

Budget Policy Speech 2010/2011 Delivered by KwaZulu-Natal MEC for Economic Development and Tourism, Mr Michael Mabuyakhulu in the KwaZulu-Natal Legislature on 13 April 2010

THEME: MOVING FROM BITTER TIMES TO SWEETER TIMES

Madam Speaker, Honourable P.Nkonyeni;

Deputy Speaker, Honourable M.Mthimkhulu;

Honourable Premier of the Province of KwaZulu-Natal, Dr Z.L. Mkhize;

Honourable Members of this House;

Distinguished Guests;

Members of the Media present;

Friends;

Ladies and Gentlemen

We rise to table our budget speech at a very interesting time in the life of our province and our people. While we are still licking wounds from the devastating effects of the recessionary conditions we all have been exposed to, we are also looking forward to our continent, our country and indeed our province making history by hosting the world's biggest sporting spectacle, the 2010 FIFA Soccer World Cup. Such are the ebbs and flows in a human being's life that when hope seems almost gone, there emerges a light that prompts one to keep on soldiering on. We believe that at this time in our history, we are called, once again, to collectively-determine the destiny that we want for our province. As a government that pursues a struggle whose focal point is the creation of a non-racial, non-sexist, democratic and prosperous society, we are duty bound to play a stewardship role in turning the economic fortunes of our province around. This is a responsibility we are indeed privileged to carry.

In this regard, we draw inspiration from the words of the English writer, J.R.R Tolkien captured in his poem, '**All That Is Gold Does Not Glitter**', where he stresses that: '**All that is gold doesn't glitter; not all those who wander are lost; the old that is strong doesn't wither; deep roots aren't reached by the frost; from the ashes a fire shall be woken; a light**

from the shadows shall spring; renewed shall be blade that was broken; the crownless again shall be king!

Just like Tolkien, we have no doubt that in our province “...from the ashes a fire shall be woken...” and that “...a light from the shadows shall spring...” As we all work together we will be able to achieve our collective goals and move together from ***‘bitter times to sweeter times’***.

Chairperson, I stand to present the Budget Policy Speech for Vote 4 which is the Department of Economic Development and Tourism in my capacity as the Executive Authority of this portfolio.

1. STATE OF THE ECONOMY:

In July 2009, when we presented our department’s budget speech, the country had slid into an economic recession that had gripped the whole world. Such was the cataclysmic effect of the economic meltdown that many of the developed economies were thrown into a tailspin, prompting their governments to offer them a lifeline in the form of bail-outs. While our country and of course our province could not escape the spill-over effects of the biggest economic crisis of our time, it is pleasing to note that, by comparison, the effects were not as devastating as in other countries.

Chairperson, it is a matter of common cause that our country lost about one million jobs last year as a result of the economic meltdown. A number of firms were forced to shut down, while thousands of our people lost jobs and some of them were demoralized enough not even to go and look for a job.

Alarmingly, Chairperson, during the first quarter of the last financial year our province lost 117 000 jobs. These were bitter times wherein our government had to dig deep into its well of creative and innovative ideas in order to lead all of us out of the economic rut that we had found ourselves in.

We feel that today, precisely because of the collective efforts of all social partners led by our government, we were able to spare a huge proportion of our people the worst effects of the recession.

Instead of wallowing in despair, our province took a bold and pro-active step to deal with the impact of the recession. We made history by convening the groundbreaking Economic Recovery and Jobs Summit which brought together all our stakeholders including business, labour, and civil society to look at the impact of the recession on our province and devise strategies of extricating our province from the quagmire of the economic recession. Not only did this Summit become a phenomenal success but it provided a blue print for the rest of the country to follow when dealing with the challenges brought about by the recession.

Chairperson, as we stand before this House today we are proud to say that, because of these efforts, indeed our province has emerged stronger from the downturn and we are moving from bitter times to sweeter times. As all of us know, in the last quarter our country officially moved out of the recession when it amassed a 3, 2 percent growth. We are pleased to inform this House that our province of KwaZulu-Natal notched an above average growth of 3, 7 percent.

The sectors which contributed to the growth in the fourth quarter were manufacturing which registered +9.5 percent, mining (67.5%); general government services (+6.7%); community; social and other personal services (+3.2%); and financial services (1.0%).

This, Chairperson, is a resounding tribute to the collective efforts of all our stakeholders in dealing with the effects of the recession.

However, Chairperson, the reality is that while we have moved out of the negative growth territory, the road to recovery will be a long and arduous one. What makes us optimistic that we have emerged stronger from the downturn and we are now moving from bitter times to sweeter times, is that our recovery is anchored on many pillars upon which we will be able to steady our province's economic vessel towards full recovery.

As we were grappling with the economic downturn, the global economy had started pulling out of one of, arguably, the world's worst recessions in the post World War II era in the second quarter of 2009.

However, indications are that the initial pace of recovery is likely to be sluggish and distributed unevenly across countries. The severe global recession saw a synchronized contraction of advanced economies and a significant slowdown in the growth of developing nations.

As we speak, the recovery of some of the world's well-established European economies faltered towards the end of the year last year and veered towards negative growth. The case of Greece is, for example, a conundrum that has given the European Union a number of sleepless nights. Indeed we are proud that we have managed to emerge stronger from the recession that we have left behind bitter times and are now looking forward to sweeter times that the future holds.

2. OVERVIEW OF 2009/2010 PERFORMANCE:

After receiving an overwhelming mandate from the electorate in 2009, we then proceeded to announce on core policy and programme approaches in our bid to build an economy that creates opportunities for all and to make tourism to work for us all. We, therefore, wish to share with this House some of the highlights of our department's performance in attaining the objectives that we had set for ourselves. It is, however, critical to point out to the Honourable Members that we had to implement these policy and programmatic undertakings within the restrictive context of the economic recession.

2.1. The Road to Economic Recovery:

As we have intimated, during the KwaZulu-Natal Economic Recovery and Jobs Summit there were critical areas of consensus that all the stakeholders agreed on. Chief among these was the creation of the Provincial Economic Consultative Council, and the creation of task teams to deal with the action plans defined for each of the strategic sectors. It was agreed that a partnership would need to be institutionalised in order to give meaning to this collective action by all the important stakeholders, especially organised labour, civil organisations, organised business and government.

The key role of the KZN Economic Consultative Council (once agreed by all social partners) would be to:

- Serve as a vehicle for social partners to reach consensus in growing the KZN economy
- Provide a forum for social partners to engage with one another.
- Monitor and Evaluate the progress of the economy and catalytic projects

Chairperson, the Council will have a rapid response mechanism and will assist in crafting a long term vision of our province's development and growth. As part of ensuring that this is realised, seven think tanks linked to various sectors, which will serve as implementing vehicles for the Council, will be established. The think tanks, which will be made out of experts, will refine the action plan and formulate sector specific strategies. Discussions are ongoing among partners and, in the near future, we will make a public announcement around the work of the Council and its formal establishment.

2.2. Ministerial Economic Group:

In our speech last year, we announced that we would be establishing a Ministerial Economic Group. This group differs from the Economic Advisory Council mentioned previously as this is a forum wherein experts can engage freely and openly on policy matters and developments in the economy. This group will include some of the eminent international and local business representatives, respected academics and administrators of multilateral institutions. The main purpose of the establishment of this Group is to stimulate "out of the box" thinking with no agendas and a pure need to provide stimulus for economic thought. Negotiations with identified members of this Group are at an advanced stage and, before the end of the year, we will publicly announce the members of this Group.

2.3. 2010 FIFA Soccer World Cup:

South Africa has a competitive advantage over all other countries in the world in these difficult recovery times as we will receive global attention during the 2010 FIFA Soccer World Cup. The event has allowed the country to be at the centre of the world's attention. This form of exposure is a once-in-a-lifetime opportunity for the country and the province to

showcase itself to the rest of the world. Critically, we need to respond to the question of what happens after the hosting of this football tournament and hence in our view this mega event should be a springboard for KwaZulu-Natal to seize the opportunity of ascending the global trade and tourism pedestal. Pointedly, the success in hosting this soccer spectacle will not only be determined by whether we win the tournament or not, but will be measured by how well it contributes to sustained economic growth and tourism development.

In pursuit of this objective, we have, amongst other things, begun a process of bidding for critical events and strategic global conventions post-2010 FIFA Soccer World Cup – using the hosting of the tournament as leverage. The department has also invested significantly into the World Cup festivities to ensure that the province receives its fair share of global attention. This has been in the form of 2010 Media and Economic Development Activation Plan to showcase the province as the premier sports, business and tourist destination and a winning province. We also launched the first provincial 2010 website to help carry out local and international promotional campaigns targeting critical stakeholders such as tour operators and tourist consumers and engaged in other forms of information dissemination through booklets and publications.

It is our intention to ensure that all the citizens of the province do participate in some form of business during the World Cup. As part of preparations for this we have over the past three years perfected the model of the Public Viewing Areas (PVAs) wherein not only do people come together in their local areas to watch football but are also able to enjoy the local musical talent while exposing their children to soccer activation programmes.

Each district would be having a PVA where local small scale enterprises will market their products and services to the fans. Around R25 million has been committed for the PVAs and this is in partnership with our sister departments.

2.4. Tourist Buddies:

When we presented our budget policy speech for 2009/2010, we undertook to introduce the tourist buddies programme in order to transform frontline staff at various public and business outlets that mostly interface with tourists, into sources of information and assistance about the province's tourist and market offerings. It is our pleasure to announce

that, after involved groundwork, we have officially launched the programme in partnership with the private sector partners and this initiative includes training employees of such partners in customer care techniques to be truly tourist buddies.

With the expected influx of international visitors into our province as a result of hosting the 2010 FIFA Soccer World Cup, we believe that the tourist buddies programme will ensure, amongst other things that the services that tourists get result in the repeat visits to our province. The targeted employees, as we have said earlier on, are those who have a direct interaction with the public at service points such as garages and restaurants. All tourist buddies will be easily identifiable and equipped to help visitors with information about their locality.

2.5. KZN as Company Headquarters:

An area wherein we have not had much success was in the promotion of KwaZulu-Natal as a preferred location for company headquarters. This was particularly challenging during the time of the recession as companies introduced cost-saving mechanisms and would not have considered re-establishment in another province during such times. This will, however, receive renewed vigour in the new-year wherein targeted companies will be approached with a specifically incentivised packed for consideration of relocation to this province particularly where more than 80% of their operations take place in this province. We believe that we have a comparative advantage in many areas and therefore believe it's time to actively pursue this matter.

2.6. Departmental Delivery Programmes:

2.6.1. INTEGRATED ECONOMIC DEVELOPMENT SERVICES:

Enterprise Development:

Chairperson, I wish to stress that the department continues to regard 'small businesses' as 'big business' because of their impact on our economy as key providers of job opportunities for many of our people. We have therefore continued to support new and existing small scale enterprises against the backdrop of a fierce economic recession. We have partnered

with Further Education Colleges in the province in the provision of skills training in business management, technical know-how and basic computing to ensure their sustainability. This was based on our acknowledgement that skills shortages were contributing to some enterprises failing to survive in a highly competitive market place and this was evident especially amongst co-operatives.

About 1 442 people from various co-operatives were trained and these were drawn from diverse sectors such as agriculture, clothing & textiles and as well as savings and credit management. Lack of technical, business and financial management had been the major cause of many business failures amongst emerging enterprises. During this new financial year we intend to intensify our resolve to empower small enterprise to ensure their continued role in our economy. We will be sponsoring about 70 students for qualifications in co-operatives management at the University of Zululand and we have also signed a service level agreement for the training of 1625 SMMEs and 100 co-operatives to gain valuable technical and business management skills. This will be complementing the 34 SMMEs that have been trained through Technology Demonstration-Cum-Training Centres in Hammersdale and Pietermaritzburg.

In partnership with the Department of Education 73 co-operatives were empowered to provide nutrition services to various schools and this was financed through Ithala-managed Co-operatives Development Fund to the tune of R8 million. This has been translated into a R52 million business contract to deliver nutrition supplies to 369 schools across the province – creating 438 jobs.

Meanwhile, our collaboration with financial institutions like Standard Bank and ABSA continued to pay dividends – with 14 combined business loans valued at R16, 2 million having been approved to deserving entrepreneurs. This amount resulted in the generation of 128 job opportunities in sectors such as transport, medical & pharmaceutical products, engineering, construction, food & beverages and automotive industry.

As indicated above, we place a high value on skills development and efforts to establish a provincial Co-operatives Development Academy are at an advanced stage. This will help contribute towards improving skills capacity amongst co-operatives essential to stimulate growth and sustainability in this sector. The launch of this skills training facility is awaiting

the promulgation of an amended Co-operatives Act. Moreover, Chairperson, progress has been made towards the establishment of Savings & Credit Co-operatives wherein seven Savings & Credit Co-operatives had been established. This year we also intend undertaking a feasibility study on the founding of a KwaZulu-Natal Co-operatives Bank to be aligned with all other co-operatives related initiatives.

2.6.2. LOCAL ECONOMIC DEVELOPMENT:

Synergies at all levels of government are critical in ensuring holistic service delivery and hence this department has for many years collaborated with both local and district municipalities. Through the concept of local economic development we have helped many local governments identify their economic strengths to be exploited to be able to build a foundation essential to attract potential investors to help create jobs whilst generating a strong revenue bases. While working with all municipalities, we nonetheless prioritised economically depressed areas to ensure their revival of their economic activity.

We are delighted to report that as part of our campaign to energise business in different communities, the construction of three trade centres was initiated in eMnambithi, uMlalazi and Okhahlamba. Seven municipality buildings were rehabilitated to house 25 small businesses trading in various sectors and R14 million was injected in the establishment of a trade centre in uMlalazi – which is destined for completion in August.

Meanwhile, the Department is working towards securing a contract for the Okhahlamba project to be commissioned late this financial year. About 60 construction jobs had been created through eMnambithi and uMlalazi initiatives and twelve feasibility studies had been completed and another fifteen would be done this year.

The trade centres project created an avenue for government to interact with the private sector to leverage more resources and a three year partnership is now in place with Tongaat Hulett Sugar which is designed to assist small scale sugar cane farmers. In addition to technical skill and experience in the cane industry, Tongaat Hulett has made a substantial financial contribution of R25 million of which R10 million is cash and R15 million is for technical support service.

About 800 hectares is already under plantation with 75 historically disadvantaged individual contractors having been employed in the initiative and 400 small scale growers have been assisted. It's expected that about 726 permanent and 6000 temporary employment opportunities would be created in the next two years. Honourable members this project is a demonstration of the department's commitment to public-private-partnership.

2.6.3. ECONOMIC EMPOWERMENT:

Chairperson, the department is at the core of promoting black economic empowerment in the province and in the recent past years we have managed to formulate the provincial empowerment strategy which is being unpacked to give rise to institutional entities to help enforce the codes of practice to accelerate socio-economic empowerment. Amongst these statutory bodies is the Broad Based Black Economic Empowerment Ombudsman which would serve as a watch-dog against possible abuses and malpractices of the empowerment laws in the province. We are in the process of establishing the office of the KwaZulu-Natal BBBEE Ombudsman and the recruitment process will be finalised within a short period from now. This will give the province the capacity to monitor and evaluate all business transactions and take action where illegal practices such as fronting are identified and dealt with by an independent body.

It must be emphasized that the Ombudsman Office will report directly to the Office of the MEC and will work closely with the Provincial BEE Advisory Council comprising representatives from different sectors like business, organised labour, government and civil organisations. We are pleased to announce that the Cabinet has approved the names of nineteen persons to serve on the council which is tasked primarily to enhance the process of implementing BBBEE and facilitate progress reviews.

2.7. TRADE AND INDUSTRY DEVELOPMENT

2.7.1. Trade & Sector Development

KwaZulu-Natal remains committed to its strategic goal of becoming the country's gateway to the trading world. Its various economic sectors are key platforms towards the realisation of this vision and therefore the department continues developing strategies designed to locate each sector on a better footing to compete at a global level in terms of attracting potential investors as well as infiltrating the highly-competitive world market. It is for this reason that the department continues to work towards the formulation and ultimate implementation of a results-oriented Provincial Industrial Development Strategy which is critical in scanning and confirming the dexterity of each sector to be able to stand the test of time in terms of competing effectively in the global stage.

Several sectors have proved to be the mainstay of KwaZulu-Natal's economic strength and we believe we have to inject more energy in these sectors notwithstanding the fact that some of them have been on the receiving end of the presently waning economic recession. It is a well-documented fact that this province has been home to many clothing and textiles industries and hence we will continue maintaining the presence of this sector whilst ensuring a complementary stand with others such as arts and craft, information and communication technology, agribusiness, wood and woods and indeed the new kid on the block, the business processing and outsourcing which is promising to be the prospective biggest employer in the national boundary-free business information highway. But for these sectors to deliver on the anticipated levels of growth and begin to make KwaZulu-Natal tick, we require strategic mechanisms that set the tone on how to move forward.

2.7.2. Sector Specific Strategies:

Following the Provincial Economic Recovery and Jobs Summit late last year, together with our social partners we were able to develop the province's strategic response to the global economic crisis and this industrial vision was to identify possible policy shortcomings in order to come up, amongst other things, with a comprehensive strategic framework that takes into account the role of various economic sectors in the province.

This process has, therefore, led to the formulation of sector specific strategies for business processing & outsourcing, tourism, information & communication technology, agro-processing, petro-chemicals, automotives, forestry, wood & furniture, transport and logistics. These complete strategies were then prepared for implementation through the

crafting of work plans that were endorsed by our social partners, especially in the industry and our intention is to integrate these strategies into the grand provincial industrial strategy scheduled for completion late this year. Our mission is to ensure that the outcomes of the Summit are fully implemented to ensure that our province improves on its strongest economic areas. I will now briefly reflect on the current status of each of the key sectors the department is focusing on.

2.7.3. Clothing & Textile:

Chairperson, the clothing and textiles business had been one of the biggest employer of our people for many years. However, even before the recent impact of the global recession, this sector had been hard hit by the globalisation process as it battled to compete with the influx of cheap materials from China and hence our government had to enter into a form of agreement to reduce the bulk of imports to give the local business some relief. In view of the massive number of people earning their living in this sector, we continue providing support to our local outlets in different forms including upgrading of skills, production facilities and assistance towards market access to ensure their competitiveness in the global market. We have therefore spent R30 million to implement the provincial Clothing & Textile Revitalisation Strategy which resulted in the establishment of nineteen hubs around the province that support 414 co-operative members from 141 co-operatives with a R1 543 947 turn-over within the first eight months of the project.

It's pleasing to note that the major beneficiaries of our efforts are women and we will continue targeting historically excluded sections of our society.

2.7.4. Agribusiness:

Chairperson, the primary agricultural sector is still experiencing negative growth, but conversely the agribusiness sector that focuses mainly on agro-processing was one of the sectors that were least affected by the recession. Despite the impact of the recession, agro-processing has been stable and is now showing signs of growth which we believe would positively influence the primary sector to bring about complete equilibrium in the agricultural value chain. Our challenge is to promote synergy between the production and processing aspects of the agricultural sectors.

The need to promote this symbiotic relationship has been captured in the SA Agricultural Production Strategy. To complement this, Chairperson, the province has completed its Agribusiness and Agro-processing Strategy to collaborate our efforts towards a profitable and sustainable agribusiness. The effective implementation of this strategy will depend on the Provincial Agribusiness Forum that has to help co-ordinate all agribusiness operations in the province. The forum comprises role players in all sectors of the value chain that is inclusive of government and commercial entities.

Notwithstanding a wide range of agribusiness interventions, it's worth highlighting the implementation of the goat commercialization project initiated in the rural communities of Msinga, Ulundi and Mbazwana. The project is expected to bring about meaningful economic activity in these generally poverty stricken parts of our province and we are learning from other parts of the world where goat farming has proved to be a strong currency earner due to growing demand for goat meat in the global market. Meanwhile, our government delegation will be shortly jetting out to Namibia to conclude a bilateral trade agreement on livestock and horticulture farming. The recent launch of the provincial Agribusiness Development Agency (ADA) is expected to stimulate an impetus amongst rural communities to engage in serious agricultural business.

2.7.5. Tembe Honey Project:

Having resolved the challenges experienced with Tembe Honey Project early last year, we are pleased to announce that this project is well on its way to producing its 'liquid gold' for both domestic and foreign markets. About 97 communities from the Tembe traditional community area have been trained in bee-keeping to help resuscitate this project and 1000 bee-hives have been established in the surrounding indigenous and eucalyptus forests. Meanwhile, sixty percent of these hives are already filled with swarms and with the blooming of the eucalyptus trees more than eighty percent of these hives would be filled by June this year with the prospect of 6 tons of honey to be harvested later in the year. This would generate a revenue in the tune of R180 000 for bee-keepers when the harvest is sold in bulk.

To broaden this industry in this rural community, we have forged partnerships with forestry organizations such as Mondi and SAPPI and as well as other funding institutions that include

the National Development Agency, Industrial Development Corporation and Development Bank of Southern Africa. This collaboration is aimed at purchasing and installing modern honey processing facilities in the area. With growing interest and experience amongst local communities it's anticipated that the honey business will grow to become one of the leading providers of employment in this far northern part of our province and the government is prepared to maintain its support.

2.7.6. ICTe and BPO:

Brisk progress has been made in promoting the expansion of the Information Communication Technology & Electronics sector in the province. This was in response to the phenomenal growth in this sector that has transformed the world into a real global village. The province therefore believes that its full participation in the global market hinges on investing in the ICTe business which includes acquisition of technical and business management skills in this field of the economy.

In acknowledging this, the department helped establish the Moses Kotane Institute to provide requisite foundation for skills and expertise development in related disciplines such as science, information technology, mathematics and engineering.

Through this new skills development agency four software engineering centres were established in Ugu, uThungulu, Amajuba and eThekweni – and 1000 ICT learners will be completing their training this year. Another software engineering centre will be founded in Pietermaritzburg to increase the number of people with scarce skills essential for economic growth and to ensure that the province is on the cutting edge in terms of industrial and business technology.

Technology roadmaps had been formulated for specialist areas such as robotics, cyber-infrastructure, high performance computing and logistics and will be fully activated this year to make KwaZulu-Natal a real hub for ICTe sector. But more importantly the department wants to see more SMMEs emerging within the ICTe sector. The department is therefore creating an enabling environment for ICTe SMME development supported through ICT incubators at primary industrial nodes throughout the province. In partnership with

Msunduzi Municipality, uMgungundlovu FET College and Finland the department will establish a new ICT incubator – with R1 million being earmarked for this project which is expected to serve as a springboard to transform Pietermaritzburg into an ICTe hub.

Furthermore, Chairperson, twelve digital community hubs at uThukela, eThekwini and Ugu are planned for this year for long term provision of access to ICT by all citizens in the province. These hubs will create 48 new jobs while generating a new breed of info-preneurs equipped with necessary technical and business skills. About R2.1 million has been put aside for this initiative.

The ICTe sector is intimately linked to Business Processing & Outsourcing which is touted as the key contributor to the global economy in modern times. The department is also taking this claim seriously and this is demonstrated through the establishment of a call centre in Newcastle with 20 seats that provide jobs for 48 agents with a prospect of growth to 120 seats and 200 jobs as the economy turns around.

2.7.7. Creative Industries:

For many years KwaZulu-Natal has been working on a strategy to promote local artistic talent and to halt the wave of the province's music artists migrating to Gauteng instead of producing their own music for the market right on their home turf. This effort has culminated to the establishment of a Music House fully equipped with the latest technology to help local artists record and package their musical products without having to move to other provinces. This state of the art music production hub had started attracting the attention of high profile singers. But the artistic wealth in the province transcends music performance as scores of our people depend on the production of craft materials created by our own ordinary people. These artefacts reflect our cultural heritage and thus we have to promote them beyond their commercialisation.

- **Music House:**

While acknowledging diversity in the field of performing arts, the music sector has been hugely marketed to the global stage and this was one of the exports used to highlight the plight of our people during the darkest days in our history. It's no mistake that we have to give music the status it deserves as said above, the advent of the recently established Music

House has seen some of our finest acts gracing this facility. These included world renowned Joseph Shabalala of the Ladysmith Black Mambazo fame and KwaMashu based song-bird Busi Mhlongo.

Other three musicians belonging to this new stable have been nominated for the country's equivalent to American Grammy Award, the South African Music Awards. The three nominated artists are Abalindi Gospel Group, Busi Mhlongo and Usuthu Acapella Group. A cherry on top has been the House's success in clinching lucrative distribution contracts with leading music retailing outlets such as Musica, Adcorp, Jet Music, Jive City and Dakota – which gives us confidence that our vision was not misplaced.

- ***Craft Business:***

Under the concept of one-village-one-product, we have managed to promote the commercialisation of craftwork and during the course of this year this initiative will be implemented in Ilembe and uMgungundlovu districts with an aim of encouraging craft producers to package their wares for both domestic and export market.

The KwaZulu-Natal Integrated Craft Hub has been established to formalize the packaging and marketing of craft materials which would ensure that our people benefit from their natural talents and are protected from unscrupulous arts collectors that pay them meagre prices on the road side while in turn making huge profits in the organized markets. The Durban based hub will create reliable product development and marketing support to crafters while ensuring their understanding of business negotiations when selling their products. Additional satellite hubs will be extended to various locations in the province.

In line with the spirit of the 2010 FIFA Soccer World Cup, we plan to expose our craftwork to hordes of soccer fans and tourists at strategic locations. These will include busy centres such as Gateway Shopping Complex and Tourism Junction in Durban and other venues with a potential of being frequented by tourists. We are currently in discussion with ACSA to also provide a platform at the new King Shaka International Airport where arriving and departing passengers would access the best artefacts that the province can offer.

2.7.8. Forestry, Wood and Wood Products Sector:

In spite of the country having known limited water supplies, KwaZulu-Natal has a thriving forestry sector which makes it possible for the province to engage in the value-added business that includes furniture and wooden down-stream products which also contributes to the creation of jobs. An estimated 462 000 people who, in turn, support more than 2 million dependants are employed in this sector which is worth R34, 6 billion. There is a potential for expansion of forestry which is estimated at 150 000 hectares and the department is ready to assist emerging entrepreneurs wishing to enter into this sector. This includes helping them to put together their business plans and also assisting them access funding.

Through the KZN Forestry Sector Initiative, including other national departments such as Trade & Industry; Forestry & Fisheries and as well as Agriculture, business, marketing and technical support would be provided to encourage emerging entrepreneurs in diverse sub-sectors such as different furniture products, woodchips, pulp & paper and general sawmilling as well as biomass which includes charcoal.

These business ventures would have significant impact on employment and it becomes imperative that appropriate investigations are undertaken to identify areas that have potential for growth and reliable markets. Our target, are people living on the margins such as youth and women whom we believe should be exposed to these business opportunities. Areas on the north such as Maputaland, Zululand, Midlands and the South Coast will be explored to broaden this sector.

While on the sector development, we wish to emphasize that the department will continue supporting skills development in industrial design with a bias towards indigenous products such as craft and other related materials to improve potential for their standing in the global market. We have entered into a partnership with eThekweni Municipality and Durban University of Technology which will see more people being skilled in industrial design. About R3 million has been leveraged for this skills development initiative and is supported by a comprehensive business plan.

Let me briefly touch on some of the successes of the entities, over which the department has an oversight role.

3. PUBLIC ENTITIES:

The department's strategic operations are further spread and implemented across nine statutory organs focusing on specialist areas. These entities take their service delivery cue from the department's strategic mandate and their performance is weighed against the department's delivery targets. It's because of this reason that we have continuous interactions with heads and board members of these organisations to ensure effective alignment and complementary positions of our annual performance plans.

The financial transfers that are approved by this House to the entities are closely monitored to ensure that we get value for money and that each rand makes a difference in the lives of our people.

To ensure a coherent partnership with all our public entities, we have established fora constituting counterparts from each organisation, including Chief Executive Officers of the entities under the leadership of the Head of Department. I also have personal liaison with chairpersons of the boards of these partner-organisations to flag out diverse policy and strategic issues. But I must highlight that the most critical point is that our interaction with CEOs is based on regular reporting on progress made in terms of service delivery as reflected in each entity's strategic plan and funding agreements entered with the CEOs.

Chairperson, before deliberating on each of these statutory agencies, let me report that the legislative endorsement of Trade & Investment KZN, Dube Trade Port, Liquor Administration and the Film Commission will ensure that we equip these entities with appropriate oversight through the appointment of qualified and experienced individuals serving as board members:

3.1. Trade & Investment KZN:

Chairperson, in 2001 we took a drastic step to position our province as a key investment destination when we pooled together the resources of what was called KZN Economic

Council and KZN Marketing Initiative to form Trade and Investment KwaZulu-Natal (TIKZN). The agency has since attracted multi-billion rands worth of investment that has created more work opportunities contributing to socio-economic transformation of our people.

Trade and Investment KZN has also enabled our own business people to interface with their foreign counterparts to forge partnerships, joint ventures and general business liaison which is paramount in equipping them with world class business experience to be able to compete at global level.

Next year, TIKZN will be marking a decade anniversary of its existence and we are proud that such celebrations will be characterised by numerous accolades that continued to pile up even during the past year of global economic contraction. In order to ensure that the entity continues to attract investment to the province, we have allocated it a R54 million budget for this financial year.

In spite of the grinding recession, TIKZN managed to score R638 million worth of domestic and foreign investment in the past year – and this was mainly in the services and mining sectors. We intend increasing this figure by capitalising on the surge in the economic performance the world over – targeting specific nations out of around 200 countries in the world for both direct inward investment and exports deals for our own entrepreneurs.

In the past years the agency had packaged investment opportunities designed for specific regions of the world that included Asia, Europe, Americas and the Middle East and this would be enhanced through forging bilateral co-operations between the province's cities and towns with their overseas counterparts.

This is part of the investor targeting strategy developed in 2008 that has already seen regions such as Punjab in India, Francophone Reunion Island, Baden-Wurttemberg in Germany, Australia's Queensland and Benguela in Angola forming a network of investment partnerships. Packaged inward investment projects are scattered across the province – reflecting an array of sectors from which investors could choose. These include large scale agricultural and tourism opportunities in the Lubombo Spatial Development Initiative in uMkhanyakude District which boasts the mighty Pongola Dam and the ecotourism

S'mangaliso Wetland Heritage Park with products such as cotton, cashew nuts and citrus fruit.

The prevalence of cassava plant in the northern parts of the province also offers opportunities for the production of industrial starch products across the 10 000 hectares of land with a potential of creating about 500 jobs and R90 million annual economic spin-offs stemming from cassava roots while R150 million generated from starch. All this would require an estimated R400 million that could involve the harvesting of 240 000 tones of cassava and 60 000 of starch residuals.

TIKZN has also brought the attention of businesses to the abundance of industrial waste that could be transformed into down-stream building materials like phosphor-gypsum slurry disposed off from phosphoric Foskor plant in Richards Bay. This material could contribute to the production of cheap house building products and this is one of many environment enhancing initiatives packaged for uMhlathuze area, including the manufacturing of automotive pistons from recycled scrap aluminium to create jobs through an estimated R300 million investment into the establishment of a pistons manufacturing plant.

In the far north, TIKZN has identified several agribusiness investments such as soya beans processing and life stock in Amajuba, uMzinyathi, uThukela and Zululand with a R500 million investment.

3. 2. Dube Trade Port:

Chairperson, let me reflect on the monumental achievement by this province in the post-apartheid period – the construction of the Dube Trade Port on the northern fringes of Durban – which has been on the lips of many people for decades. It's said that this multi-billion rand infrastructural project was conceptualised in the 1970s. However it did not get off the ground because of a number of reasons.

However, next month the province, the country and the world will witness the official unveiling of the brand new King Shaka International Airport – an anchor project of the mighty Dube Trade Port that features a cyber port, a cargo handling terminal for various commercial products including time-sensitive goods as well as the industrial development zone.

It is worth reminding this House that while some sceptics doubted that this R8 billion project will get off the ground in our life time, the people of KwaZulu-Natal fully supported this initiative, understanding that if we are to become globally competitive we need to improve our transport logistics and to have an airport that can really put this province on the global map.

On the 8th May 2010 history will be made when our President, His Excellence JG Zuma officiates at the opening of this state of the art airport which has superior facilities and a longer run way compared to the old Durban International Airport. Pre-opening trials and tests of facilities continue to be undertaken to ensure that, come the official decommissioning of the old airport and the commissioning of the new facility, it will be all systems go.

The construction process that ran for three years has created opportunities for empowerment enterprises in accordance with government policies designed to promote socio-economic equity in response to the apartheid created disparities. Black firms were involved in different operations – ranging from the supplies of building materials to engineering and construction services.

With the airport having been completed, construction will now move to service sites for the Agrizone, Trade Zone and Dube City.

Last year, the department initiated the Bill that would give rise to the establishment of Dube Trade Port Corporation and we are optimistic that this piece of legislation will be passed into law this year to enable the provincial government to become an absolute shareholder of DTP as an entity.

Our biggest challenge now is to attract more international airlines to use this airport. Negotiations with several well renowned air carriers have been initiated to complement the existing agreements with the Emirates Airlines that had since started flying directly to Durban from Dubai.

Chairperson, there is no doubt that this state of the art facility will change the economic landscape of this province and put KwaZulu-Natal on a higher economic pedestal. I then wish to announce that for this year a R526, 9 million has been budgeted for this entity.

3.3. Ithala Development Finance Corporation:

One of the institutions that have been at the forefront of opening economic opportunities to the people of this province is the Ithala Development Finance Corporation. Like all financial organisations, Ithala's profits also took a knock during the recent global financial turmoil but managed to remain above the tide.

In the past five years, this agency increased its portfolio to participate in the promotion of co-operatives programme to draw more historically disadvantaged communities to the mainstream economy. Notwithstanding its share of challenges related to the management of financial loans to co-operatives and the fierce recession affecting most of its business and individual clients, Ithala was able to net a R57 million profit last year that was a decline from the previous period's R65 million.

For this financial year the projected profit for this institution is R72 million and we believe the prospect of achieving this target will be enhanced by the planned implementation of specific strategies designed to consolidate all Ithala's business operations and the repositioning of the group's business processes. We have noted that the turn-around strategy which we unveiled last year is beginning to yield the desired results.

Chairperson, for the 2009/2010 financial year Ithala was allocated a R100 million budget for SMME loan financing and this amount went a long way in supporting emerging enterprises.

As all of us know, Ithala has also been tasked with the responsibility of co-ordinating operations of two other new entities before they gain their own full independence. These are the KwaZulu-Natal Growth Fund established to manage substantial funds destined for supporting high profile investment projects ranging from R30 million threshold upward and as well as Richards Bay Industrial Development Zone.

- ***KZN Growth Fund:***

This multi-million rand funding agency will be repositioned to improve its capacity to be able to deliver on its mandate following a less impressive delivery record since its establishment in recent years. Operating as KZN Growth Fund Managers (Pty) Ltd, the institution has

grown through the first phase and would now be expected to increase the number of beneficiaries from the budgeted funds and oversee the already funded projects.

An amount of R100 million budget has been allocated to support the viability of this entity.

During the financial year under review, a transport and logistics project was financed to the tune of R42 million and this year seven other initiatives under various stages of implementation will be funded by an amount of R423 million while nine newly identified projects valued at R608 million would be considered. The experience that has been gained in the past few years of the fund's nascent history would help shape our strategies to ensure that the Growth Fund lives to its billing that of contributing towards the province's economic growth and transformation of KwaZulu-Natal into a balanced economy characterised by a combination of small and big business operations.

- ***Richards Bay Industrial Development:***

About R56, 9 million has been set aside to help this organisation fulfil its strategic mandate of positioning Richards Bay as a preferred investment location with unparalleled opportunities enhanced by the strategic business location of this area that boasts advanced communication networks. With Richards Bay IDZ having been granted the operator's permit, we have no doubt that investors will seize opportunities offered by this facility which is located in a town with a reliable rail and road infrastructure and as well as modern harbour which is still 39 percent developed.

In collaboration with other government agencies such as the Department of Trade and Industry we want to see more physical activities taking place in the allocated land for industrial development – with investors flocking in to grab the opportunities associated with numerous business incentives offered as rewards for doing business in the area.

3.4. KwaZulu-Natal Sharks Board:

KwaZulu-Natal prides itself for being one of the few regions in the world which have institutions that protect bathers against shark attacks. The KwaZulu-Natal Sharks Board has

become a global reference for marine conservation – with the knowledge of its scientists and services being sought by many countries.

In recent years, this entity has joined forces with Tourism KZN in marketing the annual sardine run especially on the south coast. Because of the efforts of this institution, the sardine run has become one of the key events in the annual tourism calendar of this province.

During this financial year we have allocated a budget of R25, 5 million to the Sharks Board which we believe would help the agency to improve on its beach protection services while also undertaking valuable research projects on various sharks species.

3.5. Moses Kotane Institute:

Chairperson, one of the legacies of apartheid which has dented our efforts to accelerate economic development in the province is the shortage of skills. The successive apartheid governments implemented racially discriminatory policies that condemned the majority black communities to inferior education that deprived them access to productive skills training – an act that has come back to adversely affect the country's economic advancement and competitiveness in the global market.

In response to this, the department, as a custodian of economic development, established Moses Kotane Institute to help address skills shortages in critical disciplines in science, mathematics, technology and engineering. Young people were being targeted for this programme and R30 million was allocated to help the institute run educational and research programmes in these rare fields. About 200 students with insufficient entry points to university education were recruited last year to embark on industry-based courses and 80 percent of them enrolled for bachelors of science and engineering degrees at the University of KwaZulu-Natal.

Nine hundred other scholars registered for studies in business processing & outsourcing and as well as software engineering at different FET Colleges throughout the province and this year an additional R20 million will be allocated for the expansion of the institute's initiatives.

3.6. Agribusiness Development Agency:

One of the prime objectives of this government is to accelerate rural development to combat poverty while ensuring sustainable food security. It's with pleasure to reaffirm the Premier's announcement during the State of the Province Address of the establishment of the KwaZulu-Natal Agribusiness Development Agency that would spearhead agricultural support to rural communities particularly those that have acquired land through the restitution programme.

This is a new organisation in the department's growing stable of public entities. The mandate of the agency is to equip our people with technical and commercial skills so that they can use land productively.

With the establishment of the Dube Trade Port in Durban which has the capacity of handling time-sensitive fresh produce for export market, the agency will ensure that the emerging black commercial farmers use the facility to expose their products to the global market.

Meanwhile, agricultural infrastructure and related inputs will be funded through the Comprehensive Agricultural Support Programme and already eighty projects have been identified in all parts of the province.

We have two initiatives that will serve as pilots and these are Nkumbuleni Land Trust that emerged after a land restitution settlement in 2006 – comprising sugar cane and citrus products from a collective land of 800 hectares occupied by 1266 people.

Expert strategic partners that include the University of Pretoria and Mr Stuart Hillcove from the well established farming estate, Tala Valley are adding value to the project and we are confident of the viability and sustainability of this initiative. About seventy new jobs have been created.

Further more, ADA has helped develop a plan for the utilisation of the 9000 hectares for 1400 households that won a land restitution case and settled at Swartberg in 2002. The Makhoba Trust had since established a functionary business entity to undertake various farming initiatives in sectors such as beef production, dairy products, fresh produce, and fruit.

The agency is working closely with the trust in ensuring that each agricultural sector is positioned for production that yields substantial returns essential for sustainable food security and commercial viability. For the agency to build up its capacity to be able to deliver on its founding objectives, a R25 million has been set aside for its use.

4. TOURISM:

Tourism, which contributes 10% to the GDP of the province, continues to be one of the sectors whose full potential needs to be exploited.

In order to ensure that there is a clear strategic direction of the tourism sector, there is a need to develop a Tourism Master plan which will inform development going forward. This strategy will be aligned to the PSEDS, corridor and nodal approach wherein economic activity and investment will be spatially-focussed.

This alignment is critical to ensure that the underlying infrastructure which supports the tourism industry is in place such as road, electricity and water infrastructure. It is anticipated that the strategy will be completed in the third quarter of the financial year following extensive consultation with our key strategic partners.

As part of our efforts to increase tourism inflows into KwaZulu-Natal, our entity Tourism KwaZulu-Natal has embarked on the following specific initiatives which will receive focus during this financial year. These include the following:

- Brand review and repositioning in light of the national brand re-alignment process;
- Focus on two major initiatives to boost domestic tours; such as fun-plane - weekend charters and fun-train; this will include activations in our other provinces to further capture the domestic market;
- The establishment of the convention and events bureau to support the province's bid to attract big conferences and events;
- Packaging and sourcing of investors for mega beach resorts to support the global competitiveness study outcomes, and to position KwaZulu-Natal as a beach

destination, particularly for land locked countries. Such resorts will also serve as a base for positioning the King Shaka International Airport for holiday air charter operations;

- Special focus on niche tourism including cruise, golf, health and hunting. There are already initiatives in the pipeline on all of these including the Bid to host the WTTC Global Summit in 2011, Seatrade Africa Cruise Forum scheduled to take place in 2011, the World Health Tourism Congress which we are hosting this year (2010) and the MoU with leading hunting associations for KwaZulu-Natal hunting packages;
- Educational tours with key tour operators - post 2010 to concretize the gains and awareness and turn that into repeat visits;
- Destination Development will include route development, investment promotion, development of community owned projects
- Attracting direct flights to Durban through promotion of the success of the Emirates direct route to Durban. A strategy and appropriate packaging of incentivising new airlines is in the process of being finalised. The targeted airlines are to promote regional lobbying with African Airline operators and non-core airlines operators from First World Countries to establish direct routing to Durban such as UK-Manchester; Germany- Berlin; Australia and South America.

5. The New Legislations:

We are pleased to announce that the pieces of legislations, namely DTP Bill, TIKZN Bill, Liquor Bill, Film Commission Bill and the Business Rehabilitation Trust Fund Repeal have been tabled before this legislature and we are optimistic that they will be promulgated into law in this financial year.

Once the proposed legislations have been passed, a new liquor entity and a film commission will be established. We have set aside an amount of R30 million for the establishment of these entities.

It is important to note, though, that it is anticipated that substantial revenue streams will be created through both these new entities. In addition Trade and Investment KZN and Dube

Trade Port will need to convert from their Section 21 Company status to public entity status. In this regard both entities have completed a gap analysis of such a conversion and do not anticipate any challenges.

In the new financial year we will be focussing on the following bills to further enhance our mandate as a department responsible for facilitating economic growth namely:

- Review of KZN Tourism Act in line with national development
- Agri-business Development Agency Bill to establish the entity as a Public Entity
- BEE Ombudsman Bill to strengthen the compliance and enforcement aspects of BEE legislation
- Consumer Bill and the
- Liquor Regulations.

6. NEW ANNOUNCEMENTS:

6.1. PROGRAMME TO VISIT OTHER PROVINCES:

Chairperson, it is a known fact that when the wheels of the economy screech to a halt, tourism is one of the sectors that feel the pinch, precisely because it is dependant on disposable income. If there is one lesson we have learnt from the economic downturn, it is that we have to be innovative in order to continue to be a leader in attracting domestic tourists into the province and also increase our share of in-bound tourism.

It is because of this reason that during this new financial year we will start a new campaign to visit other provinces to promote KwaZulu-Natal as a destination of choice. While our province is the net attractor of domestic tourists, we believe that we can still do more to increase our share.

In this regard, we want to target provinces and neighbouring countries with whom we share borders. Among others, these are Eastern Cape, Swaziland, Mozambique, Mpumalanga, Lesotho and Free State. Critically, this drive will not be solely aimed at weaning these provinces and countries of their tourists but to develop linkages and synergies so that together as a block that occupies the south-eastern part of the SADC region, we are able to

symbiotically-exploit our tourism potential. We have no doubt that this campaign will increase the number of tourists who will visit KwaZulu-Natal and that this will have a ripple effect in terms of boosting the economy of the province and of the region.

6. 2. PROGRAMME TO ENCOURAGE OTHER PROVINCES TO USE THE DUBE TRADE PORT'S CARGO HANDLING FACILITY:

Chairperson, as alluded to in this speech, the Dube Trade Port has opened a stream of economic opportunities for the province of KwaZulu-Natal and has the potential to change the economic landscape of the province and improve the global competitiveness of KwaZulu-Natal. As all of you know, the Dube Trade Port comprises a trade zone, a cyber port and a cargo handling facility. Combined, all these facilities will contribute towards boosting the economy of this province. But it is the cargo handling facility which opens a huge window of opportunity to boost trade between the province and other countries, particularly of time sensitive goods. Coupled with the fact that our province is home to two of Africa's busiest harbours (Richards Bay and Durban), the province becomes an automatic and most cost-effective choice for moving cargo. In order to maximise the utilisation of these critical facilities, we will embark on a campaign to visit other provinces to encourage them to use this facility, particularly for exporting goods to other countries.

6.3. ENTREPRENEURSHIP CONFERENCE:

One of the key factors that provide a stimulus for any economy of any country to prosper, Chairperson, is the entrepreneurial spirit of its people. It is this drive to push the boundaries of innovation and excellence that creates new avenues of economic opportunities for many developed countries. In other words, it is an economy that encourages innovation and creativity that stands a good chance of being globally-competitive.

While in our country there are many luminaries who have achieved a lot as entrepreneurs, the reality is that there is still a lot that needs to be done to inculcate the spirit of entrepreneurship among our people, particularly because of the history of our country. As we continue with the economic transformation project, there is a need to, at the same time, ensure that we remain competitive. We, therefore, believe that our government and our

department in particular, have a huge role to contribute in this regard. It is because of this reason that during this financial year, we will convene an entrepreneurship conference that will look at what can be done to unleash the entrepreneurial potential of our people. This conference will come up with practical steps that need to be taken to create a new breed of entrepreneurs as part of efforts to boost the economy of our province. Among the main objectives of the conference will be:

- To create and adopt universal benchmarks for Financial Development Agencies for funding of prospective entrepreneurial projects
- To create synergies among the FDAs and other funding institutions
- To define entrepreneurship
- To develop a universally-accepted matrix for a provincial entrepreneurship scorecard

We do not doubt that this venture will assist in growing the economy of our province.

6. 4. ASSISTANCE TO DEBT-RIDDEN CONSUMERS:

Chairperson, the past financial year did not only push many established economies to the brink of collapse, but had a devastating impact on consumers globally. Closer to home, many consumers have had their valuable possessions such as houses and cars repossessed. While the economy of our country is now on the mend, the reality, though, is that it will take time before many consumers can completely free themselves from the ravaging grip of the economic recession. Actually, it is only now that most of our consumers are starting to feel the pinch of the economic recession.

This is evidenced by statistics that at least 10 000 consumers are seeking debt counselling on a monthly basis in South Africa. It must also be admitted that the trend globally has been that urgent assistance has been mainly directed towards big firms and financial institutions and there has been less assistance afforded the ordinary consumer. It is because of this reason that our department has decided to launch an aggressive consumer education drive to empower consumers about their rights and how to practically-deal with the devastating impact of the recession. In this regard, we will team up with regulators such as the Financial Services Board, the National Credit Regulator, the National Electricity Regulator of South

Africa and other regulators to assist debt ridden consumers and to help them cope with the ravages of the recession.

6.5. LOCALIZATION OF GIJIMA KZN LOCAL ECONOMIC DEVELOPMENT FUND:

Having enjoyed a good and productive partnership with the European Union in the campaign to empower municipalities through Gijima KZN Local Economic Development Programme, we wish to announce that this year the department will be re-launching the KZN Local Competitiveness Fund Implementation (LCFI) initiative. This fund builds on the successes of the EU sponsored LCF under the auspices of the flagship Gijima KZN LED programme that funded various projects across the province since 2005.

More than 4200 job opportunities were generated through Gijima KZN Local Competitiveness Fund initiative and about R30 million was leveraged from the private sector to co-fund numerous business entities.

The reason why this fund is being resuscitated is a demonstration of good practices that had been learned from the grand EU funded programme which we believe would still serve as a catalyst in achieving our micro-economic goals aimed at accelerating economic equity in our province. Sixty million rand has been put aside for the revamped initiative and this budget allocation will stretch over the medium term expenditure framework. The LCFi will continue to support partnership based LED projects and business ventures that stimulate and strengthen competitiveness for the creation of decent jobs.

6.6. BLUE FLAG POLICY

In recessionary times, tourists ensure that they make minimum investments for maximum returns. This means that it becomes a buyers' market and, as sellers, we have to compete for a highly-reduced pool of prospective tourists. Beach tourism, therefore, provides a critical window wherein both the sellers of tourism experiences and the buyers get maximum returns for minimum investments.

Therefore, it is important to ensure that our beaches are kept in a condition where they are globally-competitive because they provide us with a competitive advantage. Tourists today

are more quality conscious and seek reassurance through recognized accreditation system as well as various forms of physical evidence prior to making decisions to visit destinations.

The Blue Flag accreditation system is one of such accreditation systems that have, over the years, contributed to the province being the leading destination for both domestic and international tourists. In view of this, the department is presently developing a provincial Policy on Blue Flag Programme. This policy will be thoroughly consulted on with various stakeholders before it is submitted to the provincial Cabinet for approval.

We believe that this all-encompassing policy will ensure standardization among all our beach resources and will, critically, ensure our beaches' competitive edge.

7. CONCLUSION:

The 2009/2010 posed a challenge for all the citizens of this province, whether industry captains, small informal traders, employees of public servants and all other players in the economic sphere. It is our primary objective to ensure that we are able to leverage support and funding partners to counteract the damage done by the recession on our economy at an accelerated pace.

Our outlook towards the future can be nothing less than optimistic. The economists have predicted growth for our country and our province. The predicted growth, however, will not, of its own, change the lives of our people. We need to actively put the shoulder to the wheel – from the ashes of the recession, build an economy that creates opportunities for all and make tourism to work for us all.

If we work hard and pursue our shared objective there is no doubt that, to paraphrase Tolkien, our blade that was broken shall be renewed and that our crownless province shall again be king. We have begun a move from bitter times to sweeter times. Let us all work together to ensure that these sweet times benefit all of us and herald a renewed vigour in the growth and development of our economy.

In conclusion, Chairperson we wish to thank all those who have rallied behind the department in delivering on our programme objectives we set last year. We will strive to

continue improving service delivery and provide a catalyst for economic growth in this province.

We also wish to thank the Chairperson of the Portfolio Committee, Dr Makhosi Khoza and the members for their active engagement and oversight of the department and its entities. We would also like to thank the Head of Department and CEOs for leading their respective organisations effectively this past year and delivering on the collective mandate of this portfolio. Thank you to the department officials who, through their performance, have displayed an appreciation for the historical task of transforming our society into one characterised by peace, stability, equality and prosperity. The bitter times are going; the sweeter times are slowly upon us. Let us all, working together, ensure that the good times become the everlasting hallmark of our province's economy. Let me conclude by thanking my family, particularly my wife uMaDlamini, for being supportive at all times.

Now I wish to move the Budget for Vote Four, which is the Department of Economic Development and Tourism for the year 2010/2011 according to the following programmes:

PROGRAMME	BUDGET ALLOCATION (R'000)
1. Administration	R188,748
2. Integrated Economic Development Services	R481,300
3. Trade and Sector Development	R870,776
4. Business Regulation and Governance	R66,023
5. Economic Planning	R17,951
TOTAL	R1,624,798

I now move the budget of **R1, 624, 798, 000** for the 2010/2011 financial year, I so move....

Michael Mabuyakhulu, MPP
KZN MEC for Economic Development and Tourism
Date: 13th April 2010