local level – activities which may require some form of partnership but can primarily be executed by the local municipality itself.

The following table provides a breakdown of the proposed activities, and their associated classification as regional or local approaches.

Table 12: Prioritised Interventions & Activities for the Ulundi Local Municipality

KEY INTERVENTION	ACTIVITIES
INTERVENTION 1: Municipal support for business enterprises	1.1 Establish special business enquiry point/contact person in the municipality with a 24hr hotline to ensure that information on different funding sources, general business enquiries etc., are readily available.
	1.2 Provision of SMMEs/informal sector's specific Unit with a dedicated budget to coordinate and manage the sector throughout the municipality

KEY INTERVENTION	ACTIVITIES	
	1.3 Provide support to start-ups with the preparation of business plans, completion of funding application forms, &/or negotiations towards securing funding	
	1.4 Allocate specific resources to the business support sector in IDP	
	1.5 Develop a database of local service providers & SMMEs	
	1.6 Facilitate local companies' registration on the supplier database	
	1.7 Provide advice/assistance to local companies & SMMEs with tenders/SCM forms and compliance/qualifying criteria	
	1.8 Establish a working group to prioritise local skills development needs and to identify the means to address them by pooling local capacity, knowledge and access to external resources.	
	1.9 Establish an SMME incubator in the municipality to facilitate direct & easy access by SMMEs to a number of support services	
	1.10 To organise a mini SMME fair in the form of an SMME flea market in the municipality	
	1.11 A mentorship programme needs to be developed and rolled out by the Municipality in conjunction with the Zululand Development Agency	
	INTERVENTION 2: Improvements to local business initiative & coordination of business representation	2.1 Produce a digital or hard copy directory of local businesses that is comprehensive and cost-effective while being easy to use and update.
		2.2 Develop communications and marketing plan relating to the business sector
2.3 To develop the Investment Promotion and facilitation Plan to attract new investors in Ulundi that will bring more job opportunities thereby increasing the local buying power of Ulundi residents		
2.4 Establish a programme that uses a variety of means to promote Ulundi's unique combination of advantages as a place to live, to invest and to visit.		
2.5 Establish or improve an SMME Forum within the municipality consisting of relevant stakeholders		
INTERVENTION 3: Improving safety levels in the CBD	3.1 Provide permanent policing presence in high priority areas	
	3.2 Introduce surveillance technology in the CBD area	
	3.3 Access & update the latest crime statistics for the area, & analyse & understand the statistics & implications thereof	
	3.4 Establish a programme that uses a variety of means to promote Ulundi's unique combination of advantages as a place to live, to invest and to visit.	
	3.5 Together with business fraternity, to establish an Urban Improvement Precinct (UIP) Programme in the CBD	

KEY INTERVENTION	ACTIVITIES
INTERVENTION 4: Build bridges between business and the Municipality.	4.1 To undertake a bi-annual business survey in Ulundi to gauge the level of satisfaction of businesses with regard to support received from the Municipality
	4.2 Plan, organise & host business breakfasts with local businesses to facilitate constructive discussion of issues affecting business such as the electricity supply or rates, fees and charges.
	4.3 Plan, organise & host a Business Day Seminar and workshop with local business to disseminate appropriate & relevant information to SMMEs & local firms, as well as to encourage small-big business linkages
	4.4 Create a regular forum for two-way communication between the local business community and Ulundi Municipality to facilitate constructive discussion of issues affecting business such as the electricity supply or rates, fees and charges.
	4.5 Through the Local Business grouping establish frequent opportunities for local business people to network and to exchange ideas and information on topics such as the issues raised in this BR&E survey.
INTERVENTION 5: Support & promotion of local production & businesses	5.1 Develop & distribute database of 100% locally produced items / services to local consumers & business
	5.2 Develop & undertake a "buy local, support local, produce local campaign" for the municipality
	5.3 Develop a Manufacturing Sector Plan for the municipality
	5.3 To undertake a business skills audit to prioritise local skills development needs and to identify the means to address them by pooling local capacity, knowledge and access to external resources.
	5.4 based on the Skills audit undertaken, to provide training to SMMEs via EDTEA One Stop Shop and Umfolozi College
	5.5 Establishing an internship programme linking universities and SMMEs to promote business growth
	5.6 To ensure that the following infrastructure are provided: <ul style="list-style-type: none"> • the provision of trading kiosks • the provision of the lose standing stalls alongside the main streets • the provision of a trading constructed market, • to lobby for the upgrading of road infrastructures • to lobby for the regular supply of water and electricity
5.7 Design comprehensive development incentive packages for all businesses in the municipality	