

Budget Policy Speech 2013/14



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KwaZulu-Natal



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Department:
Economic Development & Tourism
PROVINCE OF KWAZULU-NATAL

VOTE FOUR (4)

Budget Policy Speech 2013/14

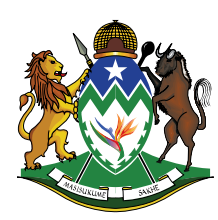
Delivered by

Mr Michael Mabuyakhulu, MPP
MEC for Economic Development & Tourism
KwaZulu-Natal

04th June 2013

THEME:

“Celebrating the fruit of our collective labour whilst preparing for a better future harvest”



“Celebrating the fruit of our collective labour whilst preparing for a better future harvest”

**Madam Speaker, Honourable P. Nkonyeni;
Deputy Speaker, Honourable M. Mthimkhulu;
The Premier of the Province of KwaZulu-Natal, Honourable Dr Z.L Mkhize;
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

Chairperson, it is exactly 1490 days since the province bestowed upon us the humbling privilege and responsibility of providing stewardship over the economic development and tourism portfolio in the province. Regrettably, we assumed the captainship at a time when the global economic freight liner was reeling from the titanic waves of the financial meltdown, a feat that had not been seen since the Great Depression of the 1930s. As an integral part of the global village, we were not spared from the economic mayhem.

Standing before this House unwinding the tape of our phenomenal recovery, is indeed a tribute to the People of KwaZulu-Natal and their political leadership. Despite the insalubrious challenges we faced, our economy held out. We, therefore, stand here to share with you the path we walked to this day and, moreover, to re-define a new path and trajectory for our economy going forward.

As we deliver this concluding budget for the MTEF period, we wouldn't be off the mark to declare that we are today: ***“Celebrating the fruit of our collective labour whilst preparing for a better future harvest”***. The global financial crisis that has characterised the period from 2008 to date has not dampened our resolve to remain committed to our vision of transforming KwaZulu-Natal into an attractive destination for investors and tourists which would ensure the creation of business and employment opportunities in the province.

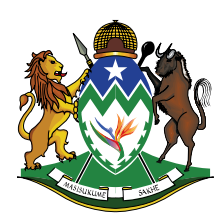
As we request the indulgence of this House to allow us to reflect on the progress we have made in implementing the undertakings we made to the citizens of this province since 2009; let us express our humble indebtedness and gratitude to the people of KwaZulu-Natal, our Premier, Honourable Dr Z.L Mkhize, the staff of the Department of Economic Development and Tourism, esteemed Honourable Members of this august house, my colleagues in the Executive Council and as well as our national and provincial principals for their patience, understanding, guidance, support and leadership offered to our programmes, and policies in the last four years.

Chairperson, allow us to begin this journey by properly contextualizing the torrid terrain we navigated in order to create a conducive environment for shared economic growth and job creation in the province.

GLOBAL ECONOMIC DEVELOPMENTS

Chairperson, the colossal financial crisis and acute loss of business confidence that characterised the recessionary period saw global output contract by 0.6 % in 2009 with advanced economies, which constituted the epicentre of the crisis, registering the most severe declines. In contrast, buoyant emerging market economies such as China, India and most developing countries weathered the storm posting growth rates of between 5 and 9 %.

The restoration of consumer confidence, pigeon-holed with rigorous government fiscal and monetary stimulus packages; normalisation of trade flows; and inventory restocking saw global economic growth recovering robustly to 5.1 % during 2010, and slowed down to 3 % in 2012. The struggle to shave off the long-term remnants of the financial crisis will continue to impact the sluggish trade and tepid foreign direct investment. As a result, the International Monetary Fund (IMF) forecasts the global economy to grow by 3.3% in 2013.



DOMESTIC ECONOMIC DEVELOPMENTS

The global economic downturn left a significant footprint on the South African and KwaZulu-Natal economies because of the close integration of the domestic economy into the global economy through trade and investment. As such, the local economy followed its main trading partners into, and subsequently, out of the recession registering an output slowdown of 1.5 % in 2009. The South African economy grew at 2.8 % in 2010 and has remained on a growth trajectory thereafter, albeit registering slower growth than required to significantly mitigate the triple challenges of unemployment, poverty and inequality. Output growth reached 2.5 % in 2012 and is expected to grow at 2.7 % in 2013, rising to 3.8% cent in 2015.

Chairperson, following the 1.5% contraction registered during 2009, the KwaZulu-Natal economy grew by 3.6 % in 2011 followed by 2.8 % in 2012. Most of this growth came from the manufacturing sector, which represents a bigger portion of KwaZulu-Natal economic activity than is the case for the rest of South Africa. It is projected that the provincial economy will grow by 3% in 2013.

Chairperson, those who possess wisdom will tell us that figures do not lie! The figures are telling us that we are weathering the storm! We are under no illusion of the mammoth task that lies ahead and the fact that we are not completely out of the woods yet. However, it is important to acknowledge and celebrate the milestones we have collectively achieved as social partners. As our theme succinctly points out, today we are indeed: ***“Celebrating the fruit of our collective labour whilst preparing for a better future harvest”***. Amid the crippling recession that resulted in the shrinking of market opportunities especially within the Eurozone, we managed to stand the test of time and we have a very reason that the next term of government will witness growth to offset the impact of the recessionary conditions the world has been exposed to.

LABOUR MARKET DEVELOPMENTS

Chairperson, the footprint of the global financial crisis was mostly pronounced in the labour market, where substantial job losses were registered. The lag in the pass through from the output sector to the labour market meant that the economy continued to register job losses even when output started showing signs of recovery. At the height of the crisis, the South African economy shed an estimated 900 000 jobs as national employment declined from a high of 13.9 million in the second quarter of 2008 to reach an all-time low of 13.0 million by the third quarter of 2010. Recent indications show that employment had begun to recover while unemployment marginally stabilised.

KwaZulu-Natal province labour market patterns mirrored the national patterns, with employment declining by an estimated 285 000 jobs during the global financial crisis. Employment has since rebounded to reach 2.52 million jobs in the first quarter of 2013, whilst narrow unemployment is 21.1 %, 4.1 percentage points lower than the national average. Chairperson

COLLABORATING WITH SOCIAL PARTNERS

Chairperson, allow us to explain the strategic approach we adopted in 2009 to uplift the people of KwaZulu-Natal from the doldrums of recession and to chart a new route to accelerate economic development to where we are. We started by acknowledging that government alone cannot address the enormous developmental challenges that we face. Accordingly, we acknowledged that only a structured collaboration among government, civil society, labour movement and the private sector will serve as a pillar of the provincial economic development and assist in circumventing all sporadic, uncoordinated, disjointed economic development initiatives.

In this regard, Chairperson, in 2009, we organized a ground-breaking “Economic Recovery and Job Summit” with all the social partners to deliberate on how we could navigate the rough storms and place the province into a sustainable growth trajectory. In this historic summit, the parties committed to working together to promote socio-economic development of our region including strengthening our industrial base. We recognised that promoting partnerships will accelerate service delivery and cushion our local economy against the hostile economic downturn. The social partners in their collective resolved to:

- Establish a representative provincial consultative forum (to be named KZN Economic Council) that would serve as a platform for collective decision making and joint planning, with regards to formulating economic policy and designing strategies for long term growth and job creation.
- Formulate a comprehensive small business strategy that would address all challenges faced by small businesses in the province as well as assisting industries in selecting priority segment(s) of the value chain in order to strengthen productive capabilities.
- Use our respective procurement policies to support local companies in distress, as a means of playing a meaningful role in mitigating the impact of the crisis.



- Develop a provincial Human Resource Development (HRD) strategy that is proactive in nature.
- Protect and promote strategic sectors in the province.

Chairperson, allow me to briefly share with the citizens of this province how the summit resolutions were implemented.

ESTABLISHMENT OF KZN ECONOMIC COUNCIL FOR SOCIAL PARTNERS

It is our pleasure to announce that not only has the KZN Economic Council been established but it has developed its programme of action and is already playing an active role in policy formulation and implementation in the province. The council was centrally involved in the formulation and implementation of key provincial economic policies such as the Provincial Growth and Development Strategy. For the first time in many years, the top leadership of business, trade unions, civil society and Government (including SALGA) are actively participating in Action Workgroups which are planning and driving implementation of the objectives and interventions of the Provincial, Growth and Development Programme. This is testament to the maturity of the leadership of our social partners, and I would like to express my gratitude to the good faith and commitment shown by our partners. As it is, on the 9th of July, our province will be hosting the KZN Economic Council Summit.

STRATEGIC SUPPORT FOR SMMES & CO-OPERATIVES

Chairperson, it is no longer debatable that small enterprises are creators of new jobs whilst large enterprises are now described as preservers of jobs. The summit identified the development of small enterprises as the nucleus for the development of the economy, job creation and poverty alleviation. The summit emphasised the need to deviate from the omnibus approach of supporting SMMES to sector specific support which ensures that they participate throughout the value chain and leverage support from well-established enterprises. The Department of Economic Development and Tourism heeded the call of social partners and spearheaded the participatory process of formulating the SMME Strategy for the province. The strategy was approved by the provincial cabinet in 2010 and it is the guiding framework for the SMME development in the province.

Chairperson, our renewed focus has resulted in more than 5000 SMMEs (including co-operatives) receiving training in business management, basic computer and technical skills as well as business support. Approximately 2224 co-operative members were supported with mentorship in various sectors of the economy such as agro-processing, nutrition and bakery. Furthermore, 116 students were provided with bursaries to pursue studies in the management of co-operatives.

DEVELOPMENT OF KZN HUMAN RESOURCES DEVELOPMENT STRATEGY

We are elated to share with this House that this resolution has been implemented. The province has developed a comprehensive HRD strategy committing to build the capacity of its people in order to enhance development of the province thus also expanding their individual opportunities. The HRD strategy seeks to be responsive to current demands and priorities for social and economic development. The key priorities of the strategy are to develop cadres who will actively contribute to industrial and economic development initiatives.

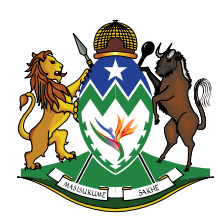
PROMOTING PROUDLY SA CONCEPT TO BOLSTER LOCAL ENTREPRENEURSHIP

As provincial government we have identified products that should be procured from SMMEs and we are vigilantly monitoring buying from local producers through our supply chain management processes. The departments of health and education have identified services that should be ring-fenced to be rendered by co-operatives such as cleaning of linen and hospital. However, we believe that more still need to be done for us to boldly claim to have achieved this objective.

SECTOR INTERVENTIONS

Chairperson, the KwaZulu-Natal Industrial Development Strategy prioritises sectors based on their ability to absorb labour, improve contribution to GDP, stimulate trade and exports, and ability to attract foreign exchange earnings. Their current importance to the provincial economy as well as their growth potential and speed of growth, are further criteria. As a result, the key priority sectors in KwaZulu-Natal in terms of industrial development are the agro-processing, automotive, wood and wood products, metals, maritime, chemicals, transport and logistics, tourism and the green economy sectors.

To begin the process of supporting, growing and protecting our strategic sectors, we embarked on a critical analysis of these sectors in order to better understand their unique characteristics, challenges, opportunities and value chain linkages. For each sector we then developed a specific strategy with clear objectives and interventions.



Green Economy/Renewable Energy

Chairperson, the dialogue at the moment is labelling the next economic wave of innovation as being the smart green economic revolution, which includes renewable energy, sustainable food and transport, low carbon buildings, innovative waste management among others. Global statistics show that the low-carbon goods and services sector is worth three, two trillion pounds and employs 28 million people, and is growing by 4% per annum, which is faster than in most developed countries at the moment. The social partners, in their collective wisdom, agreed that as the province of KwaZulu-Natal we should not be left behind in this new growth opportunity.

In implementing this resolution, we have commenced by formulating the Provincial Green Economy Strategy. This strategy reflects a shift in thinking from a 'business as usual' neo-liberal economic approach, which considers the environment as an infinite resource from which to grow the economy, to one that recognises that the environmental system has thresholds or limits, and that the economic sub-system should be embedded within, and shaped by, the environmental assets and services available in a particular region. A shift to the green economy thus involves the restructuring of business, infrastructure and institutions towards more sustainable production, consumption and distribution processes, creating new economic opportunities and green jobs.

To better coordinate the implementation of the green economy in the province, a Provincial Renewable Energy Workgroup chaired by my department has been established in the province. The key initiatives that have been implemented so far include the development of Solar and Wind Resource Maps for the province. We are the first province to have such a resource for use by both private and public sectors. We have also developed a Municipal Waste to Energy Protocol and Technical Assistance Programme and established a Green Economy Technical Assistance Fund worth R2.5 million to enhance the green economy initiatives. Various capacity building and knowledge sharing initiatives have been conducted. The province has also established the KZN Green Growth Website/Portal (www.kzngreengrowth.com) with all relevant project, funding and research information relating to the provincial green economy.

Agri-processing

Chairperson, our province is endowed with a conducive climate to support our agricultural sector. We, therefore, cannot allow our strategic agricultural sector to continue declining. The partners advised the government to protect the sector by establishing an agency to support small-scale farmers to be more productive. As government, we accepted the advice and moved with speed to establish the Agri-Development Agency (ADA) whose prime objective is to support farmers to increase their manufacturing capabilities.

A number of agri-processing projects have been supported in the province which includes honey production, goat commercialization, cut-flower project, food processing hubs, as well as hides and skin processing. Currently, we are rolling out the industrial economic hubs with the majority of them concentrating in agri-processing sector. For example, in Zululand we are establishing a hub focusing on meat processing, in uGu our focus is on perishables and uMgungundlovu focuses leather processing. More than R20 million has been invested by the department to grow the agro-processing sector in the province.

Maritime

Chairperson, you will concur that the maritime sector is a sleeping economic giant in terms of its potential impact to the provincial economy. The World Trade Organisation (WTO) estimates that 90% of world trade takes place through the international shipping industry. Locally, Transnet Port authority estimates that close to 80% of our trade with the rest of the world passes through the ports. Encouragingly, the ports of Durban and Richards's Bay handle 60% of South Africa's cargo tonnage. In our quest to develop a strong and resilient regional economy and optimise the benefits presented to the province through our gateway status, the maritime sector has to be developed and supported.

We are glad to report that the draft Integrated Maritime Strategy for the province has been developed jointly with our key stakeholders. These stakeholders include, inter-alia, the KwaZulu-Natal Planning Commission, eThekweni Maritime Cluster, eThekweni Municipality, South African Maritime Safety Authority (SAMSA) and the Department of Transport. The strategy shapes the future of the maritime sector in the province. The Maritime Conference was held in March 2013 to provide an opportunity to various stakeholders to enhance the strategy.

Other key initiatives that have been undertaken include the finalization of the study on the development of a KZN Maritime Centre of Excellence in the province. We have also piloted the boat and ship building and repair supplier development programme. To increase the capacity of individuals who contribute to the sector we have also embarked on an intensive career development programme in boating. The eThekweni Maritime Cluster which focuses on skills development, enterprise development, ship building and repair, knowledge management and industry promotion has been financially supported by the province. The province is also supporting the KwaZulu-Natal International Boat Exhibition.



Tourism

Chairperson, the province derives immense benefits from tourism ranging from employment, foreign currency receipts and a source of livelihood to a number of our families. Tourism remains an important economic sector in KwaZulu-Natal contributing about 10% (direct and indirect) to the province's GDP. KwaZulu-Natal's major foreign tourism source markets include Swaziland (23%), Lesotho (17%), Botswana (8%), Zimbabwe (9%), United Kingdom (7%), Mozambique (4%), Germany (5%), France (3%), USA (4%), France (3%) and Netherlands (3%). It is for this reason, Chairperson, that the summit in 2009 resolved that domestic and regional tourism markets must be nurtured. It was also acknowledged that we cannot prosper in isolation and we must therefore work together in marketing each other as African countries within the context of regional integration. Negative competition is detrimental to all of us. Most importantly there is need to develop tourism products that cater for the needs of the growing domestic market.

To respond to this clarion call, we successfully embarked on the following pertinent initiatives to develop domestic and regional tourism: Launched the East-3-Route which is a tourism route linking South Africa, Mozambique and Swaziland. Seychelles is the latest entrant to this initiative

South African Express has launched a direct route between Durban and various SADC countries which will increase tourism opportunities. The route four times weekly route between Durban and Lusaka was launched in July 2012. The three times weekly route between Durban and Harare was launched in October 2012. The performance of both routes has yielded satisfactory load factors well above 60%.

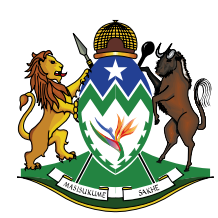
- Launched a Tourism Buddies programme which is aimed at providing care skills to frontline workers in restaurants, garages, and hotels. This was later adopted as a national programme.
- Developed a master plan to guide the marketing, planning and development of the tourism sector in KwaZulu-Natal. This will ensure a coordinated approach in implementing interventions from both private and public sectors.
- The KZN Airport strategy was formulated to attract more airlines into the province and strengthen existing relationships with current airlines amongst other things.
- In order to reinforce promotional initiatives about the province, the provincial government has developed a provincial marketing strategy to penetrate the domestic and regional markets as well as enhancing international markets.
- Revisits and new visits to the province key tourist attraction areas hinges on the constant maintenance and preservation of these sites. Strategies and initiatives to preserve these areas and upgrade infrastructure in key tourism areas are on track.
- Tourism Convention Bureau was developed to provide leadership in Tourism research and policy matters.
- We have hosted and partnered in hosting a number of high profile events such as the KwaZulu-Natal Top Gear Festival, the uGu Jazz Festival, uMgababa Festival, Hilton Arts Festival, Travel Agency Federation of India (TAFI) Annual Convention, Ecco Tours Academy and the Tourism Indaba. These events have resulted in the improvement of Durban such that its ICCA (International Congress and Convention Association) ranking moved from 231 in 2009 to 157 in 2011 and 150 in 2012; and KwaZulu-Natal also secured for the second year in a row the Best Business Event Destination in Africa Award from the internationally acclaimed Business Travel Magazine.

Automotive Sector

There is a renewed momentum developing around the establishment of an Automotive Supplier Park (ASP) in Durban. The initial process which started in 2005 and was based on a plan to establish the park at the old Durban International Airport site effectively ended with the decision to proceed with the dig-out port. In 2009/10, Ethekewini Municipality in collaboration with the province and other stakeholders identified alternative sites to the south of the city that are suitable for the automotive park.

Discussions regarding the planning and establishment of the park on the alternative sites are proceeding with the landowner/s. It is expected that once agreements are reached regarding the site, the detailed planning and development processes will follow. It is estimated that the planning and associated regulatory processes will take about 24 months and that construction will begin in the 2015/16 financial year.

It is envisaged that the park in Durban will be similar to those at Rosslyn and the East London IDZ. It will be an advanced industrial, logistical and greened space offering customised construction options as well as value added services for auto component suppliers. The park will create an infrastructural platform that will enable the benefits of collective efficiencies to enhance the competitiveness of Original Equipment Manufacturers (OEMs).



Tooling Manufacturing Sector

The KwaZulu-Natal Tooling Initiative (KZNTI) is the turnaround intervention programme of the department aimed at the rehabilitation and growth of the Tool, Die and Mould manufacturing (TDM) Sector within the province of KwaZulu-Natal and is one of the strategic sector development initiatives of the KZN Department of Economic Development and Tourism.

Chairperson, as you may well be aware that the tooling industry is an integral part to the growth of many manufacturing sectors within the country. The automotive sector is one of the largest investors in tooling within the country with expenditure reaching billions of rands every year.

The concern at the moment is that approximately 80% of the tooling investment in the automotive sector is imported. With historic data indicating that on average, in excess of R2,2 billion of automotive tooling is imported annually and a calculated projection that this import value will grow to approximately R4 billion in the near future. With this concern in mind, the KZNTI with strategic inputs from Toyota SA Motors have embarked on a project to seek amendment to the current Automotive Incentive Schemes. The Automotive Production and Development Programme (APDP) and the Automotive Investment Scheme (AIS) are the key schemes supporting the automotive localisation drive by the country. Over the past 7 months, a detailed study on the current schemes has been completed by the department's KZNTI and highlighted the opportunity to further benefit the automotive value chain, specifically tooling.

The study has indicated that with just 30% import substitution on the projected R4 billion per annum expenditure, we can expect a net value addition of R960 million per annum into the local economy.

The amendment of the current schemes will contribute positively to:

- Job creation
- GDP growth
- The trade deficit
- Value addition to backward linkages
- Value addition to forward linkages
- Global competitiveness

Increased localisation with incentives	Rands(millions)	
	Average	Forecast
Imported tooling average - last 5 yrs	R 2,227	R 4,000
Localisation potential with incentives	30%	30%
Additional local tools	R 668	R 1,200
Local content	80%	80%
Local value addition	R 534	R 960

It is in light of the revelations of the above study that we have tabled with the DTI and the Automotive Incentive Scheme (AIS) Committee a proposal to review the current incentive model. We are happy to announce that this proposal has been met positively by the DTI who will be sending a team to our province to evaluate one of the lead tooling manufacturers in the country, to determine the optimum incentive model that would motivate the business decision to localize.

REVIEW OF PREVIOUS BUDGET SPEECH CONTENT

Chairperson, it would be remiss of us not to account for the announcements we made during the previous budget speech. In this section, we will not repeat those announcements that have already been covered in the preceding section.

Establishment of the District Industrial Hubs and DTI SEZs

Chairperson, we have developed a roadmap and roll-out plan for the Industrial Economic Hubs and Special Economic Zones which has been adopted by provincial stakeholders. Key stakeholders have been engaged in the implementation of the roadmap. We have also appointed specialist Project Managers to help establish and operationalize the industrial economic hubs. These project managers together with local stakeholders are currently formulating feasibility studies and business plans for the respective hubs. We have also appointed the advisory team to guide us in this process. The Advisory team has developed the integrated standard framework for all industrial hubs.

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We are overwhelmed by the support we are receiving from municipalities and other key stakeholders.

Investment Approach

Chairperson, we have started assisting four district municipalities to develop their investment strategies and Trade and Investment KZN and municipalities are actively involved in this process. The development of an investment protocol for the province which provides detailed guidelines on the regulatory institutions and procedures that investors must follow when they want to conduct business in the province remains a key innovation of this government and is starting to yield positive results as more investors are utilizing it.

During the period under review, the Department in partnership with Trade and Investment KZN developed the maiden KwaZulu-Natal Investment Strategy whose aim is to promote the province as the most preferred investment destination in South Africa. Investment promotion seeks to provide support to investors and the facilitation of projects with strategic partners.

Durban-Free State-Gauteng Corridor

Chairperson, Strategic Infrastructure Projects (SIP2) KZN and National Committees have been established to drive the planning processes for the corridor and the Department is the active participant in these structures.

Leveraging on the job fund Chairperson we are pleased to announce that we have successfully appointed the new Specialists Investment Team led by Africa Rising to assist the KwaZulu-Natal based project promoters to fund-raise for catalytic investment projects that will create employment opportunities.

Together with the Provincial Treasury and Deloitte, we hosted a successful funding fair summit where entrepreneurs presented their proposals to funders.

GijimaKZN Local Competitiveness Fund

The GijimaKZN Local Competitiveness Fund of LCF, started through EU funding, continues to gain momentum. Now funded and managed through the DEDT, the LCF has been positioned as a niche fund to stimulate firm level value chain partnerships particularly between established and emerging enterprises. Since 2011/2012, three calls for proposals were made and seven projects approved including in: clothing; integrated floriculture Centre, Dairy, automotive heat exchange component, forestry, waste recycling and logistics. With a total project value of R43.5million composed of a DEDT contribution of R27.1million and own contribution of R16.4million, these seven projects have directly created 180 decent (sustainable) jobs and a further 100 are expected to be created over the next 24months.

A fourth Call for Proposals (CFP) for the LCF is currently open for business related partnerships seeking co-funding for their ventures. This CFP process will be concluded this year and project funding awards made for the next financial year.

Operation Vuselela

The DEDT, in a strategic multi-year partnership with Tongaat Hulett Sugar Ltd, has been involved in assisting small scale sugar farmers in mainly traditional authority areas to revive sugar cane growing. Since the 2009/10 and over the past four growing seasons, 3061 individual beneficiaries (organised into 124 groups of which 30 groups are formally organised as co-operatives (28) or trusts (1) or S21 companies (1)) have been assisted in growing just less than 3000ha of sugar cane. A total of 236 sustainable and 2475 seasonal employment opportunities have been supported. In partnership with the South African Sugar Association, 2556 beneficiaries are recipients of training relevant to sugar cane production as well as business management. Beneficiaries of Operation Vuselela have also received an additional support valued at R4.6million in Corporate Social Investment from Tongaat Hulett Sugar Ltd in the form of school infrastructure, grower resource centres and weed control equipment.

The Operation Vuselela (pilot project) will come to an end in 2013/14. It is proving to be an innovative partnership model in supporting rural development and generating additional incomes for rural households from the Sugar Industry. As such in the 2013/14 financial year, the DEDT will undertake a public Call for Proposals to establish similar multi-year project partnerships in the Sugar Industry to support rural development.



PUBLIC ENTITIES AND STATE OWNED ENTERPRISES

Chairperson, we have worked hand in hand with our public entities who are our key strategic implementing partners in economic development. Key achievements of our Public Entities during the period under review are as follows:

Richards Bay Industrial Development Zone (RBIDZ)

Chairperson, we are proud to announce that negotiations are at an advance stage to secure two potential investors namely in pulp and paper at about R4 billion and fertilisers at about R1 billion with a potential to create over 1000 jobs. The development of the 50 year master plan which will map the long term vision of this Special Economic Zone is progressing very well and will be concluded at the end of August 2013.

Chairperson, the process of preparing the zone land to be attractive to the investors has received a massive boost during the period under review. We awarded a contract, amounting to R139 million in August 2012 for continuation of bulk earthworks in stage two of Phase 1 A. We have also invested R75 million to the City of Umhlatuze as contributions for bulk services (water, electricity, sewer removal and other related services). The above payment to the City has greatly facilitated the transfer of the land which the City of Umhlatuze has promised to conclude before the end of June 2013.

The governance structure of the RBIDZ has been bolstered by the appointment of twelve new board members who bring with them wealth of experience on industrial development zones and governance related matters. Chairperson, we are pleased to announce that a further Memorandum of Understanding was signed between RBIDZ and a similar entity in Oman, Salalah Free Zone (SFZ) in 2012. This further strengthens the relationship between RBIDZ, our province and Oman and opens new opportunities for trade between the respective countries. Once the servicing of land is completed, there will be a readily available market for the planned agri-processing plant.

KwaZulu-Natal Sharks Board

Chairperson, we are excited that the KZN Sharks Board has been awarded the rights to host the next Sharks International Conference in 2014. This demonstrates its growing international status and will provide a unique platform for the province to attract the world's leading shark researchers to our shores for enhanced scientific collaboration with peers.

As part of the Sharks Board's capacity building initiatives, some learners were recruited to undergo training on boat building. It is, indeed, a great honour to report that these learners have not only successfully completed the program and are awaiting graduation, but have also built a boat that has gone through SAMSA fitness tests and obtained SAMSA Certificate of Fitness (COF).

KwaZulu-Natal Liquor Authority

Chairperson, it is a great honour to announce that the KZN Liquor Authority has now been officially established. It is fully functional as the Bill was passed by this house in 2012; its governance structure was formally appointed by the cabinet and the department ensured that the Chief Executive Officer and Executive Managers were appointed. The KZN Liquor Authority has managed to secure offices in Durban. We have appointed inspectors in all district municipalities that are tasked with ensuring compliance and enforcement amongst licensed liquor outlets. The inspectors are working closely with Law Enforcement Agencies.

This year, we are going to work together with the industry to roll out well-structured responsible trading programmes that will address traders' skills and competences, and therefore grow their abilities, and allowing them an opportunity to diversify.

Moses Kotane Institute

Chairperson, the Moses Kotane Institute has continued to provide cutting edge research and support to schools and key stakeholders in the province on matters of science, information technology, mathematics and engineering. The global trend we are observing is that successful economies are driven by innovative and risk taking entrepreneurs, which is why we are focusing on creating an enabling environment for our entrepreneurs to thrive and flourish. We believe that this initiative will go a long way in enabling our young people to participate in the mainstream economy.

During the period under review, more than 6 000 learners were trained in Maths, Science, and Technology, 4473 students were trained in Business Process Outsourcing and Software Engineering, while 222 participated in the Access Programme done in collaboration with the University of KwaZulu-Natal. A total of 47 learners were sent to India on internship programme. In pursuance of the mandate of improving access to education for learners in disadvantaged communities, Moses Kotane Institute funded 166 Grade 10-12 learners in 37 schools

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from across the province in addition to forming partnerships and programme implementations platforms with various FET colleges and universities in the province. We are also pleased to report that the ICT Software Engineering uptake by the unemployed youth has drastically improved to more than 2000 trainees, out of which more than 200 have been successfully placed with local institutions to undertake internships.

Agri-Business Development Agency (ADA)

Chairperson, during the period under review, ADA embarked on multi-year projects to nurture the value chain development. Opportunities for value chain development are being analysed in each project and where necessary, agro-processing hubs will be developed to facilitate the value addition. Potential, high impact projects have been identified to proceed with development of clusters and agri-hubs within district plans, which will further be informed by Department of Agriculture and Environmental Affairs (DAEA) District agricultural plans and DEDT industrial Economic Hubs. ADA will promote primary production so that the volumes can warrant development of agro-processing hubs.

The Cabinet tasked ADA to take full responsibility in the development of some provincial catalytic agricultural projects namely Besters, Chicory, Midlands Outgrowers, Makhoba, Tugela estates, Agriparks and Dawn Valley/Panderosa. At present the projects are still at planning stage and an initial allocation of R34 million was allocated and that includes the planning and elementary stages of the implementation. The projects are multi-faceted in that they will produce a range of benefits which are aligned to the PGDS strategic objectives. They will create more than 680 jobs. The completed business plans will provide near accurate estimates of jobs to be created and other benefits such as food security and local economic development. (total value of these projects; economic impact; employment opportunities created. ADA has already engaged in the planning phases of these projects and soon the entity will embark on project management, social facilitation, capacity building, infrastructural development and inputs supply. ADA has signed an MOU with an International strategic partner. The partner is called Seven Harvest which is an outreach programme of Growing Power based in Wisconsin State of USA in the city of Milwaukee. It specializes in low cost chemical free commercial agriculture using very intensive systems of production. It has a 2.5 acre commercial farm which produces vegetables, herbs, mushroom, fish, chickens, honey and organic fertilizer at commercial scale. It employs over 50 people highly paid employees. It has received several presidential and other awards of excellence in innovative commercial agriculture.

KwaZulu-Natal Growth Fund Managers (Pty) Ltd

Chairperson, during the financial year, five initial screening reports (ISR) requiring debt funding of R420 million was submitted by the Company to the Investment Committee (IC) of the Trust and approved. There were three Final Appraisal Reports (FAR's) submitted and two FARs were approved by the Trust during amounting to a total of R123 million. The Trust now has four approved loans in its portfolio with a combined value of R331, 7 million. This represents 30% of the total available funds in the Trust. The projects that were approved in the year would create in total 594 new permanent jobs. Ten investment leads are currently being appraised; these leads have a value of R697 million. The average BEE shareholding in the portfolio is 80.1%.

KZN Growth Fund Management's (KGFM) main revenue stream is fund management fees which is received from the Trust in accordance with the Fund Management Agreement. In the 12 months ended 31 March 2013, KGFM realised a net surplus of R11.3 million compared to a budgeted surplus of R0.7 million the positive variance was mainly attributed to the low level of deal appraisal expenditure incurred, consistent with the low conversion rate of pipeline deals. This is expected to increase as the momentum of the project origination process increases. Chairperson, it is worth mentioning that none of the projects in the Trust portfolio are currently in default.

Ithala Development Finance Corporation

Chairperson, the Ithala Turnaround strategy has been finalised and focuses on the following key areas:

- Repositioning of Ithala's operating units (Business Finance, Properties and Ithala Limited), to effectively deliver on their mandates;
- Increase in investments to SMME's and Co-operatives;
- Revitalisation of the existing property portfolio in support of the government's Industrial Economic Hubs initiative;
- Introduction of technology and systems to enable the retail arm to compete, retain and attract new customers;
- Capacitation of all operating units and the injection of key skills to enable the organisation to deliver on its mandate.

Ithala properties continue to align closely to the previously defined strategic industrial economic hubs in redeveloping and improving the quality of property available in these areas. In this regard, we are currently embarking on detailed study to audit Ithala Properties for the purposes of determining their suitability to host the Industrial Economic Hubs in the province. Within business lending/finance, the finalisation of the plan led to the restructuring of this department and bolstering of teams in debt approvals, business case support, collections



and increasing focus on post investment management, as well as plans in creating business support hubs for our entrepreneurs. As a result we see the benefits of this initiative in reduction of non-performing loans, whilst at the same time we are trying to contain losses of previous loan advances. These approvals supported 272 SMMEs, and are expected to facilitate the creation of 3,650 jobs. The bulk of these jobs have been facilitated in support of the Department of Education's school nutrition programme.

Dube Trade Port (DTP)

Chairperson, the department has solicited the services of an internationally renowned service provider to formulate a provincial aerotropolis strategy and a programme of action capitalizing on the DTP 60 year Master plan. The steering committee comprising of key stakeholders in the development of the aerotropolis has been established to ensure smooth coordination and cooperation. Three aspects already set this planned aerotropolis apart from existing South African airports, which are effectively being retro-fitted rather than being custom-built as integrated airport cities:

- It is a freight-orientated development with world-class cargo facilities, managed by a single handler and considered the most secure in Africa.
- It is purpose-built. Facilities have been planned, developed and built from scratch to ensure the most efficient and effective integration of cargo handling, customs clearance and related facilities.
- It is one of few such developments around the world utilising a greenfield site constituting of 2040 hectares ready for development.

Strategically located between Durban – Africa's busiest port, boasting the southern hemisphere's biggest and best-equipped container terminal – and Richards Bay – South Africa's largest deep-water port and the primary facility for handling bulk commodities – the aerotropolis is the ideal platform, centred, as it is, around international air connectivity, for the expansion of global business and trade opportunities and economic growth.

During the period under review, the cargo throughput of 6123 tonnes of international cargo and roughly 11000 tonnes of domestic cargo was achieved. The year 2012/13 also saw a distinct change in the cargo profile of Dube Cargo Terminal, resulting in Emirates Airlines, which had been flying direct international flights to and from Durban since the inception of the new airport, replacing its previous A330-200 with a Boeing 777-300 ER with increased cargo capacity for all its scheduled Durban-Dubai flights from June 2012.

This decision had an immediate impact and will have a positive and far-reaching effect on cargo movement into and out of Durban. Furthermore, following from the agreement concluded between DTPC and SA Express, SA Express adopted DTP as its Southern Africa route base, and the Durban-Lusaka was launched in July 2012, and Durban -Harare flight in October 2012. The agreement provides for 10 new routes over the next 3 to 5 years.

These new routes pave the way for many new air cargo, trade, investment and leisure opportunities on the continent. A significant highlight of the 2012/13 financial year was the completion of all phase one construction work within Dube AgriZone, undertaken over a two-year period. About R550,0 million was invested in the development of Dube AgriZone's greenhouse facilities, of which some R214, million was spent locally and 70% of which flowed to Small, Medium and Micro Enterprise contractors. Construction activities provided for no fewer than 375 direct employment opportunities in the eThekweni Municipality and a total of 1 432 direct, indirect and induced jobs throughout South Africa. From an operational perspective, Dube AgriZone's first international contract involved the growth - to exacting standards - and export of some 30 000 Thai Tulips to Amsterdam, in the Netherlands, every week between October and March, this being the Dutch off-season.

The tissue culture laboratory, AgriLab, for producing plant material has become fully operational. A Fresh Produce Value Adding and Distribution Centre a 4 100 square metre high-care facility and the first of its kind in KwaZulu-Natal - was completed and leased out. The facility is actively involved in 'staging', utilizing seven ripening rooms to ripen pre-harvested produce specifically to meet consumer demand, giving Dube AgriZone a decided competitive advantage by being able to respond to market demands faster.

The 2012/13 financial year provided for a marked increase in the level of interest and activity in DTP's two primary zones, being Dube TradeZone and Dube City. We are proud to announce that 65% of phase 1 of Dube TradeZone has been let. More than 15 hectares, or 157 874m², of the 26-hectare Dube TradeZone first phase, which offers industrial sites targeted primarily at the logistics and manufacturing sectors has been secured or had already been built upon.

The Durban-based Shree Property Group is developing a number of distribution warehouses for logistics tenants covering an area of 21 sites, while the Brenco-Reelin Joint Venture is developing an assembly plant for the construction of bearings and seals, using two sites.



Construction activities at DTP relating to these are jointly set to add some R313,1 million to the provincial Gross Domestic Product and will create some 2 504 direct, indirect and induced employment opportunities in KwaZulu-Natal, of which about 35% will be unskilled. Once operational, these facilities are likely to sustain as many as 813 direct jobs.

With regard to Dube City, a hotel market study was completed during the course of the 2012/13 financial year and discussions had reached an advanced stage with a hotel developer who has shown keen interest in locating an integrated hotel and office facility in the heart of Dube City. A number of other office developments were also nearing lease agreement finalisation.

Capitalising on these developments, intensified attention will be paid to the continued development of Dube City during the next financial year. A momentous 2012/13 financial year was rounded off with an announcement in March 2013 that a Memorandum of Understanding had been signed between Dube TradePort Corporation and The Action Group, a highly diversified India-based business enterprise which will lead to the roughly R2 billion investment in a Mega Industrial Integrated Township (MIIT). The MIIT, set to attract major foreign direct investment, is designed to bring on-stream state-of-the-art infrastructure, inclusive of new industrial space, commercial areas, a logistics hub comprising truck, bus and container depots, warehousing facilities, a weigh-bridge centre, a training institute and a South African first-of-its-kind industrial retail park.

Trade & Investment KwaZulu-Natal (TIKZN)

Trade and Investment KwaZulu-Natal was able to secure investment commitment from various businesses in projects worth about R1.1 billion in KwaZulu-Natal. These projects were able to facilitate the creation of 1240 new employment opportunities for the province. The agency has also successfully chaired the Provincial Project Brokering Unit which is responsible for assisting major catalytic projects to navigate bureaucratic procedures. Since its inception, the Project Brokering Unit has assisted the commissioning of projects:

- BSAF: Environmental Compliance Approval (R350 million)
- Sureline Beverages: Access for Additional Water Allocation for Operations in eThekweni Municipality. (R30 million)
- Atrum Wind Energy: Assisted by speeding up the turnaround time for the approval sought from Civil Aviation Authority. (R550 million)
- Osho Cement: Intervened on behalf of the project promoter to resolve a stalemate regarding the occupational rates payable upon signing the lease agreement. (R480 million).

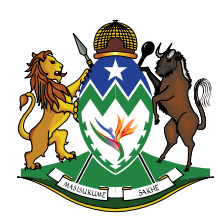
The hereunder table lists investment facilitated by TIKZN:

Table 1: Breakdown of TIKZN facilitated investments

Projects	Value (million)	Number of Jobs	Financial Year
The Unlimited World	R48		2009/10
MBD Holdings Pty (Ltd)	R30		2009/10
Newcastle Mining	R500		2009/10
Longain Group	R85		2009/10
Bizworks	R28		2009/10
Rewardsco Limited	R76.8		2009/10
ZDM and ZAC Projects	R76.6		2009/10
Wesco International (Pty) Ltd	R7		2009/10
PPI Limited Company	R7.4		2009/10

KZN Film Commission

Chairperson, on the 23rd of July 2012, we launched the KZN Film Commission which was established through the KZN Film Commission Act No 03 of 2010. The purpose of the Film Commission is to create an enabling environment for the promotion, development, production and distribution of the film and video industry locally and abroad. The recent Economic Baseline Study (April 2013) commissioned by the National Film and Video Foundation (NFVF) and undertaken by Deloitte indicates that over the years the industry grew at an annual average of 14% and is worth investing in. The study also revealed that the industry contributed R3.5 billion to GDP, delivered an economic multiplier of 2.81 (i.e. for every R1 spent in the industry, another R1.89 was generated within the South African Economy) and created more than 25 175 sustainable jobs. This, therefore, indicates that we are on the right track in terms of investing in this burgeoning



industry. One of the prestigious events that the Film Commission will be hosting annually alongside the Durban International Film Festival (DIFF) which takes place from the 18th to 28th of July, will be the Simon Mabunu Sabela Film Awards. This year, this award will be conferred to industry luminaries who have been pioneers in their chosen craft and, through their contribution, have placed South Africa on the international film industry map. It will further be conferred on those legends and veterans who have contributed immensely into the local film industry.

For the first time, the DIFF will have an expo as one of its components. The KZN Film Commission this year will bring a Locations Expo as a component to the DIFF. The intention for this year is that the expo showcases the provinces film locations per district but the ultimate objective is to grow the expo into an international expo over the ensuing years.

KZN Music House

In 2007, the Department of Economic Development and Tourism took a firm decision in developing a vision of assisting KZN musicians to realize their dream. This vision was considered because KwaZulu-Natal has a rich and vibrant music culture, especially in traditional genres like Isi'cathamiya and Maskandi. The KZN music industry faces significant constraints but there are also tremendous opportunities for growth and development.

The international market for all types of music is large and growing. Music originating in KZN has proven to be popular overseas despite the general lack of exposure that it has received. Domestic demand for local South African music is also growing, and there is a need to ensure that local music also reaches the local market. And KZN Music House is doing just that – outreach into both domestic and international markets through digital and online market distribution which is proving to be tremendously successful. As we speak, Music House is currently negotiating a distribution deal with Sony France (the owners of Sony Worldwide) that will cover global territory in order to ensure that KZN Music House artists music is distributed worldwide. This partnership will assist KZN Music House in extending its market to the rest of the world through both physical and digital platforms.

KZN Music House continues to be recognised as a force to be reckoned with and is fast gaining popularity within the music fraternity and industry at large. It is not only attracting new artists to the stable but last year also saw KZN Music House being inundated with requests for fact finding tours of the institution from various provinces wanting to benchmark their future initiatives against KZN Music House as it is currently the only one that exists in South Africa and is the second best recording studio in the Southern Hemisphere.

During the 2012/13 financial year, KZN Music House recorded and produced more than 76 in house artists and more than 56 external artists using state of the arts facilities.

More than 326 artists were trained in different facets of music ranging from copyright laws; intellectual property; artists management; business skills; income tax and its implications and how to treat music as a career and business. In 2013/2014, KZN Music House will continue to embark on the Vezikhono Talent Search in a drive to unleash new potential talent of young and upcoming musicians as observed during the launch of the programme early this year.

Tourism KwaZulu-Natal (TKZN)

Chairperson, Tourism KwaZulu-Natal has been centrally involved in ensuring that regional tourism is nurtured and sustained in the region. Following robust marketing of the province as an attractive tourist destination, a number of international conferences were held in the province over the period under review including the recently held BRICS summit. Following the success of the Top Gear festival in 2012 which attracted an attendance of over 70 000 people, this year's event will take place on 15 and 16 June. It is anticipated that it will be bigger and better further improving the economic fortunes of our province.

Chairperson, we have recently hosted yet another successful Indaba which brought together thousands of delegates to the shores of Durban. Tourism Indaba has given us another opportunity to re-energise our efforts and focus our joint planning of highly influential and strategic marketing initiatives that will unfold in the coming months. We believe that while e-marketing is fast becoming the dominant means of brand marketing, training and education of tour operators and travel agents still remains one of the most effective tools of ensuring proper destination packaging.

Chairperson, we are happy to report to the House that our enhanced efforts of implementing the KZN Airlift Strategy that will see an increased number of international airlines fly direct to King Shaka International Airport (KSIA) continues to bear fruits. The province recently won the bid to host the 21st World Route Development Forum (World Routes) in 2015, a global meeting place for airlines, airports, tourism boards and government stakeholders and which attracts about 5000 from over 110 countries.

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The entity continues to provide support to the East-3-Route, a tourism route linking South Africa, Mozambique and Swaziland. The work being done to promote the route is gaining momentum. Already packages are being put together and several members of trade have included the route on their 2013 itineraries.

Chairperson, we are happy to announce that given the strategic focus of the Tourism Master Plan on growing our domestic market share, Tourism KwaZulu-Natal will be launching an exciting domestic tourism marketing campaign with a trade partner which is aimed at driving greater destination awareness, packaging and selling affordable holidays with trade partners and ultimately growing our numbers. The campaign will have various elements including a reality show wherein participants get to sample the various tourism experiences that the Zulu Kingdom has to offer.

The hereunder table lists upcoming conferences that we expect to host in the province:

Table 2: Anticipated conferences to be hosted in KwaZulu-Natal province

Name of Conference	Year	Economic Value
FCI Trade Trade Summit	2013	
Chinese Medicine 2013	2013	
LARASA	2013	
Port Cities Conference	2014	
World Routes Development Forum	2015	
World AIDS Congress	2016	
International Federation of Clinical Chemistry and Laboratory Medicine (IFCC) Conference	2017	
Retirement Expo 2014	Bid Submitted	
Southern Africa Accountants 2013	Bid Submitted	
International Diabetes 2017/19	Bid Submitted	
African Epilepsy 2015	Bid Submitted	
African Biological Safety	Bid Submitted	
World Federation of Consuls 2016	Bid Submitted	
SAPS Forensics 2014	Bid Submitted	
IUHPE Health Promo	Bid Submitted	
International Air Safety	Bid Submitted	

NEW ANNOUNCEMENTS

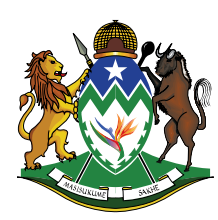
Chairperson, the biggest mistake we can make is, after having weathered the storm over the past four years, to bask in the sun of our achievements. Indeed, the future harvest, which will be decidedly better can only be realised if we work at it now. In pursuit of this objective, indulge us as we make key announcements geared towards propelling our economy to new heights.

Air Mauritius Back in Durban

Chairperson, we are thrilled to announce that Air Mauritius will be re-launching its Durban-Mauritius route on the 05th July 2013. The airline will be reintroducing direct flights, twice weekly, from Port Louis into King Shaka International Airport from the 5th July 2013 - ahead of the Vodacom Durban July. During high season, flight frequency will increase to three times a week.

Drakensberg Cable Car

Chairperson, the Department is currently investigating the feasibility of developing a cable car in the Drakensberg Mountains. The project will serve a catalytic initiative to attract more international visitors to the Drakensberg region and provide a magnet to a host of other experiences and attractions in the area. The project will extend across the tourism value chain and also explore opportunities to open tourism gateway in the border area of KwaZulu-Natal, Lesotho and Free State.



Provincial Social Accord

As we stand here today, the leadership of all social partners are hard at work negotiating the contents of a “KwaZulu-Natal Social Accord” which we are planning to be finalised and signed at the KZN Economic Summit, scheduled for the 9th of July this year. This Social Accord is planned to be an action-focused set of new agreements between Government, Business, Labour and Civil Society which will accelerate the rate of sustainable job creation and economic growth in the Province. This Provincial Accord will be built on the five national Social Accords which have already been concluded at NEDLAC, but will focus more on issues of how we implement the plans rather than the planning itself. The driving principle underlying this Accord is “All contribute, All benefit” – emphasizing our firm belief that if we are to successfully address the triple challenge of poverty, unemployment and inequality, we need the contribution of each sector of society, and similarly that all sectors of society must benefit from any success we achieve.

KwaZulu-Natal SMME Entity

Chairperson, we are pleased to announce that by next month we will have established the KwaZulu-Natal SMME Entity which will be responsible for coordinating and providing integrated business support to SMMEs in the province. The establishment of the KZN SMME Entity recognizes that the success of small enterprises is premised on a holistic, integrated and coherent business support system and value chain which will significantly reduce transaction costs for the entrepreneur.

Maritime Centre of Excellence

Chairperson, our desire to develop formidable institutions that support the maritime industry culminated into the development of a maritime centre of excellence at Sharks Board. We envisaged the centre of excellence to go a long way in grooming skills in the maritime sector in preparation of the anticipated growth.

New Special Economic Zone for the Province

We are pleased to announce that the Dube Trade Port has been identified as the potential Special Economic Zone by the Department of Trade and Industry. In this regard, processes are underway to determine the feasibility of establishing an SEZ in the DTP vicinity. As Southern Africa’s premier air logistics platform, this precinct is set to become a catalyst for global business and trade, stimulating transit-orientated development around the airport and creating a world-class environment to attract new sectors and value chains into the economy.

Memorandum of Understanding

We are buoyed by the recent Memorandum of Understanding signed between Dube Trade Port Corporation and The Action Group, a highly diversified India-based business enterprise which will lead to roughly R2 billion investments in a Mega Industrial Integrated Township (MIIT). The MIIT, set to attract major foreign direct investment, is designed to bring on-stream state-of-the-art infrastructure, inclusive of new industrial space, commercial areas, a logistics hub comprising truck, bus and container depots, warehousing facilities, a weigh-bridge centre, a training institute and a South African first-of-its-kind industrial retail park.

Strategic Major Events

As part of repositioning the province as a destination for major international events, the province will be hosting the following major events during the current financial year: Top Gear; MTV Africa Music awards and Bollywood awards.

Co-operative Bank

The DEDT in consultation with the Co-operative Bank Development Agency (CBDA) formed the KZN provincial chapter with representatives from Board of Directors of all Co-operative Financial Institutions in the province. The chapter is now part of the National Co-operative Bank Association which is the body elected at the Co-operative Indaba held in October 2011 in Cape Town. The provincial chapters are mandated to promote and capacitate prospective co-operative financial institutions in the province through the assistance of CBDA. Currently there are three registered Co-operative Financial Institutions (CFIs) in the province that is K ladies, KwaMachi and Ziphakamise. In an attempt to build capacity on the promotion of Co-operative Financial Institution, DEDT in collaboration with CBDA has trained 11 District Trainers on the establishment and governance of Co-operative Financial Institutions. DEDT is further contemplating to undertake a feasibility study and business plan on the establishment of one co-operative bank in the province.

Budget Policy Speech 2013/14



KZN –Centre Of South Africa's Future Economic Growth

Chairperson, the national government is driving the biggest economic growth programme in recent times, in the form of Strategic Infrastructure Projects (SIPs). These SIPs are not only about developing the country's economy but aim to ensure that our economy is globally-competitive and underscores our status as the gateway to the African continent.

The magnitude of the funding of these SIPs is best articulated by the fact that SIP2 which is Durban-Free State-Gauteng Logistics and Industrial Corridor is going to receive funding of about R321 billion. Of this amount, R106 billion is for the dig-out port. If we consider that the PGDP states that by 2040 we should have grown the TEUs handled by our two ports from the current 2,7 million to 20 million, then it is clear that we are on an indisputable growth trajectory and that we are at the centre of that growth. Further, the fact that 15 of the 18 SIPs are located or impact on our province, proves that we are at the centre of South Africa's unprecedented future growth and, we are convinced, this is both because of the policy environment that we have created and the investments we have made in our provincial economy.

CONCLUSION

Chairperson, the moving poem by Paul Holmes titled "weathering the storm" succinctly describe our situation. Let me paraphrase from its verses as I conclude my speech. *"We have gallantly faced the full fury of the storm and lived to tell a success story; we stood our ground, shaken to the core by adversity, and yet although we bend, we do not break. We lift our faces, and hearts feel warm, stronger and dignified, proudly standing tall. We are a beacon of bravery to one and to all"*

Indeed Chairperson, together we have weathered the storm as many economies in the western world were brought to their knees while we kept our heads above the treacherous economic waters. We therefore have no reservations in declaring that we are today: ***"Celebrating the fruit of our collective labour whilst preparing for a better future harvest"***.

In conclusion Chairperson, I would like to reiterate my sincere gratitude, particularly, to the Chairperson of the Portfolio Committee on Economic Development and Tourism Mr Nhlakanipho Ntombela, Members of this House, and staff of the Department of Economic Development and Tourism, not forgetting our public entities for the support they rendered throughout this term of government office. Their patience, strength, and resilience in the face of continued change is well appreciated. As we would all concur, this has been a difficult terrain since the advent of democracy in our country. Both internal and external factors threatened to derail the socio-economic gains achieved since 1994.

Now I wish to move the Budget for Vote Four, which is the Department of Economic Development and Tourism for the year 2013/14 according to the following programmes:

PROGRAMME	2013/14 (R'000)
1. Administration	R193, 905
2. Integrated Economic Development Services	R496, 187
3. Trade & Sector Development	R861, 428
4. Business Regulation & Governance	R72, 566
5. Economic Planning	R29, 776
6. Tourism Development	R183, 153
TOTAL PROVINCIAL ALLOCATION	R1 837 015

I now move the budget of R1, 837, 015, 000 for the 2013/14 financial year, I so move....

I thank you.

Mr Michael Mabuyakhulu, MPP
MEC for Economic Development & Tourism
KwaZulu-Natal

