

EMBARGOED UNTIL DELIVERY

1984/85 ESTIMATES OF EXPENDITURE: POLICY SPEECH

BY THE HONOURABLE MINISTER OF ECONOMIC AFFAIRS

1984 APPROPRIATION BILL

(SECOND READING)

In thinking of the economic development of the area over which this Legislative Assembly has jurisdiction, I know that there are people in the black community who think that the fact that these areas were by-passed by development has come about as a result of acts of omission by various governments. They would therefore argue that it should not be our priority in this House to develop an area called KwaZulu, as that should be the priority of the Central government. While no one can fault the argument that it is white neglect over many generations that has resulted in us here facing what is generally referred to as a Third World situation within a highly developed Country, I do not think that this fact alone removes a responsibility we have to develop KwaZulu economically. We in this House want to have our share of economic development, in the whole of South Africa, as South Africans. When we talk about the whole of South Africa in this context we include those underdeveloped parts of South Africa such as KwaZulu.

We want to share in the economic development of the whole of South Africa and not be discriminated against in any part of South Africa. When one considers the back-logs in development that we face in areas such as KwaZulu, it is clear that it would be an act of great irresponsibility if we were to wait until we are in a free South Africa, before we do anything about the economic development of these areas. We lag behind every race group as far as development is concerned. We are therefore the last people who can afford to wait indefinitely with folded arms waiting whilst waiting for a black take over of the Country that will not take place in the foreseeable future. The argument of those who think that the right thing is to wait until we have a just society in South Africa before we lift a finger towards participating in the economic development of the

Country 2/

Country must be looked at against the background of the problems of economic development which many independent Countries in Southern Africa in their post-liberation era in which they find themselves after successfully taking over power in their particular countries. Poverty does not vanish merely because people are politically independent. I would rather amend President Kwame Nkrumah's famous dictum "Seek Ye First the political Kingdom and all other things shall be added unto you" by reading it: "Seek ye first the political and economic Kingdoms and all other things shall be added unto You". I have said before and I repeat today that people in the final analysis cannot eat political slogans and flags that are waved on independence day. The experience of Southern Africa has driven this point home to us very strongly in the last decade. It is in this context that I make the statement that while we struggle for political freedom, we must at the same time lay foundations for economic freedom. These are two sides of the same coin.

I would like Honourable Members of this House to think of whatever modest steps we take towards our economic development within the context of these preambling remarks.

Mr. Chairman, in view of the fact that the Department of Economic Affairs is a new entity, I intend providing more background before I proceed to introduce the budget of this Department.

Honourable Members will recall that in my 1983 Policy Speech as Chief Minister, I made reference to the splitting of the Department of Finance and Economic Affairs into two Departments, i.e. Department of Finance, and the Department of Economic Affairs. This new Department came into being as from 1 March 1983. It consists of four branches: The Bureau of Natural Resources, which previously came under the Department of the Chief Minister, the Economic Development Branch and Commercial Branch - which were both constituent parts of the Department of Finance and Economic Affairs, and an Administrative Services Branch which is still very much at embryonic stage.

Allow me, Mr. Chairman, to provide the House with details regarding the activities 3/

the activities of the various branches of the Department before I go on to talk about budget requirements.

Bureau of Natural Resources The broad purpose or objective of this Branch is to conserve, develop and utilise the natural resources and tourism potential of KwaZulu. While in the past nature conservation has been associated with control over the utilisation of natural resources, this Bureau, in keeping with strategies in other parts of the world on resource utilisation, emphasises the wise utilisation of natural resources, being mindful of our stewardship role vis-a-vis posterity. In operational terms, the functions of the Bureau are to:

- (i) plan and execute research;
- (ii) develop and manage natural resources;
- (iii) engender an understanding and awareness among the people of KwaZulu, of the importance and value of their natural resources as a national heritage ; and
- (iv) to develop tourism.

Let me now deal with the highlights of 1983/84 regarding the activities, targets and strategies of the Bureau of Natural Resources. The past 1983/84 year has been an eventful one for the Bureau of Natural Resources. The past year has seen growth and constructive development in all spheres of the Bureau's activity.

The current staffing strategy is to recruit persons into senior positions in the Bureau who are experienced and well trained in their particular fields. These officers then set up the necessary infrastructure and are responsible for the training and development of junior and mainly Zulu staff just beginning a career in environmental conservation. The challenge and opportunity to achieve real success in the field of conservation offered by -the Bureau has resulted in the recruitment of a number of experienced officers from other conservation bodies. These officers have upgraded the in-service training of the 14 Nature Conservators presently employed by the Bureau.

This in-service ...4/

This in-service training is vital to equip these men for their future tasks as officers in charge of game reserves and other senior positions.

It is hoped to send 24 pupil Nature Conservators to Cwaka College to study for a Diploma in Nature Conservation in the 1985/96. 17 pupil Nature Conservators - one of whom is the son of a prominent Chief - have already been recruited.

Improved training of the 120 strong game scout force is also being undertaken. The acquisition of the use of a 700 ha Trust farm in the Babanango District for eventual development as a field training centre has made it possible to take the far-reaching step of ensuring that all Bureau field staff are properly trained for all aspects of their vital work.

KwaZulu has been divided into five regions called patrol areas, each of which will be staffed with the required number of personnel to do the job properly. This may vary from 60 in one area to several hundred in others. These persons will consist of one Principal Nature Conservator in charge of the patrol area, Senior Nature Conservators, Nature Conservators, Pupil Nature Conservators, Game Scouts, and workers and administrative staff, including drivers.

Providing a proper staff structure and rank system is a high priority, bearing in mind that the most carefully compiled plans will fail without manpower.

The Tembe Elephant Park was proclaimed on October 21, 1983. Much development work has been completed in this Reserve. Good progress has been made with the electric fence which should be completed during 1985.

Work is continuing on the development and the preparation of the Amatikulu Nature Reserve for proclamation. Protection and development of the Ongoye Forest Reserve is undertaken by the Bureau for Natural Resources. ... 5/

Resources. Protection of the valuable Malangeni, Manguzi, Madlangulu, Gwaliweni and other smaller but important indigenous forests is receiving constant attention.

It is in the protection of KwaZulu's vitally important and priceless forests that the most difficulties are being encountered. Already some of them have been severely damaged by people cutting down grass to plant cash crops. The development of a strategy to protect the Landslide and Wilderness zones of the Drakensberg, a vital water resource with a very sensitive ecology, is receiving attention. Development and planning of Chiefs' Game Reserves and Resource areas continues.

The development of conservation in Chiefs' wards through Tribal Authorities is seen as a cornerstone of KwaZulu's wildlife conservation policy. In this policy we work to achieve conservation through consensus with the people. So far the following Chiefs have been approached and are receiving help from the Bureau:

Chief Mbatha	-	Mabedlana
Chief Tembe		Maputaland
Chief Nyawo		Gwaliweni
Chief Ndlovu		Ixopo
Chief Molefe		Nqutu
Chief Mazibuko		Isandlwana
Chief Ngcobo		Inanda
Chief Biyela		Nkandla

The Bureau is responsible for helping to plan Chiefs' Game Reserves, but the fencing is done by the Department of Agriculture and Forestry. The Bureau is planning to employ staff whose sole job it will be to liaise with and help plan and run these areas.

It is expected that some of KwaZulu's rich natural resources will not sustain the present levels of utilisation. Droughts, floods, new paved roads, more vehicles, more buildings and more people, are leading to a disturbing ... 6/

to a disturbing over-utilisation of flora. Chiefs will have to be more vigilant in the future to see that the resources in their areas are not being cynically exploited for commercial purposes by itinerant middlemen. In some areas this is already evident. Closer co-operation between the Bureau and Tribal Authorities will help to control this exploitation.

A system of management meetings to ensure a uniform policy and participation by all sections of the conservation staff in the management of our game reserves has been introduced and is proving valuable. It is envisaged that Tribal Authorities nominate representatives to these meetings, as has been done so successfully by the Tembe Tribal Authority by appointing the Reverend John Masinga to the Management Board of Tembe Elephant Park. Honourable members saw for themselves at the caucus meeting what a devious character the Rev. Mr. Masinga has proved himself to be.

High priority is being given to planning the development of KwaZulu's Kosi Lakes and Lake Sibaya as areas with great tourist potential. It is well known that KwaZulu recently took over the control of Kosi Bay Nature Reserve from the Natal Parks Board. This was an important step. The KwaZulu Government is determined to pursue its right to control all the Game Reserves which traditionally belong to the nation. While we have no plans to gain control of areas which are not ours, we also have no intention of stepping back or allowing anyone else to do our conservation work for us.

We believe that our strategy of furthering conservation with and through the people instead of resorting to the "island mentality" or "to hell with the neighbours" tactics will be more effective in the end. We are quite prepared to work hand in hand with other conservation organisations, despite the fact that we do not always agree with their policies. This partnership, however, must be on a basis of equality.

The Bureau's Research section has had an active year with two of its six professional officers' research projects being found to be of such a high standard that they were accepted as Doctoral theses. Three projects were given to specialist organisations.

Research is being undertaken in three projects which are:

1. The ecology of the Kosi Bay Estuary with special reference to traditional fishing methods.
2. The indigenous plant resources of Maputaland - a buffer against rural poverty.
3. A quality/quantity survey of the remaining indigenous forests of KwaZulu.
4. Planning for tourist facilities at Lake Sibaya, the Maputaland coast and Kosi Bay.
5. A soil erosion survey of KwaZulu.
6. A home industries evaluation around the Mfolozi/Hluhluwe complex, based on raw materials from the Reserve.
7. A planning project to evaluate conservation and tourism potentials in KwaZulu areas, 4, 9 and 10.

In addition, many short papers were prepared for in-house use and for seminars at various universities. Four plans were also drawn up for Chiefs' Reserves.

All the projects mentioned above will be carried over into the 1984/85 financial year. It is also hoped to fill at least four more of the existing professional posts in the research section in 1984. The main thrust of the tourism section was the planning of tourist facilities at Lake Sibaya, the Maputaland coast and Kosi Bay.

Two officers of the Bureau are members of a PCAC Working Party which is formulating a tourism policy for KwaZulu. This will lead to a White Paper on Tourism. 1984 is seen by the Bureau as the year in which tourism development in KwaZulu will be put on its feet.

The Extension Branch of the Bureau has the extremely important function of educating and informing the public of KwaZulu as to the value and importance of the region's natural resources. Although
under-staffed ... 8/

under-staffed with only four field officers, and in many cases not yet adequately equipped, this section has had a successful year.

Successful exhibitions were held at the following venues:

- a) Zululand Agricultural Show
- b) Matimatolo Agricultural Show
- c) A Conservation Week at the Tembe Tribal Authority

In-service ecology courses for teachers have continued in co-operation with the Department of Education and Culture. The course content has been modified and the route has been changed slightly to include a visit to Ondini and the new Mlaba Resource Centre.

The Conservation Awareness tours for Chiefs have almost come to an end as almost all of KwaZulu's Chiefs have been taken on tour. As a follow-up to these tours, the Bureau for Natural Resources is arranging visits to conservation projects in or close to the Chiefs' wards. Unfortunately this can only be done in those areas where we have staff. Chiefs and Indunas from the Ubombo and Ingwavuma Magisterial Districts have been taken on a visit to the Kosi Lake and to the Mkuzi Game Reserve .

Two courses on home economics for officers from the Department of Agriculture and Forestry were run successfully. A further course was run for the lecturers of the Cwaka Agricultural College.

The Bureau continues to assist the Department of Health and Welfare in the running of its Teenage Conservation Education course. After all, a healthy environment is as important as a healthy body.

There is no Bureau staff stationed in most of the areas of KwaZulu. The majority of the population remain largely ignorant as to the aims and objectives of the Bureau. For this reason, a mobile film unit has been established. This Unit is available to travel to all parts of KwaZulu. Lectures are given and films are shown at schools, hospitals9/

hospitals, Tribal Authorities and other institutions. The services of this Unit are much in demand. Requests are coming in from as far afield as Ixopo.

Conservation Extension Officers are stationed in only two of KwaZulu's five patrol areas. They are stationed in Mbazwana and Umlazi.

In the Ingwavuma Patrol Area, the Extension Officer attends all Tribal Authority meetings and has set up useful a two-way communication link. There are approximately 150 schools in this region, 75 of which have been visited by the extension Nature Conservator. This officer also lectures to army personnel who are on exercise in the area on what they may and may not do regarding the environment in which they are working.

In the Umlazi area, the Extension Nature Conservator has concentrated mainly on schools. He visits the schools to lecture and to show films, and arranges follow-up visits to the Stainbank Nature Reserve. These field visits have been made possible by sponsorship from the Putco Bus Company. As a large number of children are involved, it is an impossible task for one officer to reach them all. Consequently we are presently trying to devise a system whereby we work with groups of teachers who, in turn, organise outings for school children.

The appointment of a Public Relations Officer has led to increased press coverage, most of which has been favourable. A number of short programmes dealing with aspects of the work of the Bureau were screened on TV 2. The popular radio programme "Ubuhle Bemvelo" has been increased from 30 minutes to a full hour.

Commercial Branch:

I now come to the activities of the Commercial Branch. The Commercial Branch, a very small unit consisting of five officials, handles all commercial matters. Among its many functions, it attends to all matters relating to the issuing of the ministerial authority in terms of Section ...10/

of Section 24(3) of Act 18 of 1936. It is also involved in the appointment of licensing Boards in terms of the KwaZulu Business and Trading Undertakings Act, 1974 (Act 10 of 1974).

An indication of the activities of this branch can be gauged from the fact that in 1983/84 the number of authorities issued by this Branch increased by 702 from 10873 to 11575, i.e. an increase of about 6,5 per cent. This figure is not a figure of licences issued. In most cases the authorities issued expire because the individuals concerned were unable to appear before the licensing boards for several reasons. While my Department considers the issue of ministerial authorities sympathetically, I hope that this sympathy is not abused.

During 1983/84 the Commercial Branch passed through a traumatic period because Mr. Human, the Head of the Branch, retired at the end of November. This may have caused some delays in processing applications. Members of the public are, however, assured that this matter has received urgent attention. The Department is in general sensitive to the need to eliminate unnecessary delays in the processing of applications for trading rights.

Economic Development Branch:

This is the smallest Branch in the Department but it is destined to play a pivotal role in planning the economic development of KwaZulu. The functions of this Branch are to plan, co-ordinate and promote the socio-economic development of KwaZulu. This is the prime function of the Department as a whole. The Economic Development Branch functions to:

- Provide secretarial services to the Planning, Co-ordinating and Advisory Committee (PCAC), its sub-committees and working parties.
- Formulate and co-ordinate the preparation of global development plans;
- Formulate plans and strategies for rural development;

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- Formulate plans and strategies for urban development and housing;
- Formulate plans and strategies for employment creation and income generation;
- Formulate plans and strategies for regional development and to collect, process and publish statistics.

In view of the present manpower constraints in recruiting qualified economists and planners, the activities of this Branch up at this stage were mainly centred around the function of acting as the Secretariat for the PCAC and its Sub-committees. As members are aware the PCAC advises the KwaZulu Government on planning priorities and strategies for development.

During 1983/84 PCAC has made recommendations to the Cabinet regarding a number of crucial issues. Foremost in this regard was the formulation of a strategy by which the KwaZulu Government could offer families to be displaced alternative sites as a result of the siting of the Inanda dam on the Matabetule site. This issue, which has generated a lot of controversy, was settled after all relevant factors were taken into account. Another matter which exercised the minds of the PCAC and the Cabinet was the introduction of a uniform income tax system for all South Africans, and the abolition of the separate tax for Blacks in terms of the Black Taxation Act, 1969 (Act 92 of 1969).

The KwaZulu Government could not object to the introduction of the uniform tax system which came into effect on 1 March 1984 because it is based on the principle of equity. This principle of equity is that all tax payers with the same income, marital status and family size should pay the same tax. As Honourable Members will know, the Black Taxation Act violated this important principle. Not only were there no rebates for dependants under the Black Taxation Act, but Blacks in the lower income groups paid more tax than their counterparts. Under the Income Tax Act (Act 58 of 1962), the lowest taxable income is higher than that in the Black Taxation Act. This means that many people who 12/

people who had paid tax under the Black Taxation Act will now no longer have to do so. This of course raises the important issue of No Taxation without Representation. It makes this anomaly more visible than was the case when there were two systems of Taxation. With the creation of the Development Bank of Southern Africa, the Department of Economic Affairs was appointed as a designated agent of the KwaZulu Government. This means that all applications by the KwaZulu Government and related agencies will have to be channelled through the Economic Development Branch of this Department. The assumption of this new responsibility will add an additional strain on the very limited staff of the Economic Development Branch. Some bold initiatives will have to be taken by the Secretary of my Department to augment the staff of this Branch. Trainee economists have to gain considerable experience before they can be fully utilised. Attempts will be made to devise internal training programmes for staff but for the foreseeable future reliance will have to be placed on the services of seconded staff and on personnel employed on contract.

In this regard, I wish to record my appreciation for the technical assistance received from two sources. Firstly, I record my appreciation for the services that the KwaZulu Government receives from Mr. Thorrington-Smith as a part-time consultant. His efforts have immensely assisted in alleviating the pressure resulting from the shortage of highly trained personnel. Secondly, I wish to record my great appreciation to the KwaZulu Development Corporation for their invaluable assistance in getting this fledgling Branch off the ground. Not only have they offered accommodation and other material support to this Branch, but they also seconded personnel to it. We still have an official on the staff of this Branch who is seconded to it by the KDC. I am pleased to say that the top management of the KDC has indicated that it is happy to continue to assist in recruiting staff for this Branch.

1984/85 Estimates of Expenditure:

Mr. Chairman, Honourable Members, expenditure under this vote increased by something like 41 per cent over the previous financial year. 13/

year. We must, however, be aware of the fact that this increase does not represent more money for doing the same thing. Firstly this is a new Department and its constituent Branches, which had hitherto enjoyed the facilities in other Departments, have now to be provided in the Department of Economic Affairs.

Secondly, a simple comparison between the current budget and the budget for the previous year must be made with caution. For instance, in the estimates for the Commercial Branch, provision was made to increase staff by one unit, i.e. the creation of the post of one Principal Clerk. Yet this had the net impact of increasing the 1984/85 estimates of expenditure of this Branch by about R11 000 which is in fact the salary for this additional unit. Yet in percentage terms, this increase represented a 24,6 per cent increase.

Thirdly, making comparisons between the two financial years is like comparing two unlike entities. The 1983/84 figures merely represented the allocations that were made to each Branch at the time the respective Branches were hived off from their mother Departments to form the new Department. The new Department could be said to have obtained a fair share if one considers only what had been allocated to each Branch in their mother Departments. When, however, it is recognised that they did not receive a share of the allocations made to the mother Departments for staffing and/or auxiliary services, the allocations are unfair. These services have to be created from scratch in the new Department. One would have therefore to expect that the 1985/86 estimates of expenditure will ostensibly be far greater than the 1984/85 estimates once provision is made for Auxiliary services essential for the proper running of the Department.

Mr. Chairman, I made the above observations to emphasise the point that the need to maintain financial discipline, unless it is placed in its proper perspective, can detrimentally affect new Departments. To get a new Department going, a minimum number of key posts must be filled in order for it to become viable. In view of the financial climate that prevailed last year when the 1984/85 estimates were prepared, this new 14/

this new Department, like all the other Departments, had to budget for expenditure that was as close as possible to the guideline figure provided. This means, Mr. Chairman, that the estimated expenditure tabled before you hardly represents the bottom line necessary to make this Department viable. It is however realistic in terms of the financial constraints that were, and are still, prevailing.

Mr. Chairman, Sir, Honourable Members, before the Department of Economic Affairs was separated from the Department of the Chief Minister, it was customary for me to review the work of the KwaZulu Development Corporation in my Policy Speech. It is, however, appropriate that I now do so in the Committee Stage when we consider the budget of the Department of Economic Affairs. Before I formally request Members to approve the budget for this Department, I will review the activities of the KwaZulu Development Corporation.

KWAZULU DEVELOPMENT CORPORATION LIMITED:

Mr. Chairman, Sir, Honourable Members, as you are aware, I have been forced in recent years to paint a rather gloomy picture of the finances of the KwaZulu Development Corporation when reviewing the Corporation's activities. Both the Board of the KDC and the KwaZulu Government felt strongly that the Corporation was not getting a fair allocation of State resources. The KDC's budget was constantly shrinking at a time when development needs were escalating and the KDC's very existence was being threatened because it had been forced to rely too heavily on loan funds. It is with singular pleasure, therefore, that I am able to tell this House that our long endeavours to get what we believed to be the KDC's fair share of share capital have at last borne some fruit.

Before giving you brief background facts about the allocation of share capital, I should like to thank a number of people who have worked hard to achieve this success. Firstly, I should like to express my personal thanks and those of this House to our Speaker for all he has done in his capacity as Chairman of the KDC Board of Directors to secure greater State financial support for our Corporation. During my past

two budget ... 15/

two budget speeches, I related how he journeyed to Cape Town to interview the Minister of Co-operation and Development about the financial plight of the KDC.

I was present at a meeting in Cape Town on February 29th this year when he personally warned the Minister of Co-operation and Development of the serious consequences to the KDC if he did not intervene to stop senior officials of his Department from making what would have been a totally inadequate share capital allocation to the KDC.

Mr. Chairman, Sir, the Honourable Minister of Co-operation and Development, Dr. P.G.J. Koornhof, did intervene and as a result, the KDC has been given what we consider the share capital to which it was justly entitled for the new financial year. I should also like to thank him for this. I should also like to thank Dr. Simon Brand, the Prime Ministers Economic Adviser and Chief Executive of the Development Bank of Southern Africa, for the role he has played. Although he, in advising the Central Government on these matters, did not fight the cause of the KDC per se, his advice, based on sound and fundamental economic development principles, was indirectly to the benefit of the KDC. Lastly, I should like to thank the KDC's Chief Executive, Dr. Marius Spies, for the support he provided to the Honourable Bishop Zulu, Chairman of the Board of the KwaZulu Development Corporation. As a result of the efforts of these gentlemen, the KDC will be receiving R8 million more than was originally earmarked for the Corporation.

Now, Mr. Chairman, Sir, Honourable Members, I must caution against the assumption many may make that the KDC now has a lot of money and will be able dramatically to increase the rate of its development efforts. As I reported last year, the KDC has now formally taken over control of the industrial development function in KwaZulu and as a result its budget, and thus its expenditure, has grown very significantly. The value of the industrial assets taken over exceeds R150 million and KDC's Board on March 27th this year, approved a provisional 16/

a provisional budget for the KDC of R109 million. This is a huge increase. By comparison, last year's budget only amounted to R18 million.

CHANGE IN CONTROL OF THE KDC:

I indicated last year that the KDC would in future receive its share capital directly from KwaZulu. Members will also remember that I have said repeatedly that we look forward to the day when the KDC would become a fully fledged Development Corporation serving the interests of KwaZulu. Mr. Chairman, Sir, Honourable Members, the KDC has now formally assumed control of most of the important development functions in KwaZulu, and it gives me great pleasure to tell this Assembly that the KDC will come under the direct control of KwaZulu later this year. Although much preparatory work still needs to be done, I can inform Members that the South African Government will shortly be issuing an enabling proclamation in terms of Act No. 21 of 1971 (as amended) which will empower this Assembly to pass its own legislation formally to set up the KwaZulu Development Corporation as a development agency for KwaZulu.

The KwaZulu Government will be the shareholder and thus the effective owner of the KDC with the power to appoint the KDC's Board of Directors, who have hitherto been appointed by the Minister of Co-operation and Development. Members will have the opportunity later this session to debate the enabling legislation to set up the KDC as an agency of the KwaZulu Government.

FINANCE:

Although I indicated that the KDC would in future be getting its share capital from the KwaZulu Government, Members will understand that this cannot happen until this Assembly has passed the legislation setting up the new KDC and until all the new financing patterns I referred to last year have been completed. It will thus be some time before the share capital is actually allocated from Ulundi and as an interim arrangement the KDC will receive its share capital from the South African Development Trust.

You will recall that I said earlier that the KDC's Board of Directors had passed a provisional budget of R109 million on March 27 this year. The Board was forced to pass a provisional budget because the details about the terms of the take-over of the assets formerly owned by the Corporation for Economic Development have not yet been finalised.

Not all the assets involved will be transferred free of charge and some will have to be paid for through loans from the Development Bank of Southern Africa. The KDC cannot therefore finalise the budget until these details have been worked out.

POLICY:

Mr. Chairman, Sir, Honourable Members, I informed this House of the magnitude of the industrial assets taken over by the KDC and the very big increase this has brought about in the budget of the KDC. You will recall that we have criticised the old CED in the past and said that too much free share capital was being ploughed into the development of secondary industry and that this was happening at the expense of the many other development needs of KwaZulu.

Now that we have control of industrial development, I believe it is necessary for me to say quite unequivocally that it is untrue to say that we in KwaZulu are against the development of secondary industry. We believe in this type of development and shall do all in our power to promote it. But what we do say is that industrial development must be balanced against other forms of development, like the promotion of agriculture, the encouragement of small industries, the provision of housing, and the financing of business undertakings in KwaZulu.

Mr. Chairman, Sir, Honourable Members, I believe it is also important to place on record that we do not support the re-location of industry from what are called White areas to decentralised growth points. Not only does this not lead to the creation of new jobs that are so desperately needed, but it represents an inordinate waste of very scarce development resources. I shall therefore be asking the KDC to concentrate 18/

to concentrate on recruiting industrialists from abroad, and thus give concrete form to my repeated call for increased foreign investment in South Africa.

I mentioned earlier that the KDC had taken over most important development functions from the CED. There are, however, a number of functions that have not been taken over, and I would like to comment on these. Firstly, Mr. Chairman, Sir, Honourable Members, you will have noticed from press reports that the Minister of Co-operation and Development has created a new body called the South African Development Trust Corporation (Trustcor) that has been given the task of administering those functions that have not yet been decentralised to regional development corporations. These are the control of transport, the management of Trust farms and the mining function other than the control of sand, stone and clay which is already administered by the KDC. I trust, Mr. Chairman, Sir, Honourable Members, that this central body will indeed be a temporary institution and that it will not grow into yet another centralised empire. But this aside, I wish to state our views on some of the functions that will be handled by this new body.

As far as transport is concerned, Mr. Chairman, Sir, Honourable Members, I should like to place on record that the Cabinet issued certain guidelines to the KDC within which it was to negotiate with the Central Government in respect of the eventual take-over of Trustcor's interests in KwaZulu Transport. The central consideration in these guidelines is our belief that transport should ideally be in the hands of the private sector. These guidelines are:

1. The alienation of appropriate routes to tri-partner companies to achieve the dual objective of harnessing private initiative not available in the public sector and to enable Black people to participate in the companies;
2. the selling off of appropriate routes and/or operating centres to neighbouring private operators to create more viable undertakings by eliminating unproductive duplication;

the creation19/

3. the creation of small cluster routes to be serviced by Black operators under the Moshav system; and
4. steps to enable the informal transport sector to provide the services that cannot be accommodated under the options already referred to. Transport legislation should be amended to make this possible.

Mr. Chairman, Sir, Honourable Members, while on the subject of KwaZulu Transport, I wish to address an issue that I regard as extremely serious and which, quite frankly, left me astounded. Members will have read in the press that Ilanga Transport, a KwaZulu Transport subsidiary that provides bus services to the Inanda/Ndwedwe area, raised their fares by 20 per cent with effect from April 1st this year. You will also have noted that the fares had been increased to comply with a directive from the Department of transport that Ilanga Transport had to bring about a parity in their fares and those of a competitor, PUTCO.

The Honourable Bishop Zulu was present in his capacity as Chairman of KwaZulu Transport, when this whole issue was discussed with the Hon. Dr. P.G.J. Koornhof, and he will remember that I told the Minister that officials of the Department of Transport were seeking to pressurise us into a situation which was and remains totally unacceptable to us. I am proud of the fact that the Board of KwaZulu Transport did not bow to this coercion and that the Hon. the Speaker decided that he would only implement what he regarded as a reasonable fare increase and that he would forfeit the State subsidy rather than force unacceptable high fare increases on passengers. I am pleased indeed that the Department of Transport seems now to have accepted the wisdom of KwaZulu Transport's actions and that the differences have been settled amicably.

With regard to the control of SADT farms, I wish to register the KwaZulu Government's protest that the KwaZulu Development Corporation has been denied involvement in the management of Trust farms at Ndumu and at Eshowe and Mabhensa. The KDC had said it wished to be involved provided only ... 20/

provided only that satisfactory leases could be negotiated. What has now happened is that the SADT has decided that the management of all these farms will be transferred to Trustcor, the new corporation I have already referred to, and that these farms will probably be sub-let to White farmers. Mr. Chairman, Sir, Honourable Members, this is totally unacceptable to us and I again say that the farms in question should be handed over to KwaZulu.

Mr. Chairman, Sir, Honourable Members, I should like to conclude my remarks on policy matters relating to the KDC by making a few observations about the proliferation of development agencies and bodies in KwaZulu/Natal. Let me first speak about the Small Business Development Corporation, which is a joint Central Government and private sector initiative.

I have held talks with the officials of the SBDC during the past year and made it clear that while I welcomed the initiative, it was imperative that proper co-ordination of development work took place. Since the KDC is our development agency that will in future function in terms of an Act of this Assembly, it is natural that co-ordination should be in the hands of the KDC.

I thought possible conflict areas had been resolved at that meeting, but it appears that this has not happened. I have been alarmed to learn that very senior officials of the SEDC, together with certain White officials in the KwaZulu Government, have been discrediting the KDC on what can only be described as absolutely false premises. This is a serious state of affairs, and I believe it needs to be put right at once. It is my intention to ask the Honourable Dr. Zulu as Chairman of the KDC to take this matter up with the SBDC at the highest level.

It also come to my attention that the Urban Foundation apparently intends embarking on rural development schemes in KwaZulu. This initiative too, is to be welcomed. I repeat, however, that proper co-ordination is essential and I should like to ask that the

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Honourable Dr. Zulu also takes this matter up with the leadership of the Urban Foundation. Mr. Alan Mountain wrote to me informing me of this plausible move by the Urban Foundation. We welcome it provided that KDC is involved in the necessary coordinating. We believe in partnership with the private sector and the KDC has done much in recent months to facilitate private sector involvement in development work and this new initiative must not be undermined through any bungling which may be unintentional by people who might not understand the implications of their actions, in spite of all their good intentions.

I say again that while there is room for different initiatives in the development task, it is of crucial importance that all the efforts are properly co-ordinated. The KDC is the economic arm of KwaZulu and enjoys our trust, and I appeal to other agencies in the development field to work with the KDC for the general good.

REVIEW OF THE KDC's DEVELOPMENT ACTIVITIES:

Mr. Chairman, Sir, Honourable Members, in reviewing the development activities of the KDC, I shall not as in the past give a detailed account of the achievements of all departments during the past year. I shall concentrate instead on significant milestones reached and on drawing attention to initiatives in fields in which the development needs are particularly acute.

At the end of December last year the outstanding loan balances of KDC clients topped the R50 million for the first time. Loans granted to entrepreneurs, to home-owners and to farmers, now exceed R74 million. Members will be interested to know that almost 900 businessmen have now been financed by the KDC at a cost of R32 7 million and that the outstanding loan balances amount to almost R19 million. More than 3 000 individuals have been provided with homes with bonds provided by the KDC and these total more than R38 million. In the field of small industry, 99 entrepreneurs have been financed at a cost of more than R850 000. The entrepreneurs are housed in 131 factory units built by the Corporation. The rentals are heavily subsidised in ... 22/

subsidised in the initial period after establishment and this subsidy currently exceeds R91 000 a year. A total of 220 individuals have been given long-term loans to date and the value of these loans exceeds R2 million.

Big strides were made with seasonal loans to farmers and the amount of land involved in maize production financed by the KDC increased from 387 ha in 1982/83 to 839 ha during 1983/84. It was also encouraging to see that many more small cotton farmers applied to the KDC for financial help and the amount of land planted to cotton increased from 125 ha to over 472 ha during the same period. Many individuals also sought loans for the growing of sorghum, sunflowers and potatoes. Indications are that the number of small farmers turning to the KDC for help will escalate dramatically in the years ahead.

HOUSING:

Mr. Chairman, Sir, Honourable Members, I have already mentioned that the KDC has financed more than 3 000 individual homes in KwaZulu. It is sad to have to realise that the KDC is the only institution which finances the building of houses for private citizens in KwaZulu and I believe the time has come for the private sector to begin to shoulder its responsibilities for the provision of housing for Black people. The lending institutions have, over the years, given all manner of reasons why they cannot or will not finance housing in Black areas, and it seems to me that as soon as the Central Government removes the obstacles they complain about, fresh reasons are found why they cannot provide housing boards in Black areas.

Mr. Chairman, Sir, Honourable Members, Black people now have substantial savings in building societies and are thus effectively helping finance White housing because the societies will not give Black people bonds. The housing shortage in KwaZulu is reaching critical proportions and it is absolutely imperative that decisive steps be taken now to deal with the issue. As Members are aware, the KDC

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launched the KwaZulu Housing Company (Pty)Ltd. in an effort to mobilise pension funds and other monies from public and private companies for housing development, but this initiative is in danger of being brought to a halt because of the unavailability of sites.

Mr. Chairman, Sir, I should like to inform Members that the Honourable Dr. Zulu took this matter up personally with the Honourable Minister of Co-operation and Development in September last year, but no real headway has been made. There is evidence that although State initiatives to deal with the shortage of Black housing has borne fruit in some areas, and especially in Soweto, things are just getting worse in KwaZulu. A study of South African Development Trust budgets from 1975 onwards shows, for example, that while overall expenditure in township development has increased, funds allocated to KwaZulu actually decreased sharply. Total SACT expenditure increased from R52,48 million in 1977/78 to R70,77 million in 1983/84, while SACT expenditure in KwaZulu dropped from R34,43 million to R29,43 million during the same period. The allocation to our biggest town, Umlazi, dropped from R2,6 million in 1975/76 to R1,8 million in 1983/84. This situation is untenable and I say again that urgent action is necessary to remedy this situation.

TRAINING:

Although housing is regarded as a priority in KwaZulu, I believe it true to say that Black people regard education and training as even more important because they are the stepping stones to a brighter future. The priority education has is mirrored in our own KwaZulu budget and I am pleased to tell Members that it is also regarded as crucially important by the KDC. The external training division of the KDC was transferred to the KwaZulu Training Trust during the past year and the Trust has now been formally registered and may collect tax-deductable contributions for its work.

A total of 1 081 people received training in a variety of skills at the Trust's modern Training Centre at Umgababa during the past year. The training covers fields like transport, technical skills, homecrafts,

agriculture and retail management. The trust's first two Black apprentices qualified as diesel mechanics during the past year and it was encouraging that both candidates came very close to receiving distinctions. A further 12 apprentices started their training in 1983 and this number has increased to 35 in 1984. The trust also made a start with the building of Community Learning Centres during the year and the first Centre is nearing completion at Ubombo. A start will shortly be made with the second such Centre at Mfolweni in the Umbumbulu district. Members will also be pleased to hear that the Trust took over the LEARN Fund during the past year. This fund now spent more than R1 million in building more than 700 classrooms in 300 schools in all parts of KwaZulu. I should also like to thank C.G. Smith Limited for donating land on the South Coast and a substantial amount for the establishment of a skills training centre in partnership with the KwaZulu training Trust. The Centre will be known as the Fundakhona Training Centre and will provide skills training in a large number of fields to people without formal training.

KDC BREWERY DIVISION:

Mr. Chairman, Sir, Honourable Members, both the KwaZulu Government and the KDC have said in the past that they believe that it is in the public interest to encourage the drinking of sorghum beer in preference to hard liquor. We are thus not ashamed to admit that reasonable profits were made from the KDC's three modern sorghum beer breweries, since these profits were all ploughed into development work done by the KDC. It also needs to be remembered that the KDC breweries are big employers in their own right and that more than 1 100 Black people work in the brewery division.

I should like to conclude my review of the KDC's activities by repeating my remarks that we look forward formally to taking control of the Corporation, and by saying that we have very high expectations of the KDC in the years ahead.

Mr. Chairman, Sir, I have reviewed the activities of the Department
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of Economic Affairs so that Honourable Members can consider my request for the allocation of R2 204,300 to this Department . I hereby request that this amount be allocated to the Department of Economic Affairs.