

Address by the Premier of the Province of KwaZulu-Natal, Honourable Senzo Mchunu on the occasion of the Capacity Building Workshop for the Districts Development Agencies Held at Ibandla Hotel

18 November 2014

Programme Director

MEC for Co-operative Governance and Traditional Affairs Ms Nomusa Dube-Ncube

Mayors Present

Municipal Managers

Guest Speakers

Distinguished Ladies and Gentlemen

It is a great pleasure to be here today to speak to you as the Premier of the Province of KwaZulu-Natal on such an important issue regarding economic growth path we are taking.

I would like to extend my sincere thanks to MEC for Cooperative Governance and Traditional Affairs and her team, for putting together this workshop to take our Cabinet Resolution on the establishment of District Development Agencies to its logical conclusion.

I further thank you as participants for your attendance, which demonstrate our collective commitment to taking KwaZulu-Natal to another level of economic growth and development.

Kindly allow me to share with you my thoughts on this particularly relevant and important aspect of our local economic development. I decided to frame my input as: **The growing importance of economic development agencies as key drivers for growth at local level, and their implications for KwaZulu-Natal's Vision 2030.**

This is an attempt to interrogate what the success or failure of this initiative would mean for KwaZulu-Natal, as we aspire for strategic and economic leadership position of our country.

The real Gross Domestic Product generated by this province in 2012 was approximately R323.6 billion, making it the second largest contributor to the GDP at 16,6% behind Gauteng with 36%.

As this administration, we make no qualms about our intention to position KwaZulu-Natal as the gateway to the sub-region of Africa. We equally, make no qualms about our intention to position this Province as the preferred destination for tourism, investment and trade. Every resource, be it human or financial, shall be utilized to achieve these strategic objectives.

This is informed by both theory and practice that by investing in infrastructure to facilitate ease of doing business, you unlock necessary opportunities for economic growth and equally enhance competitiveness of your public and private sector entities. Much is said about investment in, and nurturing of small and medium enterprises as key drivers of economic growth and employment creation opportunities.

Programme Director and Distinguished Ladies and Gentlemen;

We can talk about all these issues and our grand plans to achieve growth, but if we fail to build these dynamic institutions to drive such development campaign at local level, we may have look back in 2030 and discover that we did not necessarily succeed in changing course of history.

Potential risks largely lie in the management, proper deployment and execution of our plans. I want therefore to make this proposition to you that our success in building District Development Agencies, lies only in execution. We took the resolution to establish these agencies after careful consideration and lengthy deliberations.

Now, what is critical is how we move to the next level of our development placing our eyes firmly on the ball to end the triple challenge of poverty, unemployment and inequality in our lifetime.

In the 53rd National Conference of the ruling African National Congress in Mangaung, we resolved that the second transition of our struggle is to implement radical economic programme of transformation. I want to posit that in my book, this means either pursuing one of the two possible choices for us in KwaZulu-Natal.

We can:

- keep lamenting about wanting to grow the economy and bring to an end the scourge of poverty, unemployment and inequality;
- fail to invest in a dynamic, more competitive and export driven economy at home to tap into a story of an Africa that is rising due to endless opportunities;
- shy away from making tough choices in fighting inefficiencies and corruption in our institutions of governance, thereby putting our province on a sound path to sustainable growth;
- fail to capitalize on our strategic position as a Province that has two ports of strategic importance in our economy, and further bolstered by world-class infrastructure necessary for increasing trade and investment...

Or we can:

- make small but gradual steps towards this prosperous path we have set out in our Vision 2030 and Provincial Growth and Development Strategy;

- make necessary investments in human resource development, agriculture and agro-processing, manufacturing, maritime industry, and renewable energy; and
- forge partnerships with other countries in Africa and those within BRICS that we hosted here in Durban, but not forgetting our traditional trading partners in the West; with the aim to access those markets for our exports, thereby opening market opportunities for people located in our municipalities, and attract investment to our Province to increase job opportunities for the unemployed.

Programme Director and Distinguished Ladies and Gentlemen;

In my book, both sets of alternatives are critical and relevant. However, the first set of options is about inaction and continuing on the same old pace we have been adopting. This then carries a risk of weakening our prospects as outlined in our Provincial Growth and Development Strategy, and potentially undermining our aspirations of becoming the commercial hub of South Africa and a true gateway to the sub-region of Africa.

In contrast, however, the second set of options will shore us up and strengthen our Province as a dynamic economy to achieve these stated aspirations and position us as a preferred destination for tourism, investment and trade.

I have gone to town on these broad philosophical issues to paint a picture for you so that you understand with utmost clarity where I wish in my tenure as your Premier to lead this Province to. At the Cabinet meeting we held on 22 October 2014, we reflected on the progress we have made on the undertakings we had made during the inauguration of the Provincial Executive Council on 25 May 2014.

I had made on behalf of our Provincial Executive Council, a set of commitments to the people of KwaZulu-Natal to implement a number of priority projects within the first 100 Days of this Administration.

We resolved in this meeting that we had met a range of these commitments as a result of sharpening our coordination as various departments. We thus resolved to escalate the 100 Days commitment to a 365 Days commitment, as a conscious effort to intensify the scale and speed of service delivery with clear target in a coordinated manner across all departments.

In the preceding period before today's workshop with you, we have as the Provincial Executive Council joined President Jacob Zuma in launching Operation Phakisa, the Dube Trade Port Industrial Development Zone, and Umsinga rural development projects. This is apart from our Cabinet's Operation Sukuma Sakhe in Umzinyathi District. In all of these initiatives, the focus is on economic development, agrarian reform and rural development.

These projects are critical in unlocking our Province's economic development and growth. I am mentioning them in this workshop because successful models of development the world over, are a manifestation of careful programme design and execution of such plans at local level.

The establishment therefore of these District Development Agencies, should be about how we harness our various development initiatives in a coordinated way, whilst seeking to package and promote economically viable and bankable projects. These District Development Agencies, should be about sharply mobilizing viable projects located within your respective municipalities without the risk of overshadowing potential projects by grand provincial wide projects.

I have been apprised on the progress we have made as various District Municipalities in establishing these agencies. I applaud you on the work you have done thus far where some of you are at a stage of registering the agencies in terms

of Companies Act. I have equally noted that some have finalized the process of registration but are compounded by governance and skilled personnel issues.

Programme Director and Distinguished Ladies and Gentlemen;

These are issues this workshop must seek to address to arrive at workable solutions to our capacity constraints. We are eager as the Provincial Government to have these District Development Agencies as fully functional, dynamic and efficient organisations. It is our firm belief that this is the future of local economic growth drivers of the district and local municipalities.

We must however, not just be content on designing and establishing these agencies as mere process of compliance, but as a signal of our determination to change course of development agenda. Our agencies must not be like a nicely designed car with fine upholstery but terrible transmission. The beauty and workmanship of such a car will be meaningless if its transmission is dysfunctional, because it will not be able to move.

The success of this process will be determined by our ability to move with speed to address the burden of poverty, unemployment and inequality.

Our discussions today must therefore focus on the following critical issues:

Firstly, let's have an honest engagement on how to give birth to an accelerated programme of economic and social transformation within the next five years of this administration, in a meaningful way that will substantially address our triple challenges.

Secondly, during this period we need to ensure that we move naturally and organically towards the creation of a "far more representative" institutions in the form of a District Development Agency.

There must be a discernible improvement in the lives of the people within our various district and local communities, and not merely a relative small group of individuals who in most of the times come from major city centers such as Durban, Pietermaritzburg and Johannesburg. Local entrepreneurs and ordinary members of society must benefit and find our agencies as worthy partners in development.

DDA is a vehicle through which we want to address the inequalities that still exist in business ownership. This is an important vehicle to address the aspirations of our youth, as well as to promote gender and disability ratios in business ownership and management.

It should be noted that our targets in respect of SME development over the next five years are to increase the number of small businesses in having been in operation for more than 2 years from the current is 15 000 to at least 22 000.

We also want to increase the number of jobs through the establishment of SMEs and Co-operatives by at least 300 000. Our focus on SMME and Co-operative development is aimed at ensuring that we address issues of wealth creation and equitable distribution of opportunities.

Programme Director, I appreciate the fact that throughout this workshop, there is a will be a greater focus on the issue of using DDAs as tools to attract national and foreign direct investments.

The roots of continuing and growing poverty, unemployment and inequality in some parts of the province are not difficult to find. They lie, by and large, to the lack of adequate investments in the local economy.

The official unemployment rate in KZN is at 22%.

In 2012, Zululand District had the highest rate at 31% followed by Umzinyathi and Amajuba both at 28, 5%.

Umkhanyakude, Zululand and Umzinyathi Districts had the highest levels of poverty in KZN at 66, 7%, 61% and 59, 6% respectively.

Reasons that have been cited for such statistics in these districts is the lack of economic activities.

eThekwini, ILembe and uMgungundlovu experienced the lowest poverty levels in the province and this is because of economic activities taking place in these districts.

When reflecting on the GDP it is quite clear that the provincial output is concentrated in eThekwini at 64,9%, followed by uMgungundlovu with 8,5% and uThungulu with 8,4%. The other districts is Umzinyathi with 0,9% - Sisonke with 1,2% and Umkhanyakude with 1,3%.

I am highlighting these statistics just to underline the importance of local government sphere as a driver of local economic development and job creation.

Programme Director, when we started this term of office we set ourselves a target to ensure that by 2020 we would have reduced the percentage of households that have gone hungry in a 12 month period from 35% to less than 25%.

We have also set ourselves a target of ensuring that the Total value of output of all sectors within the provincial economy increases from 2010 value of R 267 200 million to R 450 000 million in 2020 and to R 750 000 million in 2030, as measured in 2005 Rand value.

In relation to unemployment we have set a target of ensuring that the Total employment within the provincial economy increases from 2,4 million in 2010, to 3,3 million in 2020 and 4,5 million in 2030. This translates to us having to create 2.1 million jobs by 2030, of which 900 000 have to be created by 2020.

And more importantly, we want the GDP per Capita within the provincial economy of KZN to increase from R28 110 per capita in 2010, to R39 760 in 2020 and R56 230

in 2030. This implies doubling of GDP Per Capita as a target set in the National Development Plan.

Therefore, ***Ladies and Gentlemen***, as government we are convinced that the District Development Agencies will assist in unlocking the economic potential of many of our district.

It is now time for all of us to focus our energies on the broader vision of bridging the economic divide in our province so that we can move forward as a united and prosperous nation.

Through our action, people must see that we have entered the era of radical economic transformation. We must develop new ways of doing things from a mere theory and experimenting to a pragmatic approach and implementation.

Our pragmatic approach therefore find its expression in the development of Districts Development Agencies.

I thank you,