

29 June 2004

Introduction

The year 2004 is an important year in the history of our country. It is a year in which we not only held our national and provincial government elections, but also a year in which, for the third time, we cast our votes as equals, confirming our freedom and giving it a meaning.

The 27 April 2004 will also go down in history as one of the most important days for all South Africans, as it is a day that marked the end of the First Decade of our hard-earned Freedom and the beginning of the Second Decade of Democracy. We celebrate ten years of freedom in a South Africa that belongs to all who live in it, with a government based on the will of the people.

It has been a period of peace and stability - a situation acclaimed to be a miracle by the world community. It has been ten years of hard work by all South Africans in their quest of building a better country of which they can be proud.

It was ten years of struggle against poverty, unemployment and inequality.

Yes, it has been a decade where we saw government making new advances in its pursuit of the goals that we set ourselves when we adopted the Reconstruction and Development Programme - objectives which include, inter alia, building the economy and meeting basic needs of our people.

We have seen programmes to alleviate poverty bringing improvement in the lives of millions. Incomes of the poor were boosted, access to social services was broadened, ownership of assets improved dramatically, including access to opportunities by the previously disadvantaged, particularly the poor, was enhanced.

We have seen the policies of government turning around an economy that was in crisis, gearing it towards sustainable economic growth and development. The negative per capita growth in the decade before 1994 changed to an average growth of 2,8% a year since then.

Between 1995 and 2002 the number of people employed grew by 1,6 million from 9,6 million to 11,2 million but the unemployed also grew by 2,4 million. While many unskilled workers are unemployed, there are shortages of skilled workers in many sectors.

Black Economic Empowerment has also recorded gains but needs to be accelerated of course. Government has expanded assistance to small and medium business people so that they could contribute to the growth of the economy, improve their standards of living and create new jobs. There are lessons that we have learnt in the area of small business development, and these will guide us going forward.

While we appreciate these gains, the legacy of apartheid is still with us. The challenges of unemployment, inequalities, poverty and low levels of economic growth still persist.

Above all, we need to speed up the process of integrating the first and the second economy - a process that will require proper balancing mechanisms. We must continue to grow, develop and modernise the First Economy whilst at the same time dealing with the challenges of the Second Economy.

Undoubtedly, these challenges will require a sustained effort as we continue with our journey in the next decade of freedom in which we plan to have an economy that is adaptive, competitive and reliant on the potential of all South Africans.

To this end, the Department has put in place some priorities for the current financial year.

2004 priorities

Among others:

- We intend to ensure that our economy grows to generate the resources that we need to reduce the levels of unemployment and poverty. This will inter- alia require that we in partnership with other economic stakeholders deepen and better our knowledge of the economic sectors making our provincial economy.
- We plan to expand opportunities for all our people in the Province, including the Youth, Women and the Disabled, especially those living in the marginalised areas. They must be able to create new businesses and economic opportunities in their communities.
- We will intensify the process of facilitating the attraction of new local and foreign investment, promotion of export and enhancement of industrial development in the Province.
- The development of enterprises, especially small businesses, will be enhanced with expanded access to finance and non - financial assistance.
- More focus will also be placed on accelerating growth, development and transformation of the tourism industry, with a special focus on domestic tourism to ensure that the doors of travel are opened to all.
- Momentum will be added towards the implementation process of the recently adopted Broad-based Black Empowerment Strategy.
- Skills development will also form part of the key areas of work preoccupying the department. We will work in partnership with the Department of Labour, Further Education and Training colleges and other intermediate training institutions, on programmes relevant to the needs of our provincial economy.
- Work will also be done to enhance infrastructure development, especially infrastructure that will unlock untapped economic opportunities.

Considering that the department is further charged with the responsibility of conducting economic planning, the question of conducting continuous research and producing reliable statistics becomes central. This area of work will receive attention working in partnership with other economic stakeholders in the Province.

The Budget

Now, in order to translate these priorities into reality, the department has been allocated a budget of R168, 7 million for 2004/05 financial year.

Of this budget, the biggest share will go towards the programme to promote small business development and economic empowerment in the Province. It will be receiving an amount of R82, 5 million to ensure, inter alia, that the previously disadvantaged individuals are assisted to come to the fold of the mainstream economy.

The MEEC will receive R75 million from the SMME allocation - an allocation that will assist this institution to fast-track delivery on its mandate as outlined in the MEEC Act.

Basically, it will be utilised to facilitate access to funding by SMMEs, establishment of Support programmes for Women, Youth and the Disabled individuals, especially those located in rural areas.

Our launching of the Equity Fund and the Nkomazi Economic Development Unit (NKEDU) Disbursement Programme with United Nations Overseas Project Services (UNOPS), including the Nicro Finance with Umsobumvu Fund towards the end of June 2004 demonstrate our clear response to meet one of the challenges facing the small business sector.

More attention will be given to the Youth, especially our young graduates. We intend taking more young people through the learnership programmes as part of ensuring that they gain skills and working experience.

The tourism development programme will be allocated R22, 5 million - an amount that will be used to market the Province as a leading tourism destination, facilitate the establishment of tourism enterprises, promotion of tourism awareness and the establishment of infrastructure conducive to tourism development within the province.

Of this allocation R10 million will go to MTA to assist it in driving its tourism marketing mandate and R4, 9 million will be received by the Zithabiseni Game Resort.

R13, 4 million will go to the industry promotion programme with the intention of driving the implementation of the industrial clusters processes, facilitation of the development of small-scale or junior mining and the promotion of investment in value-adding and beneficiation industries within the Province.

R9 million of the R13, 4 million will be given to MII to intensify its programmes aimed at increasing the levels of investment in the Province.

The Trade and Gaming programme will be allocated an amount to the tune of R22, 8 million. This allocation will be utilised to facilitate a fair and regulated trade environment, including the promotion of exporters, especially the emerging ones. Consumer protection will be promoted through this programme.

Of this amount R14, 5 million will be given to MGB to ensure that delivery on its mandate is accelerated.

We will also be preoccupied with activities aimed at increasing the levels of investment. In the later part of July 2004, we are planning to have an investment workshop whose primary aim is to review our current strategy relating to investment promotion.

But above all, we intend to come up with an integrated investment plan that will guide both the Province and local government relating to investment promotion.

R3, 3 million will be allocated to the Economic Research and Planning programme to produce and collate information that will form the basis for appropriate economic planning for the Province.

The Administration component will be receiving an amount of R23 million to provide the necessary support to line function programmes but also to drive certain human resource development activities.

Given the extent of the challenges that are facing us currently, one must point out that these resources are limited. However, although we will be operating on a shoestring budget, one is convinced that working in partnership with other departments and institutions, we will do our best to make a difference, no matter how small.

Conclusion

To conclude, let me take this opportunity to join President Thabo Mbeki when he asserted that " As we begin our Second Decade of Liberation, we commit ourselves to do everything possible to push back the frontiers of poverty and expand access to a better life for all, to realise the people centred progress we have to achieve. In this regard, we must base ourselves firmly on... a strong and growing First Economy and a transformed Second Economy".

To this end, as the Province, we will be holding a Provincial Economic Summit around September 2004 whose primary objective will be to develop a framework that will define our shared vision towards growing the economy of this Province.

The department is taking leaf from the words of the President and is committed to ensure we march forward faster towards the achievement of the goal of a better life for all.

I thank you

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