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BUDGET POLICY SPEECH

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“TIME FOR RADICAL ECONOMIC TRANSFORMATION IS NOW”



BUDGET POLICY SPEECH 2014/2015 DELIVERED TO THE KWAZULU-NATAL PROVINCIAL LEGISLATURE BY THE MEC FOR ECONOMIC DEVELOPMENT, TOURISM & ENVIRONMENTAL AFFAIRS, MR MICHAEL MABUYAKHULU ON 15 AUGUST 2014

“The time for radical economic transformation is now!”

Madam Speaker, Honourable L. Johnson;
Deputy Speaker, Honourable M. Hadebe;
The Premier of the Province of KwaZulu-Natal, Honourable Mr. S Mchunu;
The Honourable Members of the KwaZulu-Natal Executive Council;
Honourable Members of this House;
Representatives of all our social partner formations;
Members of the Diplomatic Corps;
Your Worships, the Mayors;
The Esteemed Traditional leadership of our province;
Distinguished Guests;
Members of the media present;
Ladies and Gentlemen.

INTRODUCTION

As we take the podium today before the esteemed members of this House, we would like to do so by summoning the words of the Roman Stoic Philosopher and statesman, Lucius Annaeus Seneca, where he asserts: **“Every new beginning comes from some other beginning's end”**.

Indeed, Honourable members, these words of wit could not hold truer, particularly as we harken back upon the last five years not only with the express aim of gauging how far we have progressed but also contemplating our new beginnings, of mapping out the trajectory of our journey as we march towards achieving the target of improving the growth prospects of our province in the coming five years.

Our mantra, as we embark on this journey, is a simple one: **“The time for radical economic transformation is now!”**

We therefore request the indulgence of this House to allow us lay bare our bold implementation plans to radically transform our economy. But before we do so, allow us to express our humble indebtedness and gratitude to the people of KwaZulu-Natal, our Premier, Honourable Mr S Mchunu, the staff of the Department of Economic Development, Tourism and Environmental Affairs, esteemed Honourable Members of this noble house, colleagues in the Executive Council as well as our national and provincial principals for their support in crafting the new vision and implementation plan for the department.

In our presentation of the last budget of the previous term of office we declared that the 2007/2008 recession had not dampened our resolve to remain committed to our vision of transforming KwaZulu-Natal (KZN) into an attractive destination for investors and tourists. Our last budget speech was presented under a theme of celebrating the fruits of our collective labour whilst preparing for a better future harvest. We have remained steadfast in our pursuit for inclusive economic growth for the province over the past five years.

We stand before you buoyed and humbled by the decisive mandate bestowed upon us by the people of this province who overwhelmingly supported our vision and demonstrated through the ballot box their confidence in our unrelenting commitment to improving their livelihoods. Their unwavering mandate inspires us to double our efforts to push back the frontiers of poverty, inequality and unemployment. It is for that reason that today we boldly declare that **“the time for radical economic transformation is now”**.

As we begin this term of office we aim to intensify our campaign against the socio-economic challenges of unemployment, inequality and poverty. As indicated by the President in his State of the Nation Address, we fully agree that economic change will not come about without far-reaching interventions. We therefore aim to lead these interventions through radical economic transformation in the province.

Chairperson, allow us to articulate what we mean by **radical economic transformation**. The term “radical” is derived from the Latin word, radix, meaning “roots”, thus talking to change that goes to the heart of the problem. We are using the two words “radical” and “transformation” in their economic sense – meaning deviation from the economic norm and changing the economic structure. We are fully aware that at times the hype and unnecessary panic that accompany the usage of these two words require clarification. So before we define what we mean by radical economic transformation, let us begin by outlining what radical economic transformation is not.

It is neither our intention to undermine the constitution and laws of this country, nor to overhaul those laws and systems that work effectively and replace them with shortsighted and unrealistic policies and programmes. It is also not our intention to tinker on the edges and be comfortable with small changes that have a negligible effect on our drive to reduce unemployment, poverty and inequality. Robbing Paul to pay Peter is also not our objective. The point we are making is that despite all the major strides we have made to liberate our people economically, a large majority of them remain stuck in poverty. We are convinced that the failure to transform or change the structure of the provincial economy to reflect the country's racial and gender demographics in both the ownership and participation pattern is the core reason why poverty, inequality and unemployment continue unabated.

The intervention we seek to focus on entails robust government implementation of policies and strategies. We will be promoting issues of localization (local content), industrialization, value addition (beneficiation), infrastructure development, skills development and entrepreneurship development. There shall be no compromise in the implementation of broad based black economic empowerment which is at the core of government transformation policy. Radical economic transformation dictates that we must overhaul any system and program that perpetuates inequality, unemployment and poverty. We want an economy that will benefit all its citizens irrespective of their class, race, gender and spatial location.

Radical economic transformation means the radical transformation of the productive structures of our economy. It must mean the radical transformation of production relations, less conflictual, characterised by more equitable benefit sharing and by less inequality.

It must mean placing job creation at the heart of work programs, by pursuing a more job-rich pattern of growth.

Chairperson, allow us to commence this expedition by analysing the economic terrain which we have to operate under.

GLOBAL ECONOMIC DEVELOPMENTS

Esteemed members, this budget speech is presented during a time of improved global economic prospects compared to five years ago. You will recall that in 2009 and the years that followed, the South African economy, like the rest of the world, was plunged into a financial crisis and recession whose effects have been adequately documented. The cautious recovery period that followed has seen the global economy recording moderate growth, frequently pulled back by downside global economic and political events such as the Euro debt crisis, the Arab Springs, spiraling public debt in the US and lately the Ukraine crisis. In recent times, global growth recovery prospects remained strong, although uneven and mixed across regions. The International Monetary Fund (IMF) projects global growth to average 3,6 per cent and 3,9 per cent in 2014 and 2015 respectively.

Economic growth, trade and investment tell a compelling story.

The BRICS share of the world GDP (in Purchasing Power Parity terms) increased from 16% in 2000 to nearly 25% in 2010. This growth is expected to continue to rise, and by 2050, BRICS countries are expected to account for 47% of the total global GDP.

According to the IMF, BRICS countries will account for 61% of global growth in 3-years' time. By 2050, BRICS, plus Indonesia, Mexico and Turkey together are projected to be 50% larger than the current G-7 countries.

The New Global Economy argues that corporations based in emerging markets will play an increasingly prominent role in global business and cross border business.

The IMF projects that developing countries' share of world trade will double in the next 40-years from 37% in 2007 to reach 69% in 2050.

Much of this rise will be due to an expansion of trade and investment; not between developed countries and developing countries, but amongst developing countries.

As KwaZulu-Natal, we will be placing the highest premium in forging trade relations with those countries that we regard as the future growth centres.

In this regard, our investment and trade mission will prioritise these countries in order to strengthen the bonds of doing business with them.

DOMESTIC ECONOMIC DEVELOPMENTS

South Africa has been adversely affected by a number of global and internal factors. The country's growth performance for the period that followed the recession has been disappointing, averaging a low 2,8 per cent since 2010. This is in stark contrast to growth trends observed in comparable emerging countries such as China and India where growth have averaged more than 5,0 per cent. The inability to enhance the production activity at both the primary and secondary sectors, coupled with the slow economic recovery in South Africa's major trading partners remain among the principal causes of the lackluster growth performance in the country. Of course, there is a range of domestic issues, particularly in the energy sector and the labour market, which continue to put undue pressure on the economy.

In 2013, growth averaged 1,9 per cent, well below potential growth currently estimated to be around 3,0 per cent. Recent high frequency data show that economic activity in South Africa is not recovering as quickly as it should. This is partly due to slowing consumer spending owing, but not limited to, persistently high unemployment, disappointing manufacturing production as well as protracted strikes which offset the improvement of external conditions. As stated earlier, these local issues are becoming extremely important in the quest to attract investments. Unlike before the crisis, investors are no longer looking at emerging countries as a basket; they now scrutinize internal issues in each country before they make investment decision.

Compounding the economic challenges since 2009, is the national electricity grid which has been under constant pressure, often leading to load shedding to manage the electricity supply constraint.

We are proud to say that although the national economic performance remains below expectation, KwaZulu-Natal has in many instances performed above the national average. From 2009 to 2013 South Africa's GDP averaged well below potential at 1,9 per cent and 0,2 percentage points below the provincial average growth of 2,1 per cent during the same period. While the country and province successfully hosted the 2010 FIFA Soccer World Cup – boosting infrastructure development and providing many job opportunities in the process, much more still needs to be done to bring the unemployment rate down. Unemployment in South Africa averaged 22,5 per cent in 2008 and has subsequently increased to 24,7 per cent by 2013. I am pleased to announce that KwaZulu-Natal has managed to reduce its unemployment rate from 21,7 per cent in 2008 to 20,8 per cent in 2013.

REVIEW OF PREVIOUS BUDGET SPEECH COMMITMENTS

Chairperson, during the previous budget speech we made some commitments to the people of KwaZulu-Natal and we wish to give an account of the progress made against those undertakings.

Air Mauritius Back in Durban

We are pleased to report that Air Mauritius successfully re-launched the Durban-Mauritius route on 05 July 2013. The airline introduced direct flights, twice weekly, from Port Louis to King Shaka International Airport and during high season, flight frequency increases to three times a week. Over the past five years, four new air routes to Dubai, Harare, Lusaka and Mauritius have also been secured. Despite the collapse of some low cost airlines, the passenger volume in King Shaka International Airport was around 4,7 million in 2013.

Drakensberg Cable Car

In our last budget policy speech we reported that we had commissioned a feasibility study for the development of a cable car in the Drakensberg mountain range. We are delighted to inform this house about the progress that has been scored thus far.

Since the proposed venue of the project is located adjacent to one of the country's UNESCO declared heritage sites, the Drakensberg Ukhahlamba mountain range and local traditional communities, we had to canvass inputs from various affected parties, including those responsible for advocating biodiversity protection. While an expert organization Graham Muller Associates undertook the project feasibility assessment, we held briefing and consultative meetings with neighbouring communities under traditional councils of eMangwaneni, Mazizini and KwaShabalala and we are happy to report that such sessions were well received.

The initiation estimates as per the interim business plan point to around R500 million that would be required to get this investment on track. As part of the initiation of the project, market testing to ensure long term project sustainability and the ability to trigger other business operations that could unleash business and employment opportunities was essential. We are pleased to report that the initiative promises significant business opportunities for both small scale local entrepreneurs and established businesses.

Besides the immediate affected parties like communities, statutory bodies and environmental activists and as well as the proximity to the Free State and Lesotho made a compelling case that we integrate our government counterparts in these two neighbouring areas, hence we are in constant liaison with relevant Ministers in Lesotho and the Free State to ensure a collective interest in the project, which we believe has cross-border socio-economic benefits.

In September this year, I will host a meeting with my counterparts from the two neighbouring areas and as well as our own National Minister of Environment Affairs to update them on the progress made and canvass their unwavering support and commitment for this project. In terms of protocols, the Department of Environmental Affairs would be an ideal official link with UNESCO which is the formal guardian of the Drakensberg as a heritage site. At the same time, the Ingonyama Trust has also expressed a keen interest in the initiative as it could have an impact on land under its jurisdiction and therefore it became imperative that they become one of our contact stakeholders.

However, as stated above, the project is situated adjacent to a world heritage site which necessitates that the environmental impact assessment exercise would have to be conducted with considerable sensitivity of our natural capital. Relevant interested parties such as UNESCO and our own National Department of Environmental Affairs had to be informed to solicit their wise counsel to ensure that even the compilation of the Terms of Reference for the Environmental Impact Assessment are reflective of the stature of the environment within which the project is located.

However, we want to state that this is not the first time that a project of this magnitude has been attempted in a world heritage site and to this end, we are confident that this cable car investment will receive positive response from all quarters including the United Nations. Concerns about the current state of the R74 motorway have been raised with the Premier of the Free State and SANRAL to ensure that there is synergy in the upgrading of this crucial travel facility.

Meanwhile, to advance this project, there was a need to identify the project champion that would act as a business applicant for the utilisation of the site for the development of the cable car. We believe that Ithala Development Finance Corporation, based on its historical experience in conceptualising and implementing business models such as industrial parks and shopping malls, has the requisite know-how to handle a project of this magnitude.

Ithala has therefore been assigned the responsibility of initiating the process of undertaking the scanning of an appropriate business model and developing the terms of reference that would correctly influence the content of the EIA to be presented to appropriate authorities, probably including UNESCO if need be. This implies that a formal spatial development plan covering all developmental projects aligned to the cable car would be developed and other developmental agencies like IDC, DBSA and NEF would have their attention brought to this undertaking to ensure their immediate contribution to the funding of the project and its allied business operations. We will therefore be convening a special meeting with these entities to brief them on this investment opportunity as we believe their experience in the project promotion would be invaluable to the success of developing an impeccable financial model for this cable car business.

Ithala's task will be supported by a technical team of senior government officials and co-opted private sector representatives led by the Head of Department for the implementation of this initiative. This team will also be charged with the responsibility of identifying and appointing the potential project operator with substantial experience in similar initiatives at global level.

This should be an operator who also understands seasonal variations across the world with the capacity to assist with the marketing of the cable car to visitors that would be fascinated by the experience of favourable climatic conditions that KwaZulu-Natal is blessed with. This implies that the prospective operator would have to bring a combination of experience that includes technical and marketing capacity to ensure long term business growth and sustainability. To ensure the viability of the project and successful bidding for its implementation, the above-mentioned team will also undertake an overseas tour of similar projects, especially those located within world heritage sites to be able to learn about how they managed to solicit the approval of UNESCO for their project implementations and what it is that we should consider when developing our own business case.

The KwaZulu-Natal Ezemvelo Wildlife as our immediate expert custodians of our nature conservation would be playing an active role in this project. Ithala Development Finance Corporation will therefore be the developer of the project as stated above. It will therefore compare the content of the feasibility study and the overall project business plan to ensure synergic profile that is essential to avoid delays in the activation of this initiative, which we are confident would have significant economic spin-offs for the province and the region as a whole.

We will therefore be announcing very soon the dates in which such fact-finding travels will be undertaken and a special workshop consisting of various role players will be held in November this year to assess the progress that had been made with respect to working towards the full swing implementation of this multi-million rand investment. We intend working closely with all affected stakeholders and interested parties to ensure that we have minimal delays and also present a uniform investment proposition.

The Role of Social Partners

Chairperson; we would implore and encourage all our social partners to play a greater role in generating faster and inclusive growth. The private sector needs to buy more from local companies and also support localization. In this regard, clear commitments were agreed to in the Local Procurement Accord that became part of Chapter 1 of our Social Accord that was signed on the 9th of July 2013.

We also believe that the private sector should partner with government in the building of infrastructure, including bulk infrastructure. We see a big role of private sector participation in the financing of infrastructure development in KwaZulu-Natal. We are therefore inviting the private sector to indicate its appetite on properly packaged projects and their interest to invest in such projects. The other important matter relates to the determination of wages in the private sector.

Chairperson – our take is that the determination of wages should be conducive to employment and equity objectives. It should also ensure a fair division of earnings in the context of extreme inequality. It should also recognize the need to ensure a social floor, including the social wage. This should also be structured in such a manner that it takes into cognizance measures to reduce inflation of basic commodities and that of administered prices. We therefore urge both the private sector and organised labour to be very considerate in their decisions and demands.

The NDP cautions us that rapidly rising wages precede growth acceleration; hence they are more likely to follow the onset of a sustained acceleration by two to five years. As a province, our urgent focus is on access to employment opportunities for the larger numbers of the unemployed. We all need to understand that growth demands trade-offs.

We are advocating for a dispensation that should include sacrifices by management.

Excessive Executive remuneration does little to build a more inclusive society – where everyone feels that they share in the fruits of development. We are, therefore, calling on the private sector to exercise the required leadership to ensure that businesses act more responsibly. We are also on the same vein calling on organised labour to also exercise responsible leadership as well.

KwaZulu-Natal SMME Entity

It is with great pleasure that we report the successful establishment of the KwaZulu-Natal Small Business Development Agency (SBDA) in November last year. The entity has a responsibility of coordinating and providing a holistic, integrated and coherent business support system to SMMEs in the province. This is a response to the recognition that the success of SMEs is dependent on a holistic, integrated and coherent business support system and value chain. The KZN SBDA is therefore a “One-Stop-Shop” public entity to provide both financial and non-financial support to the SMME sector in the province. The one-stop-shop concept will ensure that instead of the entrepreneur visiting separate institutions for each area of need, there will in effect be one “window” that can address their concerns. This will save the entrepreneurs and/or existing enterprises valuable time and effort, thus reducing their transactional costs.

The entity is currently undergoing the necessary registration, staffing and operational setup processes which will ensure that it conforms to the relevant legislative prescripts for a public entity and is ready to deliver on its mandate. In the intervening period the work of the KZN SBDA is currently incubated at Ithala Development Finance Corporation. At the moment the SBDA is negotiating partnership agreements with similar entities that are providing business support to small businesses. Our approach is the one that emphasizes co-operation with other agencies rather than a duplication of resources.

Maritime Centre of Excellence

The decision to establish the KwaZulu-Natal Maritime Institute of excellence is another milestone for the province. This initiative ensures development of skills and professionalization of the sector. An accredited curriculum that specifically addresses the needs of the maritime sector will be developed as part of the initiative. Progress has been made with regards to training youth in boat building. Twenty skippers’ licenses were issued during the reporting period. While Sharks Board has been a historical research and development centre on maritime issues through the Maritime Institute, there have been further strengthening, scaling up and strategic positioning to respond to the demands of the maritime and trade economics. The Maritime Center of Excellence is created to implement the KZN Maritime Strategy. The key areas that we will be focusing on and detailed in the strategy are increasing competitiveness through infrastructure development, expanding marine sub-sectors, promote small businesses in the maritime sector and enhance skills development. The Maritime Implementation plan that we are finalizing will provide detail projects on these matters.

New Special Economic Zone for the Province

We are pleased to inform you that the site at Dube Trade Port (DTP) has been officially designated a Special Economic Zone (SEZ) and DTP granted an SEZ operator permit. A draft feasibility study confirmed the viability of the Dube Trade Port being granted an SEZ status. In essence, KwaZulu-Natal has two SEZ’s in due course the Richards Bay SEZ and the Dube Trade Port SEZ. DTP will therefore be restructured to accommodate the requirements of the SEZ Act and the implementation of the KwaZulu-Natal Aerotropolis Strategy.

Over the past five years, about R709,5 million in private sector investment has been committed and this alone has contributed to growing the KZN economy by around 0,5 per cent while creating more than 1 600 jobs since 2011. Nearly 19 000 tonnes of international cargo has passed through the Dube Cargo Terminal with more than 6 000 tonnes of produce being produced at the AgriZone. All of this is in addition to the infrastructure delivered, which includes the 29 South building at Dube City, 16 hectares of glass greenhouses, pack houses, the Trade House and elevated bridge linking the freight building directly to the Cargo Terminal, as well as the bulk infrastructure required to support these developments.

Demand for space at the Trade Zone remained high, attracting both foreign direct investment (FDI) and leading national companies. Interest in Dube City continued in 2013/14 with five development proposals received. Occupation of DTPC’s head office, 29 Degrees South, is at 100 per cent.

Strategic Major Events

In line with our previous commitments, we have hosted and partnered in hosting a number of high profile events such as the KwaZulu-Natal Top Gear Festival, the MTV Africa Music awards, and the Tourism Indaba. These events have resulted in the elevation of Durban to such an extent that its International Congress and Convention Association (ICCA) ranking improved from 231 in 2009 to 157 in 2011 and 150 in 2012. KwaZulu-Natal has therefore secured for the second consecutive year the Best Business Event Destination in Africa Award from the internationally acclaimed Business Travel Magazine.

We believe that flowing directly out of hosting such major events, the profile of Durban has improved globally and the City has been subsequently recognised as one of the 10 most underrated cities in the world.

KZN as the Centre of South Africa’s Future Economic Growth

The national steering committees responsible for Strategic Infrastructure Projects (SIPs) frequently meet and the province is adequately represented in these forums by senior officials from provincial government and public entities. In an effort to synchronise the SIPs work with other provincial growth and development initiatives, a decision was made to integrate SIP work into PGDP Action Work Groups. The province has embraced the SIP2 project to strengthen the logistics and transport corridor between Durban and Gauteng

to unlock economic potential through reducing the cost of doing business and create jobs. Durban is South Africa's premier container port and is the principal port serving the KwaZulu-Natal province and the Gauteng region, as well as the Southern African hinterland.

While work has already begun on the SIP2, many of the projects still remain at pre-feasibility stage. However, the EDTEA is participating in the planning processes for SIPs at both national and provincial level. In KwaZulu-Natal, the provincial Government is currently undertaking a spatial development plan for SIP2 with the aim of identifying supporting nodes and corridors and to articulate the implementation requirements of catalytic investment projects over the short, medium and long term.

Chairperson, let me highlight the main aspects and progress for SIP2:

Firstly, the biodiversity assessments have been completed and impacts assessed and both the contamination assessments and geo-hydrological models are complete.

The container handling terminal at Pier 2 has undergone a re-engineering process, seven new Ship-to-Shore cranes (STC) have been installed and are operational reducing backlog of the in handling capacity. Deepening of berths is still at a design and contracting phase. The reclamation of and infill of 17ha of land between Pier 1 and Salisbury Island is still at a pre-feasibility stage. The project includes a long term lease from the SA Navy for 8ha and upgrades of the Bayhead and Langeberg roads.

One of the most significant and elaborate projects of the SIP2 plan is the development of the mega deep water container port at the old Durban International airport namely the new Durban Dig-Out Port. Stakeholder management is vital and a forum has been established between Transnet and eThekweni to engage public and affected stakeholders including the acquisition of land in and around the proposed site. The Durban-dig out port is not just a nice to have. It brings a number of economic benefits to the province.

STRATEGIC INTERVENTIONS

Chairperson, the time for radical economic transformation is now! We are no longer talking about policy developments, endless planning and conceptualization but the key message is now implementation, implementation and implementation! Allow us to outline our strategic interventions which will clearly translate our radical economic transformation proposition into implementable actions. We have identified five strategic pillars namely: Industrial Economic Hubs, Maritime, Tourism, Aerotropolis and Environmental Management. These will seek to drive the mandate of ensuring the full participation of previously marginalized groups in the economic activities of the province, resulting in high employment and income opportunities. At the epicentre of these pillars are the critical success factors to ensure that small business are fully supported, that there is an advancement in information technology, research, innovation and sustainable development.

Industrial Economic Hubs (IEH)

The Industrial Economic Hubs (IEH) form a strategic intervention in the province as they will improve growth of locally manufactured products and exports and will also decentralize economic development opportunities. The IEH will serve to position district economies as key spatial development areas that will elevate the KwaZulu-Natal economy to a leadership position in the country. The completion of the feasibility analysis of the IEH shows that seven out of eleven hubs are feasible in their current forms and four require fine-tuning. During this term and while fine-tuning the non-feasible hubs, we will prioritize investment attraction and infrastructural development for the feasible hubs which will inter-alia include land acquisition, water and electricity supply, tenant acquisition, securing raw materials and markets as well as the development of information and communication technologies.

The roll out of the IEH will follow a multi-pronged approach and will be gradual. Both public and private participants will form part of the roll out and development. The hubs will be rolled out in the following areas:

- In the uMgungundlovu District, we will establish a leather processing hub which will focus on the processing of leather.
- In uGu District, we will establish a perishable goods processing hub which will focus on the processing of perishable foods.
- At the uThukela District, we will establish an electronics hub which will focus on the manufacturing and testing of electronic components and gadgets.
- At Amajuba District, we will establish a clothing and textile hub which will focus on the making of clothes. It is also important to point out that iron and steel is the primary hub for Amajuba.
- In Zululand District, we will establish an agro-processing hub which will focus on vegetable processing.
- At eThekweni, we will establish an auto supply park which will focus on component manufacturing and car assembly.
- At iLembe District, we will establish a renewable energy manufacturing hub which will focus on components manufacturing.

Between now and October there will be a huge drive to communicate the hubs to all stakeholders. To support this priority objective a robust package of industry support measures will be defined jointly with stakeholders and funding models outlined. Furthermore, we will identify opportunities for small enterprises including the provision of mentorship and incubation services. We aim to integrate the IEH initiative into the local economic development plans of the municipalities, in order to ensure local ownership, good governance and sustainability.

Further engagement with the private sector will be prioritized over the next 12 weeks to ensure that there is an uptake of the available opportunities. District Co-ordinating forums will be launched in all Districts where there are positive feasibility outcomes. Such District Co-ordinating Forums shall be our stakeholder consultative fora with all social partners.

Maritime

The maritime sector is one of the sleeping economic giants in terms of its potential impact to the provincial economy. The World Trade Organisation (WTO) estimates that 90 per cent of world trade takes place through the international shipping industry. Locally, Transnet Port Authority management estimates that close to 80 per cent of our trade with the rest of the world is facilitated through the ports. The ports of Durban and Richard's Bay handle 60 per cent of South Africa's cargo tonnage. In the quest to develop a strong and resilient regional economy and optimize the benefits presented to the province through our gateway status, the maritime sector has to be developed and supported.

Chairperson, the interventions we will prioritize in the maritime sector revolve around further strengthening the operational efficiency of the sector, including robust legislation and creating synergies between the Durban sea port and King Shaka Airport. There is an opportunity for the maritime strategy to include the provision of oil and gas related infrastructure within Richards Bay. We will address issues of succession planning for divers and scientists who are advanced in years through training of new scientists and divers.

This Malaysian-based Lab programme is a methodology used by the Malaysian government to achieve Big Fast Results (BFR) through innovation and stringent deadlines. In South Africa the four oceans Labs focus is on the following sub-sectors:

- Marine transport and Manufacturing;
- Offshore oil and gas exploration;
- Aquaculture; and
- Marine protection services and governance.

In order to seize the opportunities presented by the blue economy we need to have a dedicated maritime development agency in the province. As stated, for these initiatives to be realized the Sharks Board's role should be scaled up to cover the rest of the coastal line even beyond KwaZulu-Natal. The concept of maritime should be demystified in order to maximize the participation of key stakeholders. Part of this should be a creation of awareness on the sector, and promotion of education in order to attract youth for its sustainability.

The Maritime Implementation plan will elaborate on the priorities. Chairperson, we would like to emphasise that implementation plans will be finalized this year. It is our stated intention to restructure the KwaZulu – Natal Sharks Board and to position it as a capable maritime development agency that will be well resourced and capacitated to implement the provincial strategy in developing the maritime industry.

Aerotropolis

Honourable members, an aerotropolis are an integrated modern urban development utilizing an airport as an anchor for such development. In the province, the iconic King Shaka International Airport and the Dube Trade Port will be utilized as such a platform. The Department has progressed significantly in coordinating stakeholders to establish an aerotropolis strategy for the province. A KwaZulu-Natal Integrated Aerotropolis Strategy has been developed. It is going through the normal channels of government approvals.

By the end of October, we will finalise the Aerotropolis Master Plan which will identify priority projects and consolidated land use to address the mapping of the Aerotropolis, airport city model, infrastructure such as rail, road, broad band, water and sanitation requirements, consolidated land use for industrial, agriculture, conservation, recreation, hotel and accommodation requirements and environmental plan. All public entities earmarked to stimulate trade and attract investments should do so in a manner that compliments the Aerotropolis framework. On-going airline engagements for direct landing at KSIA and dedicated freighters for improved airline connectivity will be prioritized. We are steadfast in our resolve that King Shaka needs to establish direct routes in its own right on the international stage. We are aggressive in positioning KSIA as a hub airport in its own right.

We will be dedicating special attention to ensure that all four modes of transport, road, rail, sea and air are integrated. We want to ensure that Honourable members understand that although the establishment of an aerotropolis is not a short-term exercise in nature, the bulk of the foundational work for the KwaZulu-Natal aerotropolis will take place during this term. Our starting point is to attract global companies that are operating in the logistics and transportation sector.

Tourism

Tourism remains an important economic sector in KwaZulu-Natal contributing about 10 per cent (directly and indirectly) to the province's GDP. We have developed a KZN Tourism 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.

Chairperson, during this term we will focus on fast tracking the implementation of strategic priorities from the Tourism Master Plan such as the King Shaka's statue, Drakensberg cable car, Bluff Bridge, Isandlwana development and Nonoti Resort. We argue that the time for radical economic transformation is now to the tourism industry. We will ensure that its ownership and management structures reflect inclusivity and diversity of our demographic groups.

We have also identified an opportunity for the province to drive the implementation of the Fly-Cruise Tourism Plan. We will have to reach consensus on KwaZulu-Natal's destination identity symbol and unlock development in the province's World Heritage sites namely, iSimangaliso Wetland Park and the Drakensberg. Provincial funding institutions (Ithala, KZN Growth Fund) will expand their funding packages to include the tourism sector.

Environmental Management

The attainment of radical economic transformation is strongly dependent on the extent to which growth and development activities will advance principles of environmental sustainability. The depletion of natural resources in the province and the impact associated with the decline in resource quality is of major concern as it threatens the future well-being of people and the economy. We are cognisant of the unfortunate reality that the poor will be the first to bear the brutal brunt of climate change. It is for the aforementioned reasons that environmental management forms a key strategic pillar in the Department, as we want to ensure a sustainable economic growth and development in the province.

During this term we will intensify campaigns around the protection of our endangered species such as rhinos. It is our experience that the continued conservation of the wilds of KwaZulu-Natal which comprise our natural heritage is becoming increasingly difficult to achieve without the collective support of all social stratas. It is only through government, the private sector and communities coming together to recognize the need to join hands that we will make a meaningful impact on effectively conserving the natural areas of KwaZulu-Natal for the future. It is our strongest contention that the campaign to save our rhinos must be owned by all the people of our province if we are to succeed in preserving these majestic beasts.

We are determined to streamline our processes in order to address delays in the processing of environmental impact assessments in the province. We have also observed with concern the rampant soil erosion in the province and we will come up with mitigating strategies to deal with this once and for all.

Regulatory Issues

In line with the recently approved KZN Consumer Protection Act, 2013 it is our intention to continue working in partnership with SAPS, SARS and other bodies to ensure that the root causes of consumer dissatisfaction are identified and addressed to ensure compliance by both businesses and consumers. A concerted effort will be made to ensure that the KZN Informal Economy Policy imperatives are incorporated into municipalities' IDPs. The provincial and district Informal Traders' Chambers continue to function and remain an effective vehicle of ensuring the inclusion of informal traders into the main economy. Extensive workshops and awareness will be held with municipalities regarding the implementation of the Business Act.

Support for SMMEs & Co-operatives

Cognizant of the need to re-energize the economies of our townships and rural towns, we will be activating all the resources available at our disposal and this includes the experience of Ithala Development Finance Corporation that would have to partner with our newly conceived KwaZulu-Natal Small Business Development Agency in terms of initiating its strategic functions to serve as a comprehensive one stop shop facility for a combination of small business support services. Ithala, because of its network of branches, is deemed as the ideal vehicle to provide incubation services to emerging enterprises that require grooming with respect to how to manage their finances, marketing, technical or production services in a sustainable fashion. This implies that all Ithala outlets across all districts would be serving as practical incubation centres for our small scale enterprise to ensure their sustainable growth essential in the creation of more business and employment opportunities in all sectors of the province's economy.

Meanwhile, the real activation of rural and township economies would hinge on the organisation of entrepreneurs into forums that would ensure their collective access to trade materials such as goods and services at discounted rates as it has been proved that bulk buying allows negotiation for substantial discounts on essential business materials which is crucial for profit maximization and business sustainability. We want to see the development of an umbrella structure or association serving the interest of these entrepreneurs where they would benefit collectively through co-ordinated and reliable distribution channels that would be devoid of middle-men that often scavenge on the meagre profits generated by small enterprises. This initiative will feature the establishment of warehouses where merchandise materials will be accessed at reasonable and affordable prices. Such move we hope wouldn't only see the emergence of

new enterprises and revival of entrepreneurial appetite in these socially depressed settlements, but will also lead to the re-activation of businesses that had collapsed in the face of stiff competition they endured, especially against the mushrooming of shopping malls.

Between now and the beginning of the new financial year, the Department, Ithala and the KZN SBDA will be honing and fine-tuning the model to be followed towards the vivid revival of our rural and township economies through the injection of integrated support services to the designated entrepreneurs. We will also be working closely with COGTA as this programme will require active participation of local authorities in the provision amongst other things bulk services such as water, electricity and other related incentives like reasonable rentals in municipality own business centres which is essential to foster vibrant small business operations in their respective localities. Having learnt from our compatriots who have migrated to this country and are now running burgeoning businesses in our own rural towns and townships, it is crucial that we encourage our budding business people to consider forming trade alliances that would ensure they bargained from massive purchase of goods and services.

Chairperson, our intention is to provide comprehensive and integrated support services to all enterprises for the realization of their respective business ambitions.

To this end, the following will be amongst our interventions in order to ensure that by the end of March 2015 the SBDA is ready to discharge its mandate of the provision of services in the new financial year:

Business Support Centres – that would help inculcate broader understanding of the art of entrepreneurship as instinctive and developed sentiment to be able to start and run a successful and sustainable enterprise. These outlets to be spread across all municipal districts will be backed with an estimated R55 million budget and we estimate that 2000 entrepreneurs will benefit from this initiative, **Business Incubation Centres** – those with good and practical business propositions will be afforded the opportunity to learn how to transform their business ideas into practical operations which will include constant guidance from seasoned entrepreneurs and trainers. Like business support centres, incubations will be located in all districts to ensure convenient access to services for all local budding business people. A budget of R27 million has been put aside for this purpose in which budding traders would be incubated for at least 12 months.

Trade Intervention – these will operate within the scope of enterprise trade centres where small scale business would be housed to ensure they were afforded complementary support services including the provision essential incentives like trade facilities and bulk services to be able to grow and create more business and employment opportunities for the locals. The province is also acutely aware that relevant business and technical skills are essential to the long term survival of modern enterprises hence we are also considering the establishment of a KwaZulu-Natal SMME Skills Development Academy that would be the central hub for the design and implementation of specific skills for emerging and growing entrepreneurs.

Proper research on the feasibility of this academy project would be initiated and linked to the development of the Provincial SMME Master Plan which, we believe, would be formulated along the Malaysian model that we want to adapt to our own conditions. For the activation of skills training programmes we will also be capitalizing on the present collaboration with tertiary academic institutions like the University of KwaZulu-Natal that has specialist entrepreneurial development courses.

Non Hub Sectors

We aim to continue developing sectors such as creative industries, tooling manufacturing and information communication. We intend to focus on enhancing connectivity in the province. As we ramp up infrastructure development and investment attraction, we are fully aware that we need to focus on issues of broadband and wi-fi to boost the ease of doing business in the province. We are accordingly going to identify areas of high-connectivity and develop in partnership with other stakeholders. We argue that in an effort to intensify the pace of attack to social ills, we need to maintain a range of channels for intervention. It is for that reason that sector development will remain a key focus.

PUBLIC ENTITIES

Chairperson, we maintain that our public entities are our extended implementation arm. It is for that reason that we seek to tighten oversight and alignment with Departmental strategies as we begin this new term. A number of important activities will be dealt with by our entities and these include:

- Setting aside a Film Fund of R15 million which aims at improving and increasing production in the region. Priority will be given to supporting KZN filmmakers (especially the youth and woman) and KZN stories.
- Drawing illegal liquor operators into the regulatory net to ensure greater control and regulation of the retail sale and micro manufacture of liquor in the province. We will adopt a zero tolerance stance to illegal liquor traders in our province.
- Intensifying investor recruitment and finalizing infrastructure roll out within the Richards Bay Industrial Development Zone. There are expansion opportunities presented by the recently approved 50-year Master Plan to acquire more land and strategic properties so as to expand the zone's footprint. The Richards Bay SEZ has a project pipeline of R12-billion that is being pursued with vigour and determination.

- Enable the development of the aerotropolis, grow the regional and international air service and provide strategic infrastructure. In line with the Premier's commitment in his State of the Province address, we seek to attract 10 new routes to KZN over the next 5 years and we will therefore focus on securing 2 new routes per year. In line with the Provincial Growth and Development Plan (PGDP), we aim to grow international tonnages through the Dube Cargo Terminal to between 8 000 and 12 000 tonnes per annum by 2020. We always aim to off-set the environmental impact of development through effective environmental rehabilitation and we will therefore continue to decrease carbon footprint each year.
- Bolster our small enterprise finding and strengthen our property portfolio to ensure that we have enough development space in the province. We aim to turn around non-performing properties through partnerships and alternative uses. This includes utilization of available land and vacant properties to support of the Industrial Economic Hubs programme. We also expand our financial products and services in order to allow enhance financial access in the province.
- Fully committing all available funds amounting to R551 million in the KZN Growth Fund Trust by the 2015/2016 financial year.
- Commit to attract over R8 billion with the potential job creation of over 10 000 from new investments and expansions. The promotion of KwaZulu-Natal manufactured products with aim of accelerating exports will be our focus. We will be rigorously driving the recruitment of investors through an Investment Attraction Plan, which will target key multinational companies that have an appetite for investment projects in KwaZulu-Natal. With Africa facing an unprecedented opportunity for both export trade and investment, we will offer a response through the Africa Trade and Investment Implementation Plan. This plan outlines a detailed analysis of opportunities for export and investment within the continent of Africa taking cognisance of the internal and external economic environment. Key countries for trade linked to KwaZulu-Natal products and companies are highlighted including an assessment of the barriers to entry. An assessment of investment opportunities for the province's companies is also included. This is informed by the BRICS strategy for South Africa.
- Focus on achieving the targets set in the Provincial 2030 Tourism Master Plan, including increasing direct jobs in the tourism sector by 6 per cent per annum. We will focus strongly on transformation and driving first-time tourists to our province. There are still millions of South Africans who believe that tourism is for "other" people. It is these new tourists that we will actively target through, among others, a new innovative partnership with public and private sector entities – an innovative TV programme called the Holiday Swap, which will be flighted later this year and matched with the selling of affordable holiday packages. Furthermore, we will continue to create access to market platforms for emerging black owned tourism business by providing financial and non-financial support for them. Transformation of the industry will remain an imperative and we are in the process of concluding a multi-million Rand empowerment deal, which we will announce once concluded, and which will go a long way to ensuring that both employees and communities receive direct financial benefit from the tourism sector.

It is also appropriate at this time to extend my congratulations to Tourvest on their recent acquisition of the Three Cities Group (whose majority hotels are based in KZN), which will bring many positive benefits to our region. As you know Tourvest is one of South Africa's biggest inbound tour operator. Therefore, the acquisition of Three Cities Hotels will benefit from an increased focus in selling our region.

We will continue to build upon our successful hosting of major events and conferences. Next year we will welcome the world's aviation decision makers to Durban with the hosting of World Routes 2015, whilst in 2016 the World Aids Conference will return to Durban for the second time. And of course we will continue to draw increased numbers of tourists onto our shore through the hosting of major international leisure events such as the hugely successful MTV Africa Music Awards, Metro FM Awards and the Top Gear Festival, which drive significant tourist numbers into our province.

Chairperson, in all our interventions, economic growth and job creation remain our central objectives. We are aware of the dire need for both in our province and in our country. Over the next five years we aim to create more than three hundred thousand jobs and contribute more than 0,5 percentage points to economic activity from all our implementation plans of the various interventions tabled here. We are positive that the bottoming out of the global and national economic cycles should work in our favour to achieve this.

NEW ANNOUNCEMENTS

Coastal Resort & Charters

We will continue our investment promotion efforts, particularly on new developments such as a coastal resort to accommodate the envisaged increased tourist numbers, as well as to further develop an emerging market for our destination - that of charters. As of this year, I am pleased to announce that we have secured a Polish charter (operated by Lot Airlines), which will result in over 250 Polish tourists visiting KwaZulu-Natal every two weeks, starting in November of this year. This is as a result of a marketing partnership agreement between Tourism KwaZulu-Natal, Rainbow Tours and Akilanga.

The first charter operated by Lot Airlines will arrive at King Shaka International Airport on 6 November 2014. The charter programme will run until March 2015 and, all in all, there will be 11 air charter flights directly from Warsaw to Durban's King Shaka International Airport. These Polish tourists will be in the province for a 14 day holiday package which includes a beach and wildlife experience. I would like to thank in particular, Akilanga, Tsogo Sun and other tourism establishments which have come on-board and supported us

to make this initiative a reality. As it is articulated in our tourism master plan, the province has a huge comparative advantage on this segment, we are continuing with our engagement with other source markets to identify new opportunities.

Statue of King Shaka

As we have reported to this House earlier in our presentation that work is underway on the Cable Car project, it is our pleasure to announce that we have begun to implement another environment-altering project which is contained in our Tourism Master Plan. We have appointed a Specialist Investment Team to assist us with conceptualising the 106m King Shaka Statue project as set out in our tourism master plan. This team is assisting us in putting together a feasibility study, business plan, identifying the most appropriate location, business model and sourcing of investors.

As part of this process, we will be hosting stakeholder engagements with relevant partners and stakeholders, including sister departments as well as the Royal House. Ultimately, we believe that the realization of this project will be a catalyst for our Heritage experiences and also give globally unique and easily identifiable icon in same way as the Statue of Liberty in the USA, the Eiffel Tower in France, the Christ the Redeemer in Brazil and many others.

Attracting Investments for Job Creation & Economic Growth

In order to achieve meaningful jobs, the inclusion of the private sector becomes key in order to be able to promote a more inclusive economy. Within the next five years it is anticipated that the KwaZulu-Natal province will attract R25 billion of new investment projects and create more than 40 000 jobs, of which over R8 billion will be directly attracted by TIKZN creating over 10 000 new jobs. TIKZN will further assist more than 350 small and medium size companies with securing new international export markets. This will realise an increase in the companies' sales revenue to more than R5 billion over 5 years.

Trade and Investment KwaZulu-Natal in collaboration with sister agencies will be packaging of investment projects within the Special Economic Zones and Industrial Economic Hubs. These projects will be underpinned by research and the need to recruit investments into the identified districts.

Provincial Statistical Database –Honourable Chairperson, the lack of credible provincial statistical data hampers policy making in the province. We intend to establish a centralized statistical database that will serve all stakeholders in the province. We will cater for different statistical modules in partnerships with stakeholders ranging from economics, labour and social information that will be imperative in the planning and development of appropriate interventions..

New Hospitality Levy – Chairperson, the huge spin-offs that accrue to the economy not only of our province and our country but as well as sister countries within the SADC region as a result of bidding for, and hosting major events mainly led by the government, are a critical pillar for the advancement of the radical economic transformation agenda. Business events or meetings, incentives, exhibitions, congresses as well as major leisure events are one of the most powerful modern means to bring about social and economic development in a destination.

Such events not only stimulate tourism flow and spend in a destination, but are the most important form of post tertiary education and training. They stimulate networking amongst professional association peers and even stimulate the development of new industries. Business events, in particular, also stimulate new leisure tourism flow in that between 20% and 40% of delegates to such gatherings tend to be converted as destination brand ambassadors and return as leisure tourists with their friends and family.

Based on our benchmarking exercise, there are a number of factors that determine the success of a business events destination. One of these is the establishment of a business events bid and support fund to support the activities of the KwaZulu-Natal Convention Bureau and other role-players, including government departments and entities, who go out to canvass for and attract these events into our province.

Sponsorship or support measures are often required in order to secure bids for certain business events. In addition, support funding is required for activities such as delegate boosting and other forms of promotion in order to ensure the success of the secured event. There are a number of excellent case studies on the concept of business events bid and support fund that exist. Amongst these are the Glasgow, Vienna, Sydney, Barcelona, Singapore, Toronto and San Francisco. In these destinations, these are driven through a very strong partnership between the public and the private sector.

Currently, we are mainly funding our bid initiatives directly through allocations shared between the province and respective municipalities and, mostly, eThekweni Municipality. However, based on our analysis of the abovementioned case studies, the public-private sector partnership applied in these destinations includes the establishment of a hospitality levy. This is a combination of direct contributions by the industry players as well as a service fee or levy charged onto the specified affected services. We will be introducing a 10% hospitality levy as from the 1st of April in 2015. For now, we want to engage and consult the different stakeholders on the collection modalities of the proposed hospitality levy. We will be shortly engaging the tourism think tanks and all industry players before the end of the month of September 2014.

Samsung Investment –We are pleased to report that the Dube Trade Port (DTP), which has attracted in excess of R700 million private sector investment continues to be a much sought after home for mega investments, after one of the biggest global multinationals, Samsung, announced recently that they will invest in one of the province’s flagship projects.

Attracted by the impending designation of DTP as an Special Economic Zone amongst other factors, Samsung will be making an initial investment of R200 million to establish a television and monitor manufacturing plant in a 12 000 square meter facility. The building has already been completed and the installation of plant and equipment will start in September with first production targeted for November 2014. As government we believe that this has reinforced the vision of Dube Tradeport as a high value manufacturing and logistics platform. The plant will manufacture initially for the domestic market and will then begin exporting to the rest of Africa.

The Dube Trade Port has also reserved a second 20 hectare site for Samsung to accommodate their expansion requirements into the future. The site will be in Phase 2 of the Trade Zone and is expected to accommodate a manufacturing facility in excess of 100 000 square meters creating 5000 direct and 20 000 indirect jobs. The projected value of the second phase is in excess of R1, 2 billion.

Attracting New Investments & Hosting New Expansion Projects

Chairperson, indeed it is true that the global economic conditions have seen investors become quite circumspect in making their investment decisions. However, due to sound economic fundamentals and the stewardship role played by the government in collaboration with social partners, we have observed the economic fortunes of our province improve in spite of the adverse global economic conditions.

This is evidenced by a number of investment projects in our province which are at various levels of implementation. Some of these are expansion projects by existing investors whereas others are greenfield projects. These projects cover various sectors of the economy including manufacturing; construction; hospitality and automotive sectors, to mention but a few. The estimated net value of these investment projects is R188,05 billion and, at construction stage, they are expected to yield about a million job opportunities in the construction phase and about 220 000 permanent jobs once completed. More than 70% of these projects are led by the private sector while the balance are a result of partnerships between private sector companies and the public sector. As we have said, some of these projects are already in the implementation phase while others will be implemented within the next 5 years.

- Creating jobs through the EPWP Alien Invasive Plants Clearance Programme – This term we plan to create more than 7 892 Expanded Public Work Programme related job opportunities through clearing more than 160 000 ha of land with alien invasive plants. We also plan to review the provincial strategic documents on this matter, to incorporate new legal requirements; new weeds and improved methodology. We have earmarked an amount of R136-million for this initiative.
- Public Procurement Transformation Agenda – Chairperson, we are saying that public Procurement Transformation will be at the top of our Agenda in our efforts of making real our commitment to radical economic transformation. The sheer magnitude of procurement outlays in the public sector has a great impact on the economy and requires stringent management. Estimates of the financial activities of government procurement are believed to be in the order of 10% to 30% of GDP. Despite this expenditure, procurement in South Africa’s public sector continues to be a fragmented activity disabled often by a myriad of factors including:
 - Lack of knowledge, skills and capacity
 - Inadequate planning and poor linkages between demand planning and budgeting
 - Lack of accountability, wasteful expenditure and, to some extent, fraud and corruption
 - Inadequate monitoring and performance evaluation systems
 - Unethical behavior and malicious compliance
 - Poor coordination in the decentralization of the procurement system and,
 - Procurement processes which are not linked to government priorities

In recognition of the above, we have taken bold initiatives as the Provincial government to take a leading role in the public procurement transformation agenda. As such, we have established a partnership with Procurement Performance Institute, a leading research and procurement industry expert, Ithala Development Finance Corporation and the KZN SBDA.

The partnership is focused on the development of a Radical Economic Transformation Programme (RETP) that is driven by community based enterprises. The Radical Economic Transformation Programme is based on five key intervention areas being:

- the introduction of a Community Based Procurement Policy Framework;
- The development of a Provincial Procurement Strategy
- The implementation of a State led Enterprise Development Programme
- Building state capacity in the execution of strategic infrastructure procurement and advising provincial government on the options for a centralized procurement model and lastly,
- The hosting of the inaugural Procurement Indaba for KwaZulu-Natal

Implementation details of the radical economic transformation programme will be tabled at the forthcoming Procurement Indaba.

Streamlining the Environmental Impact Assessment Processes

The protection of our natural capital and the attraction of investment into our province are both critical imperatives for development and accelerated socio-economic transformation. These two imperatives are not mutually repellant but are complimentary to ensure holistic and synergistic development. Perhaps incorrectly and, at times, as a result of lack of understanding of the development processes, the EIA process is viewed in certain quarters as a stumbling block to development rather than an empowering instrument. It is our view that the IEA process is a prerequisite for long term and sustainable development.

The issue of delays in the EIA processes is one that we have and continue to address with the urgency it deserves. Whereas during the 2009/2010 financial year, only 66% of the applications were processed within the legislated timeframe (which is between 30 and 45 days depending on the nature of the application as well as the submission of the necessary reports), this figure went up to 93% during the 2013/2014 financial year. The remaining 7% of the applications that missed the timeline were processed within three weeks of the deadline.

In order to address the delays and streamline the EIA processes, we have resolved to establish a provincial Project Steering Committee which will be headed by EDTEA's General Manager for Environment who will oversee the environmental authorization applications. Further, at the district municipality level, we will establish Technical Advisory Forums and Review Teams which will, among other things, ensure applicants' adherence to timeframes and assist applicants with specialist advice in managing their applications.

Chairperson, we take the issue of the EIA quite seriously. We appreciate that the streamlining of the EIA process will not only ensure the protection of our natural capital and our sustainable development but will also help unlock the more than 452 outstanding projects with a potential value of about R1,7 trillion. It is important for me to emphasise that the bulk of the delays occur on the side of the project promoters.

Provincial Approach on Administered Prices

Chairperson, this term I intend to engage my colleagues on a discussion about administered prices. We need to have a good balance between collecting revenues in the province and enhancing investment. The way in which we price public services should not create unnecessary huddles for companies and citizens alike. I will be appointing a task team that will have representatives from EDTEA, COGTA, DARD, KZN Salga and the Provincial Planning Commission to conduct a review and bring a report to government.

CONCLUSION

Chairperson, let me end by stating that as a responsible government we are rising to fulfil the dreams and hopes of all the citizens of this province irrespective of their class, race, gender and spatial location. We are rising to attack inequality, poverty and unemployment head on. We are hell-bent to radically transform this economy to equitably serve and benefit its entire citizens. The time for rolling up our sleeves and taking bold actions is now, **"The time for radical economic transformation is now!!!"**

In conclusion, I would like to reiterate my sincere gratitude, particularly, to the Chairpersons of the Portfolio Committee of Economic Development and Tourism Hon. Nhlakanipho Ntombela and the Portfolio Committee on Conservation and Environmental Affairs, Hon Zanele Ludidi, Members of this House, and staff of the Department of Economic Development, Tourism and Environmental Affairs, 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. I also wish to thank my wife, uMa Dlamini and my family as a whole for the unwavering support they continue to give me all the time. I now wish to move the Budget for Vote Four, which is the Department of Economic Development, Tourism and Environmental Affairs for the year 2014/2015 according to the following programmes:

PROGRAMME	2014/2015 (R'000)
1. Administration	R 194 876
2. Integrated Economic Development	R 441 576
3. Sector Development	R 882 294
4. Business Governance	R 110 360
5. Research and Planning	R 31 161
6. Tourism Development	R 286 673
7. Environmental Management	R 937 029
TOTAL PROVINCIAL ALLOCATION	R 2 883 969

I now move the budget of R2 883 969 000 for the 2014/2015 financial year, I so move....

Thank you.

Mr Michael Mabuyakhulu, MPP
MEC for Economic Development, Tourism & Environmental Affairs

