

SPEAKING NOTES FOR THE PREMIER AT THE OPENING OF THE PROVINCIAL CABINET LEKGOTLA HELD AT MAYVILLE, DURBAN ON 09 SEPTEMBER 2015

Colleagues in the Executive Council;
Mayors;
Acting Director-General and Heads of Department;
Social Partners;
Members of the Media;
I greet you all.

Cabinet Lekgotla is another important cycle in the work of government to assess progress we are making. Our last Lekgotla was in February after we had presented the State of the Province Address. Since then, we went through a difficult time in our Province when we witnessed the outbreak of violence directed at brothers and sisters from other parts of the Continent. That violence caused so much pain to the people of this country and the entire world, bringing blemish and shame to our democratic state known for its outstanding Constitution that is human rights centred.

Government was accused in some quarters as having gone out of its way to protect foreign nationals at the expense of the plight of its own citizens. The reality is that we understood fully that the results of violence are indiscriminate, hence we emphasised during the crisis that first and foremost, our primary task was to protect life irrespective of whose life it is and origins of persons. Secondly, we said violence must end so that we resolve whatever grievances may be there, as violence always produces negative outcomes with devastating implications to the standing of our society.

In this regard, we would like to take this opportunity to thank the Inter-Ministerial Task Team led by MEC TW Mchunu for their rapid response during that difficult time. We also wish to thank Mayor James Nxumalo and the leadership and staff of eThekweni Municipality for work they did during this time in dealing with the challenge at hand. Finally, we thank the members of the Reference Group who accepted a call to duty to investigate the root causes of this phenomenon in our society so that we are able to address its underlying causes. Its report will be presented in October 2015 when they have finished with their work.

The Province of KwaZulu-Natal continues to grow in stature as a beacon of moving South Africa forward. We have a stable government, a peaceful Province and rights of citizens to engage directly in government structures and processes is being consolidated. We are humbled by recognition of our model of intervention through the Operation Sukuma Sakhe. The re-focussing of this programme to make it people driven at a Ward level, continues to bear positive results and becoming a beacon of excellence in government-and-community partnerships.

Since our last Lekgotla, we have lost certain important figures in our Province in the field of arts, education and lately our judiciary. We thank these fallen heroes for their contribution to the advancement of humanity and for being great ambassadors of our Province. We have equally lost colleagues at the municipal level. We can equally not forget those we lost in the various accidents on our roads. We pray for their souls to rest in peace.

Reflections on the State of the Province Address

At the State of the Province Address 2015, we declared our theme as “Consolidating progress we have made, and stepping up the pace to achieve radical socio-economic transformation to end Poverty in our Lifetime”. This theme and the focus of our pronouncements, took into account that the 2015 SOPA was marking an end of the first five year cycle in the implementation of the **National Development Plan (NDP) and the Provincial Growth and Development Plan (PGDP)**. We note that the significance of this was that we were now moving into the First Year of the Second Five Year-term of the NDP and the PGDP. The pronouncements were thus a shift of focus to the 2015 to 2020 period.

A close scrutiny of the 2015 SOPA, will show that our focus is simply about implementation of programmes, in line with priorities of government. These priorities are aimed at ending poverty in our lifetime. They are about growing the economy, creating employment opportunities, deepening development that will position the Province as a preferred destination for tourism, trade and investment. They are about bringing dignity to the people of KwaZulu-Natal in line with deepening the programme of action anchored on the Freedom Charter, as we celebrate 60 years of the adoption of this important declaration for a free, democratic and non-racial South Africa.

When we met in February 18-20th, 2015, we received presentations from social partners in the form of business and state entities. We jointly agreed to work together to make KwaZulu-Natal a better province. If we recall, the input we received, pointed us to the fact that we needed to move with speed in addressing structural constraints like instability in energy supply, lack of connectivity as far as ICT is concerned, and regulatory red-tape like prolonged environmental impact assessment, water-use licencing, etc. This means we needed to make necessary interventions to resolve these constraints as they impacted on how best we build economic development, job creation and eradication of poverty.

We further agreed at that February Lekgotla that our implementation of the Provincial Growth and Development Plan, must be centred on Poverty Eradication Master Plan. We agreed that this would take us on a path of ensuring that we dispense dignity to the people of our beautiful Province.

Our Vision 2030 states that we want to be “**a prosperous Province, with healthy, secure and skilled people, acting as a gateway to Africa and the world**”. For us to be able to achieve this, we need to move into a phase of serious implementation of all those programmes we committed to in our SOPA and well as at District Municipality level.

However, we are in a difficult period in our economy. The growth rate is stubbornly hovering below 2% point and unemployment rate is on the rise. The economy is shedding jobs particularly in the mining sector, which has been the backbone of South African economy. The contraction is not only within our country, but is experienced in other parts of emerging economies. Economic slowdown in terms of growth in markets like China and the recent stock market dive in that economy, has had effect in other parts of the world. Because of these economic realities, our Lekgotla has to deliberate

on measures we take to stimulate provincial economic growth that will lead to meaningful expansion of economic opportunities and job creation.

There are many areas that requires our intervention from government level particularly to respond to issues of structural constraints that we identified in our February Lekgotla. I will thus limit my opening reflections on matters of the economy as all other issues will be dealt with in more depth through various presentations by Clusters. In doing so, a suggestion is not being made that the programme of this Lekgotla will only be in the area of the economy. It is however, an acceptance of the fact that our country is going through a very difficult time that will have negative impact on all of us, but on the main the poorest among us.

Colleagues, distinguished Ladies and Gentlemen;

Let us reflect on few areas of pronouncements we made in the area of economy, and reflect on progress thereof. Bearing in mind the challenge of energy generation and supply, we committed to play our part in **resolving the energy crisis and in enhancing the energy mix**. In this regard, part of the intervention measures were to mobilise new renewable energy proposals from sugar, paper & pulp industries for an additional 2 000 Megawatts. The target set in PGDP is 5000 Megawatts new renewable energy by 2030 with 2 400 Megawatts by 2020. Our intention is to develop the Port of Richards Bay and the Richards Bay IDZ as a logistics platform for both oil and gas to provide a more cost effective option for energy generation than the current diesel plants used by Eskom.

In terms of progress in this area, we hosted a KZN Provincial Energy Indaba with the Minister of Energy on 28th February 2015 and a follow up engagement with the Department of Energy on 24th April 2015. These engagements were on the establishment of the **KZN Energy Trading Agency and KZN Energy Fund, the Ngagane and Colenso Project Co-generation** (sugar, timber, paper and pulp) projects in KZN.

Work has begun on setting up the **KZN Energy Trading Agency and Energy Fund**, with a scoping currently being carried out with big business on their appetite of becoming shareholders and off takers within the agency. Another critical step that we have made is in the development of **Renewable Energy Manufacturing Strategy**. In this area, we had to identify the value of the SADC/Africa Renewable Energy market and the renewable energy manufacturing opportunities it may bring for KZN. The study is now complete Department of Economic Development, Tourism and Environmental Affairs is now pursuing actions that need to be taken.

Undertaking: Revitalising the agriculture value chain

In this area, our focus is on increasing the value of agricultural contribution to the provincial economy (Real Rands, 2005) from R11.8 billion in 2010 and the current contribution of about R18 Billion to R23 Billion by 2020; and setting a target of creating 10 000 new jobs in the agricultural sector over the next five years. We undertook to provide intensified support to the beneficiaries of land claims and land redistribution processes to become viable agricultural entities by focussing increasingly on

facilitating engagements between existing commercial agricultural enterprises and new entrants to the agricultural sector; thereby reducing state's spending on unsustainable support programmes.

It is encouraging that there is notable progress that has been made on **Revitalising the agriculture value chain has focused on the establishment of strategic fresh produce markets – Agri Hubs. These included** upgrading of existing facilities at Msunduzi Fresh Produce Market; establishment of a fresh produce market and ancillary uses within the rural settlement of iNgogo; Ilembe Agro Processing Facility – three processing centers, Mandeni, Maphumulo, Ndwedwe which are now operational; Bergville Fresh Produce Market is in the process of establishment; Jozini Value Adding Facility (Makhathini Flats) in uMkhanyakude is complete; Uthungulu Fresh Produce Market – construction completed; Mpendle Maize Cropping in process of construction; Development of a Fruit and Vegetable Agro-processing facility at Mthethwa

Another critical progress in this regard is in the uThukela Amakhosi Rural Development Initiative. Here our focus was on promoting sustainable agriculture through farming of high value niche crops in 8 Traditional Authority areas in Uthukela District. The following projects had been identified and have progress very well. These are:

- Mhlungwini: 45ha maize and 45ha soya beans planted.
- AbaMbo: 70ha butter beans; 10ha butternut and 20ha potatoes planted;
- AmaHlubi: 130ha land preparation done;
- AmaNgwe: 120ha land preparation done and irrigation equipment to be installed

Our Province is experiencing severe drought. We appreciate the intervention that the Department of Water and Sanitation has made in working with our affected Districts to address this challenge. The Department of Water and Sanitation allocated R352mill to short term interventions to mitigate the effects of the drought. The implementation of these short term interventions are being fast tracked. Water shortages is one of the biggest challenges we are facing, and one that will definitely feature prominently as we go into the local government elections. The effects are not only on household consumption but on agricultural sector as well.

We are nonetheless encouraged that in the area of agriculture, we have managed to install and rehabilitated vital irrigation schemes in the following areas:

- 100 ha at Empangisweni is underway;
- Just Veggies Initiative irrigation design for 200 ha;
- Tugela Estates irrigation scheme resuscitated;
- Nsuze irrigation scheme -350 ha;
- Rehabilitation of Mooi River irrigation scheme, 600 ha
- Mthandeni irrigation, 350 ha
- Nyathini irrigation scheme - 20 ha

The projects we have mentioned are but some of interventions that have been done in the area of agriculture as another pillar of driving economic development in the Province. It is important for this Lekgotla to note that the Executive Council has

approved a Strategy for Agrarian Transformation in KZN. This Strategy has 4 pillars, namely: Land Reform Support, Agri-Village Development Support, Communal Estates, and River Valley Catalytic Projects. It will be driven through the Agricultural Policy Action Plan focusing on the varying geographical competitive advantages of all eleven geographic districts in the Province.

Targeted support for the metals/engineering value chain

Promoting local beneficiation: Good progress has been made to establish beneficiation plants at Ngagane (Newcastle) and Colenso. This proposal intends to develop at least 5 smelters at a cost of R 22 Billion and with a potential to create 8 000 permanent jobs. It is proposed to establish new power plants on each of these sites, primarily to generate electricity for own consumption, but with additional capacity that can be placed on the national grid. Licence processes are underway.

I will like to draw your attention to the **Ngagane and Colenso beneficiation plants**. These are now in the process of securing various regulatory approvals, licenses and permits. There are some delays that are being experienced in this regard. This Lekgotla will get more detail on the progress in resolving such delays. However, we are encouraged that agreements for the long-term supply of suitable quality coal are secured and being finalised with INSA COAL.

Economic Development and Private Sector Investment

In the area of economic development private sector investment, we need to deliberate on measures to strengthen the role of Districts as centres of coordination in the implementation of all the priority interventions to achieve the goal of radically transforming the economy. The operationalisation of **District Development Agencies** can no longer wait. It must be fast-tracked and aligned to achieve our growth and development objectives.

We have made a point at our SOPA that one of the great economic potential for our Province is **coal mining**. We need to seriously exploit this resource and unlock its economic potential. In this regard, we are looking at areas like eMalahleni, Zululand and uThungulu as key focus areas. We are pleased that the convening of **Small-Scale Mining Imbizo** held last month at Esikhaleni TVET went very well. This is another key area that must be unlocked to stimulate growth and create new employment opportunities.

We must also look into **Tourism** and its potential to crowd in private sector investment in our Province. In addition to all tourism development projects that are being developed in our Province, we must not underestimate the potential related to sports and conference tourism, as well as the attendance of a number of signature events that are hosted in our Province. One of the most significant developments in this regard – is the decision to award Durban as a host for the **Commonwealth Games** in 2022.

Also this December, our Province will be hosting one of the biggest gathering of Heads of State and Government under the **Forum for China-Africa Cooperation**. This is another welcome development in our Province and a vote of confidence to our capability of hosting big events.

In 2016, we will be hosting the World AIDS Conference that will bring over 20 000 delegates and around 1500 international journalists. This is a recognition as well of our comprehensive programme of fighting HIV and AIDS, which has been lauded by the United Nations as one of the best intervention by government. The work we are doing in the Provincial AIDS Council with all our social partners in Civil Society and Business is laudable.

Unlocking SMMEs and Co-operatives potential

Small and Medium Enterprises are proven to be a serious contributor to employment creation. Our objective here is to build and expand the small business sector, creating a better supportive environment through provincial and municipal spheres of government. This intervention will ensure that government departments adhere to local procurement requirements to ensure that at least 30% of all government procurement goes to small businesses. We thus undertook to expedite and expand an incubation programme for small businesses, and do our best to reduce prevailing “red tape” for small business and their access to funding through soft loans and grants.

A Circular on listed items to be procured from SMMEs and Cooperatives was issued by the KZN Provincial Treasury. Through the **KZN Small Business Development Agency, we are looking into** supporting small business (SMME’s) to address their high failure rate through business retention – facilitation of access to markets, entrepreneurial education and skills development, and business incubation support in priority sectors in KZN; creation of business support centres; and access to finance. We convened a Procurement Indaba to drive new venture creation by ensuring that SMMEs get to play into this space.

Consolidating ICT through the Telecommunications Sector – Rollout of broadband

We have made progress with regard to the **rollout of broadband** in our Province, but the process is still too slow and still does not reach many rural and even concentrated urbanised areas of our Province. We have been focused on implementing **Provincial Broadband Strategy and Implementation Plan** in partnership with national government with about 80% of fibre optic backbone rolled out throughout the province. Last mile broadband and internet connectivity efforts have seen 1583 schools connected to date. In terms of **E-health and telemedicine** all 85 public hospitals are connected. In the past year we connected all 119 clinics in the 3 NHI districts of Amajuba, Umgungundlovu and Umzinyathi. This has made KZN to be the first province to have all clinics in the NHI districts connected. 34 of health facilities have video-conferencing thus making telemedicine and remote diagnosis possible.

All these areas we have made reference to, are critical in our path of realising our stated objectives and plans in the PGDP. They form a required basis for us to lay the

necessary foundation for poverty eradication. At the previous Lekgotla, we received a presentation and subsequently adopted the **Poverty Eradication Master Plan**. We have since hired the coordinator of the programme in the Office of the Premier and the establishment of a Poverty Eradication Operations Centre (PEOC) is in progress.

Over the next three days, we are looking at consolidating our work and taking necessary resolutions that will accelerate implementation of our Programme of Action. I would like to thank colleagues for the sterling working that is being done at the various clusters. The reports we will receive here, point to the enormous progress we have made. We also have to focus our attention to the local government elections that will be held in the coming year. We are entering 15 Years of democratic Local Government. It means we need to heighten our communication as we reflect and detail achievements we have made over the last 21 years of democracy and 15 years of democratic government. Our interventions of going back to basics must show discernible results. Local government is at the coalface of service delivery and we thus will be faced with stern challenges as the public also make their critique of what we have done to improve their livelihood at local government level. The coming local government elections must not mean that we slow our pace in the implementation of government programmes, but rather their intensification.

I look forward to fruitful deliberations and resolutions that will have meaningful impact on the lives of fellow South Africans.

I thank you.