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SIXTH SESSION OF THE FOURTH KWAZULU LEGISLATIVE ASSEMBLY  
ADDRESS BY THE MINISTER OF ECONOMIC AFFAIRS  
UMNTWANA MANGOSUTHU G. BUTHELEZI

FOLLOWING THE TABLING OF THE 1988 ANNUAL REPORT OF THE KWAZULU FINANCE  
AND INVESTMENT CORPORATION LIMITED: 20 OCTOBER 1988

Mr Speaker, Sir, it is a pleasure to stand before this Assembly to lead  
this debate on the 1988 Annual Report of the KwaZulu Finance and  
Investment Corporation.

Members are aware that the KFC's impressive 1987 Annual Report was  
debated on 22 April. In terms of Section 13 (2) of the KwaZulu  
Corporations Act, Act No. 14 of 1984, I - as Minister of Economic  
Affairs - must table the Annual Report of the KFC in the Legislative  
Assembly within 14 days of receipt thereof, if the Legislative Assembly  
is in session, or within 14 days of the commencement of the next ensuing  
ordinary session.

I believe, Mr Speaker, Sir, that with a general election early next year  
it is important that this report be tabled before and debated by the  
same group of Members so as to provide for consistency within the  
Assembly. And therefore, although it was not legally necessary, I have  
opted to seize the opportunity to debate the KFC's 1988 Annual Report  
during this session.

Mr Speaker, Sir, this is the fourth KFC Annual Report to be debated by  
the Legislative Assembly and indeed this event is most significant  
because the financial period this document covers represents the 10th  
anniversary of the organisation as a fully-fledged development body. I  
am sure Members will not have forgotten that the regional structure of  
the Bantu Investment Corporation was in April 1978 transformed into the  
then KwaZulu Development Corporation - forerunner to the KFC we know  
today.

I do not intend reiterating today the financial achievements of the KFC, already superbly conveyed in the review by the organisation's Chairman, Mr T.P. Dube, who sits among us as a Member of this Assembly. Members, I believe, have had ample time to study and digest the contents of this report.

I would however, Mr Speaker, Sir, like to take this opportunity to emphasise several points pertinent to this Annual Report. I believe it most important that I apprise this Assembly of a truly monumental achievement: Mr Speaker, Sir, during the period under review the cumulative joint investment of the KFC and the private sector in KFC projects burst through the magical one billion rand mark and it is only

fitting that we in KwaZulu pay tribute to the private sector for the massive contribution to the economic development of this region and for the display of confidence in Black people in South Africa.

I would pause at this point and ask your indulgence, Mr Speaker, Sir, in that although the rules of this Assembly are such that Members should

not address the gallery, I be permitted to do so.

I invited members of the private sector, whom you see sitting in the gallery, to attend this debate. You and your colleagues have done much

to assist in the development of this region and its people. Your continued support is an inspiration to my people and I therefore, before this Assembly, salute you. The KFC, too, is to be warmly congratulated for succeeding in its catalytic role to mobilise the expertise and financial resources of the private sector.

I turn now, Mr Speaker, Sir, to focus on several highlights of the financial year under review.

Reading through the 1988 Annual Report of the KFC I have no doubt in my mind that the take-over of the assets of the Corporation for Economic Development by the KFC is increasingly paying handsome dividends.

Mr Speaker, Sir, entrepreneurial skills development and job creation go hand in hand in macro development terms and yet I have been attacked on numerous occasions for supporting the industrial development programme in KwaZulu, which essentially creates thousands of jobs for our people.

Let me place in perspective, if you will, the role of the KFC in

creating the much-needed balance between the stimulation of entrepreneurship and job creation.

The KFC plays an active role in stimulating entrepreneurship and this is evidenced by the fact that during the past financial year the KFC has established more than 300 small industrial entrepreneurs. That Mr Speaker, Sir, translates into the granting of 1,25 loans every working day. Impressive to say the very least.

By the same token, Mr Speaker, Sir, the KFC's heavy industry development programme resulted, by the year under review, in the establishment of more than 36 000 jobs. If we assume that each breadwinner in KwaZulu supports 12 dependants - a figure not unrealistic in our region - then the industrial sector now supports the livelihood of almost half a million people. Society in any economy is made up of entrepreneurs and workers and it is clear that there is room for entrepreneurship and job creation in the make-up of the free enterprise system to which we have committed ourselves.

It is further worth informing this Assembly that during the period under review more than 36 000 people employed by the 229 industries in KwaZulu took home close to R110 million in salaries and wages.

Returning to the development fields of the KFC's wide-ranging activities it is interesting to note that like the small industrial portfolio, commercial enterprises in KwaZulu are developing rapidly. Just about two commercial loans were advanced every working day by the KFC to businessmen in the commercial sector.

Housing, Mr Speaker, Sir, is of particular concern to me and I am sure my colleagues around me share that concern. Every year when I rise to lead the debate on the KFC's Annual Report the nagging question of the housing crisis in our region looms ominously. This is a problem which

is not going to go away. On the contrary, Mr Speaker, Sir, housing needs - particularly within the Tow-income sector - are going to become ever greater.

The KFC, as has been pointed out many times, was for many years the only financial institution involved in financing Black housing in KwaZulu. Fortunately, other institutions have filled a very obvious gap in this field. The KFC has, however, continued working at a frantic pace in an effort to stem the tide of housing requirements. During the past financial year, Mr Speaker, Sir, the KFC wrote approximately one housing loan every hour of every working day.

Although the KFC has quite rightly concentrated its efforts on the low-income bracket, the average value of loans approved - at some R24 000 - is an indication that a proportion of its dealings have been within the middle-income group.

Devastating floods in September last year and again in February this year severely affected agricultural development in our region. Irrigation equipment belonging to 175 agricultural clients financed by the KFC was damaged or destroyed by the raging waters. The bill for these losses totalled more than a quarter of a million rand.

In spite of the setback experienced as a result of the floods, the KFC's agricultural staff maintained an extraordinarily high approval rate of

about seven seasonal and long-term loans each working day during the period under review.

It is pleasing to note that long-term loans for tractors, poultry units and the like, increased sevenfold during the past two years and one-and-a-half times during the past financial year. The cumulative number of clients, including those assisted via sugar mills, now stands at more than 15 000.

Linked to the development field, is of course, training. Training, Mr Speaker, Sir - particularly business and technical training - is imperative if our people are to progress. The KFC is well aware of the need for skills training and it is this concerned awareness which has prompted the continued financial support of the KwaZulu Training Trust, or KTT as it is known. During the past financial year, the KFC made a grant of R3,8 million to the KTT, bringing the cumulative financing by the KFC of KTT projects to R15,8 million.

I intend touching very briefly on finance, and in this regard, I am pleased to be able to inform this Assembly that the Ithala Bank - a member of the KFC - achieved a turnover of R70 million during the period under review. About 35 new clients were attracted every working day during the past year. Through the implementation of an aggressive expansion programme, branches of the Ithala Bank have been established throughout KwaZulu/Natal.

Another area of KFC activity on which I would briefly dwell, Mr Speaker, Sir, is the administration of extraction of sand, stone, gravel and clay in KwaZulu. The KFC was appointed by the Department of Interior in 1983 to administer and control this extraction and I would point out to Members in this Assembly that currently 49 operators are active in KwaZulu, creating 605 new job opportunities. More than half a million cubic metres of sand, stone, gravel and clay was removed during the year under review.

The KFC also plays an active role, in conjunction with the Department of Economic Affairs and the KwaZulu Petrol/Diesel Oil Service Stations

Rationalisation Committee, with regard to viability studies for and

establishment of all service stations in KwaZulu. A total of 32 service stations were operative in KwaZulu during the past financial year, and yet 34 applications for new operations were received during the same period. Mr Speaker, sir, the Rationalisation Plan was created to place the distribution of fuel on a proper footing and to protect the interests of both the supplier and consumer.

With this in mind, it is noteworthy that only four applications were recommended to Cabinet for approval during the year under review.

The sale of fuel has grown from very humble beginnings in the mid 1960's when the first service station was established by the late Reverend I.L. Shembe in Umlazi to a thriving industry with a turnover of almost R40 million during the past financial year. More than 250 jobs have been created through the establishment of service stations in our region and during the year under review, more than 53 million Litres of fuel were sold in KwaZulu.

Mr Speaker, Sir, from the picture I have painted thus far of the KFC's remarkable achievements and from studying the detailed figures included in the 1988 Annual Report, Members can have no doubt as to the sincerity of the KFC in actively assisting in the economic development of KwaZulu.

But let us perhaps move closer to 'home' - and here I speak of Ulundi. The growth of all sectors in Ulundi through the involvement of the KFC has been encouraging. However, I will restrict myself to one major development, the Ondini Plaza. Many of us have watched the centre grow from scrub beginnings into a modern, highly comprehensive complex - truly a first for Ulundi. The shopping centre, which opens for trading within a few weeks, is the first stage of a three-stage development.

The KFC will shortly embark on the construction of an office block, adjacent to the centre, to provide much-needed office space for Ulundi's growing business sector. The organisation is also to build a second

office block, for its own use. This will become the KFC's registered

Head Office and should be ready for occupation by the middle of next year.

Mr Speaker, Sir, the KFC is a highly diversified business undertaking and cannot be viewed as an administrative organ. It therefore speaks for itself that the creation of KFC's Head Office here cannot, by any stretch of the imagination, result in a mass relocation of KFC staff to

Ulundi. Not only would such a move prove difficult, to implement immediately but it would, logistically, be almost impossible to move staff away from their business interests. But I want to emphasize that the KwaZulu Cabinet and I believe that Ulundi must not only be a token Head Quarters of KFC.

Members of this Assembly, with direct business links, will know from experience that to distance oneself from ones business interests is a sure recipe for failure.

Mr Speaker, Sir, I would now turn my attention to the future perspective. It should be remembered that it has taken the KFC all of 10 years to develop an investment in KwaZulu of half a billion rand. However, the momentum that the organisation has developed has put it on track to make substantial financial inroads in our region in the near future. It therefore gives me great pleasure to inform this Assembly that in the next three years the KFC intends investing a further half billion rand. This, Mr Speaker, Sir, will really put the KFC and KwaZulu on the development map.

If I may ask your indulgence, Mr Speaker, Sir, there are several pressing matters I feel warrant mention at this point. Members will remember that when I introduced the KFC's 1985 Annual Report during the 1986 session of the Assembly, I referred to negotiations with Mr Heunis, Minister of Constitutional Development and Planning, regarding the privatisation of Central Government's sorghum beer interests.

I have raised the matter every year since and have enjoyed no headway whatsoever.

Having repeatedly asked for an opportunity for our Administration to be involved in early planning negotiations, it comes as a shock to find that we are to be presented with something of a fait accompli and I

cannot help thinking that the Central Government has effectively smoke-screened us on this issue.

Once again, we find Mr Speaker, Sir, that Central Government involves this administration when - and only when - it suits them. On other occasions we are studiously ignored and left to whistle in the wind.

In similar vein, Mr Speaker, Sir, I informed Members during the 1987 session of the Assembly of the running battle for a decision by Central Government about the development of a proposed industrial deconcentration point at Compensation, north of Durban. It saddens me to say that the same Central Government Minister is involved, and the same tactics are being employed. I would ask: are we, inevitably, going to face the same net result?

I ask today, when is Central Government going to take the development needs, employment needs and socio-economic needs of this region seriously?

In conclusion I would like to focus on two internal matters relating to the KFC.

Since the debate of the 1987 Annual Report in April, Mr Palmer Strachan, Deputy chairman of the KFC Board, has died. In paying tribute to the memory of Mr Strachan, I would like to say that he was truly dedicated to the challenge of reaching out through the development activities of the KFC to assist in the upliftment of our people. I would further align myself with the tribute paid by the KFC Chairman, Mr Dube, published in the Annual Report we debate today.



I recently appointed Mr David Walter Strachan - no relation to Mr Palmer Strachan - to the Board to fill the vacancy created when Mr Palmer Strachan passed away in the knowledge that he is a highly respected and distinguished figure in the business field and I feel sure he will continue striving to meet the immense challenges faced by the KFC.

Mr Speaker, Sir, it now gives me great pleasure to inform Members of an important announcement by the KFC chairman in the latest edition of the organisation's authoritative journal, The Developer. The KFC has developed a new corporate identity highlighting that it is a people-orientated business undertaking. The new logo symbolises the acquiring of knowledge and skills through involvement in the free enterprise system.

I personally view this development as yet another fitting tribute to the late Bishop Alphaeus Zulu, former Speaker of this Assembly and Chairman of the KFC, because it was at his insistence that people form the central theme in the KFC's well-known mission statement and which is embodied within the KwaZulu Corporations Act.

In closing let me say that it is equally pleasing that today's debate marks the implementation of the KFC's new corporate image and I trust that through the strength of the people symbol the organisation will go from strength to strength as it strives to even greater heights in the name of development.

Mr Speaker, Sir, I thank you.