



PROVINCE OF KWAZULU-NATAL
ISIFUNDAZWE SAKWAZULU-NATALI



STATE OF THE PROVINCE ADDRESS 2012

BY: PREMIER - DR ZL MKHIZE

“WORKING TOGETHER FOR GROWTH, DEVELOPMENT
AND A BETTER FUTURE FOR ALL.”



Dr Zweli Lawrence Mkhize
Premier: KwaZulu-Natal

Bayede! Hlanga lo Mhlabathi
Madam Speaker
Honourable Members of the Legislature
Colleagues in the Executive
Members of the diplomatic corps
Business leaders
Distinguished guests
Fellow citizens

We begin the New Year filled with joy as we recollect that we ended 2011 on a high note when His Excellency, President Jacob Zuma, joined us for a gala dinner our Government hosted to mark the culmination of year-long celebrations of His Majesty the King's 40 years on the throne.

We shall forever be grateful to His Majesty for the prestige he bestows on the State of the Province Address by his very presence. We heed His wise counsel and take to heart the message of his address as he opened the Legislature yesterday. Once again, Hlanga lweZwe, we wish you many more years.

Bayede!

Our thoughts and prayers are with the Honourable Premier Jenkins of Northern Cape, who collapsed while delivering the State of the Province Address and suffered an internal haemorrhage and is now recovering from hospital. We wish her speedy recovery.

Obituaries

We pause to reflect with a sense of deep sadness that we also drew towards the end of last year in grief when we lost a long-serving Member of this House, also a former Member of the Executive Council Mr Amichand Rajbansi. As we observed when we bade him farewell, few would dispute that the "Bengal Tiger" left a distinct mark in the evolution of post-apartheid politics of KwaZulu-Natal.

We thank President Zuma for acceding to our request to honour Mr Rajbansi with a Provincial State Funeral. We bow our heads in honour of former Free State Premier, Mme Winkie Direko, who passed on a few days ago. Our prayers are also with the family of Siyabonga Master Mosunkutu, a photographer of exceptional talent in the Office of the Premier. His passing on leaves a void that will be difficult to fill in the documentation and dissemination of images that reflect the work of our Government. He would undoubtedly have been here with us today.

Also in our thoughts, are all the citizens of our Province we lost since we last gathered here. May their souls rest in peace.

Centenary Celebrations

Madame Speaker, we are humbled that our people have bestowed upon us the privilege to lead them in the year 2012 when our magnificent Province of KwaZulu-Natal is being recognized as the cradle of the glorious liberation movement that freed South Africa from racial oppression.

As the African National Congress celebrates its centenary, freedom-loving people in all corners of the globe acknowledge that a large part of that rich heritage has its roots in KwaZulu-Natal. Not only did this Province produce Dr John Langalibalele Dube, the first President of the ANC, it also gave our heroic struggle Pixley ka-Isaka Seme, Josiah Gumede, Albert Luthuli and Jacob Zuma amongst the many heroes who led the liberation struggle.

The ethos of selflessness in the service of our people should continue to inspire all of us as we strive to make the lives of our people better and the sacrifices of our fallen heroes and heroines worth their while.

The leadership of the African National Congress emphasised that the celebration is not only for the members of the ruling party but it is a celebration of all efforts and contributions by our heroes and ordinary people in pursuit of the ideals of freedom, non-racialism, non-sexism and democracy. In short, we celebrate nation building by strengthening the values that bind us together as a nation, unique in the world by turning our backs on past divisions and embrace equality, human rights and a better South Africa for all our children.

In this regard, we re-affirm our commitment to elevate our heritage treasures to get the recognition and honour they deserve. High among our priorities this year is the erection of statues for liberation struggle heroes. Among them are former ANC Presidents Pixley ka-Isaka Seme and Josiah Gumede; Dorothy Nyembe, Margaret Mncadi, Florence Mkhize; Archbishop Denis Hurley; Moses Mabhida; Harry Gwala, Victoria and Griffiths Mxenge as well as Monty Naicker. The statue of Dr Langalibalele Dube and the tombstone of combatant Portia Ndwandwe are ready for unveiling. .



The Provincial Government will also investigate the ways to officially uplift the banishment of Isilo uDinuzulu to accord him the dignity he deserves. He was the last Zulu King to command Zulu Regiments to battle against colonialists for which he was sentenced to St Helena before he was banished to Middleburg. He became part of the leadership of the contemporary liberation struggle as the Honorary President of the African National Congress. In honour of his contribution and sacrifice, we propose that the name of King George V Hospital be changed and the hospital be named in honour of the King of our people. We shall also lay memorial stones on the graves of King Solomon ka Dinuzulu and Bhhekuzulu ka Solomon and the victims of past political conflict in our Province, such as those of the Shobashobane (Ugu) and Molefe (Nqutu) massacres.

Plans are afoot to build two grand museums to commemorate the Heroes of our Struggle (The Heroes' Acre including a wall commemorating 'the Seven Days War') on the site where remains of Moses Mabhida and Johnny Makhathini are buried, as well as the Battle of Isandlwana.

We have progressed well to unveil plaques in various parts of the Province to commemorate the arrival of Indian indentured labourers in KwaZulu-Natal. It is envisaged that all site and city rezoning challenges will be ironed out with eThekwin Municipality to allow us to erect the memorial stone to mark this milestone. We must do our best to live up to the lofty ideals of peaceful co-existence, prosperity, peace, political and religious tolerance and celebrate our **UNITY IN DIVERSITY**.

Distinguished ladies and gentlemen, when we took the oath of office we pledged before you to bring to our people "Hope for a better future". We went on to undertake to work towards "Building a better future together". Last year we envisaged "KwaZulu-Natal working together to take South Africa forward."

In the same spirit our theme is:

"WORKING TOGETHER FOR GROWTH, DEVELOPMENT AND A BETTER FUTURE FOR ALL."



Economic Climate:

The South African economy has shown stronger resilience as compared to many countries affected by the devastation that occurred during the first wave of the recession in 2009/2010. After a brief period promising recovery, the economies in the Eurozone (Portugal, Italy, Greece, Spain and France) have borne the brunt of the second wave of the devastation. These countries were previously known as financially and economically stable but have been slumped from crisis to crisis resulting in dramatic resignation of government leaders, severe structural adjustments and civil disturbances. Neighbouring countries not yet affected by the economic crisis have all become jittery about the impact on their own economies.

We need to always appreciate the economic stability of our own country which is a new democracy and an emerging economy and work together to build it. Prudent planning and foresight ensured that South Africa emerged relatively unscathed, and KwaZulu-Natal continues consistently to register remarkable performances. Our economy has shown strong growth for about 18 months.

The KwaZulu-Natal Barometer, compiled by Mike Schussler of Economists.co.za reported in December that the Provincial economy grew by 6.5% year-on-year in December and demonstrated a decline in economic stress in the Province. According to this independent analysis, jobs created in the province resulted in about 2.1% reduction in unemployment. According to this Barometer report, "employment growth in KwaZulu-Natal had a positive effect on economic stress levels. The unemployment rate in KwaZulu-Natal was 19.3% in December, compared to 20% last January, much lower than the latest national unemployment rate of 25%, as measured by Stats-SA in the fourth quarter of last year. According to Stats SA Labour Force Survey (2011) KwaZulu-Natal economy was second only to Gauteng in the total jobs created; 90 000 in the formal sector and 66 000 in informal sector. Taking into account job losses during the same year, a total 123 000 jobs were created.

Triple Challenge



Such a positive trajectory for our economy positions us appropriately to respond to the key message of President Jacob Zuma's State of the Nation Address.

He said:

"The mid-term review indicated steady progress in various areas such as health, education, the fight against crime, human settlements, energy, water provision, rural development and others. However, the triple challenge of unemployment, poverty and inequality persists, despite the progress made. Africans, women and the youth continue to suffer most from this challenge."



BUILDING THE ECONOMY—THE NEW GROWTH PATH

Both in 2011 and 2012 the central theme of the President in his State of the Nation address was that of job creation. He emphasised that the country faces a triple challenge of poverty, unemployment and inequality which South Africans have to confront, collectively as a nation. Judging from all commentary in the public media and in the social media outlets, but more so the suffering and palpable poverty in communities, job creation has to be a matter of concern to each and every South African.

The creation of decent work and building the economy has been highlighted as top priority for Government. In this address, a strong focus will be directed into demonstrating the opportunities available through integrated Government investment, infrastructural development and targeted policy choices.

Infrastructure Revolution

The President outlined in detail a massive infrastructure programme, never seen before, as a way our country will defeat this triple challenge of poverty, unemployment and inequality.

The approach South Africa has adopted is that utilised by developmental states that lifted their countries out of deep depression; wherein massive investment has been poured into infrastructural projects to stimulate development. The massive investment consequently encourages partnership between the public and the private sectors to maximise investments and grow the economy together.

The requirement in such developmental states is the capacity of the state to provide credible plans to unlock the potential of the economy based on a long- term vision.

Another requirement is demonstrable capacity to implement the planned projects in time and on budget. The developmental state has responsibility of ensuring effective coordination and ability to enlist a united focus in the achievement of the outcomes for the success of the country. This requires a state capable of uniting its efforts and work in unison with each player working hard for the success of the whole and creating a win-win outcome for all stakeholders. This requires a special attitude and sense of collective determination to succeed as a people. Exactly what President Zuma has done—he has led the country from the front!

This leadership reminds us that our strength as a people has always been our higher sense of idealism and a strong vision for a better future and our determination to achieve the lofty ideals of a free and prosperous nation underpinned by equality in a non-racial and non-sexist democracy. That such an ideal can only be possible in a thriving economy and a peaceful country that has sound and solid foundations of good governance, needs no emphasis.

Our President placed firmly on the table a solid plan that will take many decades to complete as an indication of strong leadership needed to take our country into the next century and energise its internal resolve and capacity to survive through the current and future global economic turbulence. We commend the President and the national government for such a well-developed plan.

It is now up to us to **WORK TOGETHER FOR GROWTH, DEVELOPMENT AND A BETTER FUTURE FOR ALL.**

I have the privilege of serving in the Presidential Infrastructure Co-ordinating Commission, chaired by the President himself. I can confirm that the entire plan represents a drastic shift from the way the Government has worked in the past. Business unusual! Business as never known before!



KwaZulu-Natal: a catalyst to growth and job creation

It is my intention to outline how KwaZulu-Natal stands to benefit, contributes and ensures that our province plays one of the leading roles in the creation of a better future for our country and our Province. The economy of our country is indivisibly intertwined with that of our different Provinces. Developments in KwaZulu-Natal are geared to support growth in several Provinces which will succeed because our Province played a part in their growth and success. Similarly, the growth of our Province is a result of the economic activities of not only other Provinces but of various neighbouring states and trading friends of South Africa.

I believe it is the duty of us all to identify the opportunities brought about by these massive plans and take advantage thereof as we seek to join hands in the effort to grow our economy and create a better life for all.

The effort to grow the economy of our Province will for the foreseeable future be a result of the combined investment of national departments and para-statal, provincial and local government and private sector. The majority of job opportunities will be created by the private sector, particularly the small business sector. The submission I wish to table, will cover the breadth of these efforts that result from government having created enabling environment in which the investments are encouraged by the boldness of Government spending decisions that unlock opportunities for sustained growth. The total pipeline investment going to all the districts in KwaZulu-Natal ranges between R3-billion to R8-billion for each district, except Uthukela, Uthungulu and eThekweni with more than R20-billion because of special projects in those areas.

Planning Commission

The Provincial Planning commission has worked very hard to ensure that the Provincial Growth and Development Strategy and Plan are fully aligned with the National Development Plan produced by the National Planning commission. This therefore has enabled KwaZulu-Natal to engage with and coordinate effectively everything that will be taking place in the Province irrespective of the sphere of Government that is the custodian of the plans in question. KwaZulu-Natal remains committed to ultimately shoulder the pro rata contribution of more than 1 million of the 5 million jobs that the country has committed itself to. Similarly of the resources committed to infrastructural and other economic development opportunities, our Province remains alert to take full advantage.

KwaZulu-Natal Capital Budget

Last year we had received an allocation of R11-billion, which this year has been raised to R15-billion for the year to do the following:

Health infrastructure: Among the projects earmarked are construction and extensions of health facilities in Estcourt, Madadeni Psychiatric and Empangeni group of hospitals; design of John Dube Hospital and several clinics; while completing work already begun such as construction of King Edward VIII Hospital, Addington Hospital; etc

Schools infrastructure: This also includes the construction of schools and associated amenities, including 2 000 classrooms, provision of laboratories, water and electricity for schools and various other capital projects.

Roads – Through our Pothole Patching Programme for 2011/2012 – 165,000 sq meters were done and our target will be exceeded if the current rate of patching continues. We will also resume a number of projects delayed as a result of expenditure patterns.

Expanded Public Works Programme

The target for EPWP was 32 000 work opportunities. KwaZulu-Natal achieved 55 036 in 2011, which is 18% of the national EPWP. We were the first to exceed the target and receive the EPWP rebate. In this is a budget to turn gravel to blacktop, repair of roads and fixing of potholes, expanding rural access roads, pedestrian bridges etc. I trust that this will go to some extent to solve the vexed question of potholes.

Capital spending was slow, in some departments below 50%. We took action and put in a crack team. The result is over 50% improvement in expenditure. That is a success story, and all departments had spent more than 70% by the end of the third quarter, which is good.

Public Works has been given three years to boost its capacity by employing a full complement of engineers, quantity surveyors, architects and technicians and then take over from the crack team.



Human Settlements

We had a slowdown in the delivery of houses, totaling 21 500 units and some monies were returned. This year a target has been set for 43 000 houses.

MEC's have been asked to deal with land ownership problems, alignment of bulk infrastructure and conclude investigations which were factors in the poor output. Major projects which have started include:

Cornubia – the first 500 have been built in a multi-year project of 50 000 units;

Vulindlela – just under 1 000 houses out of a total of 25 000;

Blaauwbosch and Driefontein – planning is nearing completion.

Many of these will be integrated development complexes, with gap housing and other business development.

There is a budget for housing in every district. The MEC has been directed to deal with blocked projects, limit the number of contracts to four or less, penalize poor workmanship and incompetence and root out unauthorized cessions between contractors. In UMzimkhulu, a resident complained to the President about sewerage spilling to the street. We report that the town has been refurbished, proper sewerage installed and bucket toilets eradicated. We are ready to welcome the President on the streets of Umzimkhulu!

Water

In March 2009, 2 046 514 people were served with water. But by January 2012, it is estimated that 2 174 331 had access. That means the backlog was reduced from 17% to 11.9%, totaling 88% of households covered. That is good progress.

The Department of Water Affairs has embarked on a massive water supply programme. Working with Cogta and the Water Utilities to rapidly increase bulk water supply and establish more water treatment plants and storage facilities, they have earmarked around R18-billion to raise the wall of the Hazelmere Dam, complete the construction of Spring Grove Dam in Mooi River, in Umgungundlovu to augment the Umngeni River catchment. Other major water projects include Ngagane water treatment works and transfer; Jozini-Ingwavuma bulk water supply; Mandlakazi water scheme; Msinga and Vant's Drift bulk; and Mhlabashane dam.

Water supply and sanitation projects are budgeted for Amajuba and Umkhanyakude.

COGTA is focusing on the repair of existing schemes and boreholes to bring more access to our people in all district councils.



ESKOM

In March 2009, people served with electricity were 1 856 740. That number has increased to 1 921 063, which represents a reduction of backlog from 24.78% to 22.17%, resulting in 77.88% of KZN households being served. That is also progress.

Eskom is completing the R22-billion Ingula pump station in the Drakensberg to come on stream by 2014, providing 1 300 Mega Watts of renewable energy into the national grid. This would be KwaZulu-Natal's contribution to the 20 000 Mega Watts of clean energy envisaged in the National Development Plan. On the other hand, Eskom will spend R24-billion to boost distribution and improve access for social and economic needs of the Province in an effort to eliminate the backlog. This will also include the electrification of islands that were left in-between villages as reported last year.



Upgrading the Ports

Parastatals have shown a huge commitment. Around R80-billion will be invested by Transnet in the refurbishment of the ports in the next seven years. In the Port of Durban, the expansion will be focused on increasing the port handling facility by more than 50% and strengthen the status of the port as the largest container port on the African continent, handling over 2,7 million TEU's from over 5000 ships per annum. Some funds will be dedicated to the planning work in the early phases in the implementation of the Durban Dug-out Port. The Dug-out Port is a multi-year project that will not see maturity very soon. Some aspect will not be completed before the next 50 years.

It is a visionary project that will have strong multiplier effect in the entire economy of our country. It will include the development of a petro-chemical hub with possibilities of value addition and accommodate the increased capacity for automotive export market. At the back thereof we shall establish an automotive supplier park to improve the competitiveness of the industry. This then forms part of the Durban—Free State—Gauteng corridor, incorporating the inland container terminal and thus generating economic growth in associated Provinces.

A large amount of investments will focus on the refurbishment of the Richards Bay Port. Work in this area will involve the development of new berths and increase the capacity of Africa's largest coal terminal in preparation for coal mines expected to open in Limpopo. The largest amount of economic growth will occur in Durban and Richards Bay on a more sustained basis as each investment triggers another. We continue to support dialogue on the need for a limited capacity to handle containers in Richards Bay, to respond to the needs of local business without interfering with the core function of either of the two ports. The fact that over 75% of the economy is generated through Durban, Pietermaritzburg and Richards Bay is testimony to the critical role of the transport and logistics sector. This is the reason why we are paying particular attention to issues of harbours, road, rail and air transport since their efficiency constitutes our competitive edge.



Rail Transport Strategy

Our long-term strategy recognises the important role that rail transport, both freight and passenger, should play in the Province's development as well as the critical need to facilitate greater mobility and access for all the people of our Province. More specifically, the Provincial Government, the Ethekwini Metropolitan Municipality, various District Councils and the Passenger Rail Agency of South Africa (PRASA) have identified the urgent need to improve rail services in the Province so that it could serve as the backbone of public transport in the Province whilst at the same time recognizing the huge challenges currently facing commuter rail services in KwaZulu-Natal and throughout the country.

Together with the MEC of Transport in the Province, I am pleased to announce that the Department of Transport of KZN Province, through the MEC, is finalising and will soon enter into a Memorandum of Agreement with PRASA (The Passenger Rail Agency of South Africa) to co-operate on the improvement, development and investment in the Passenger Rail System for the KZN Province. We expect investment by PRASA into the Province over the next 5 years to be over R5-billion.

In line with the requirement of the National Land Transport Act (NLTA), we have agreed with PRASA and the National Department of Transport to establish a Rail Steering Committee for the Province, for the alignment of transport planning, transport integration and the joint development/implementation of rail projects.

This comes at an opportune time with Government and PRASA announcing major interventions aimed at the modernisation of the passenger rail system. Among the key interventions is the initiative for PRASA to acquire 7 224 new, modern coaches for Metrorail services for an estimated cost of R123-billion. This acquisition is confirmed to commence in March this year, with Ethekwini being among the other six Metros around the country that stand to benefit from this major recapitalisation programme. In our recent engagement, we have confirmed a number of major initiatives and projects that should form the basis of our cooperation and this include:

1.The North – South Rail Corridor Modernisation in Ethekwini.

In conjunction with the Province and the City's IRPTN (Integrated Rapid Public Transport Network) plans, PRASA will be fully modernising the KwaMashu – Umlazi (North-South) rail corridor, preparing for a quantum improvement in service performance and increased capacity within the next 3 years, to coincide with the acquisition and delivery program of new passenger trains. The first new trains will be deployed on the North – South rail corridor, while all infrastructure, operational, depot and station facilities will be upgraded over the next 3 years.

The North - South rail corridor further includes the current rail connectivity and capacity enhancement project to the Bridge City development, consisting of a new 3,5km rail link and inter-modal station within the mixed land use development of Bridge City, north of Durban.

The total investment allocated to this project amounts to over R1.2-billion for the rail link, station facilities and associated rail infrastructure, such as signaling and new train turn-around facilities at Dalbridge

The Bridge City rail link will be completed by the middle of 2013 with the rail link and taxi/intermodal facility catering for 18 000 passengers in the peak hour and up to 90 000 passengers per day. The project includes extensive involvement of local contractors with job creation opportunities of over 800 construction jobs created over the life of the project. An important feature of the contract includes the sponsoring of 10 bursaries to prospective engineering students from the KZN Province, who have already commenced their studies and internship in rail engineering.

2. Intercity rail transport between Durban and Pietermaritzburg.

A new Business Express service between Pietermaritzburg and Durban is in development, with envisaged implementation during April 2012. Coaches are being upgraded to provide comfortable Business Class Express rail services between Durban and Pietermaritzburg, including dedicated service staff, security and mobile computer connectivity. Infrastructure modernisation and engineering works with job creation as focus.

3.1 Signalling Program

PRASA infrastructure modernisation plans include the acceleration and funding of re-signalling of the Durban rail network, with the tender for Phase 1 of the project closing at the end of January 2012. The value of the Phase 1 re-signalling project for KZN is estimated at R1,5-billion and it is anticipated that work will start by April 2012.

The Phase 1 re-signalling project will improve train performance, create increased capacity and improve the safe operations of trains. The project also includes the construction of a new central train control centre to control and monitor all trains on the network.

3.2 Extension of rolling stock maintenance and refurbishment facilities in KZN

In order to increase the availability of trains in KZN, PRASA has launched a very specific intervention to create additional facilities for the upgrade and maintenance of trains. PRASA ensured the creation of an additional General Overhaul contractor, Commuter Transport Engineering (CTE) in Pietermaritzburg to accelerate the refurbishment program, creating an additional 200 permanent jobs. A further 200 jobs have also been created with Transnet Rail Engineering (TRE) with additional orders placed for the modernization of coaches. PRASA is further investigating opportunities to establish component suppliers in the region for revitalizing the local rail supply industry.

Having visited the CTE site at the previously neglected former Spoornet Masons' Mill Yard in Pietermaritzburg, I was so impressed with the quality workmanship

and the potential for creating thousands of jobs. I have decided to work with this industry (both business and training colleges) to create a train refurbishment and manufacturing hub in the province. KwaZulu-Natal has all it takes to become the leading rail coach manufacturing and refurbishment centre in the country. The Premier and government of the Province will work in partnership to fight for our share of the market—because we can deliver quality.

3.3 Station development and upgrade program

PRASA's Property Management Division is managing a station upgrade/development program to ensure PRASA's operational buildings, facilities and stations are well maintained, upgraded and clean. The program also includes a commercial component to ensure that stations generate additional revenues to reduce the reliance on operational subsidies for the management and maintenance of the stations. A total of over 50 stations are involved in the program with a construction and job creation value of R140-million over the next 18 months. Some of the stations in the Province include Pietermaritzburg, Durban, Umlazi and Port Shepstone.

4. Future Rail Developments

One of the priority rail development projects in KZN involves the King Shaka Airport Rail link, together with the investigation of various northern linkages required in this area. PRASA, together with KZN Provincial Government and Dube Trade Port, will conduct a feasibility study during 2012 to establish the most feasible airport link to the existing network, including the possibility of a total new light rail system, linking King Shaka through the Cornubia development area and the North Coast hotel belt, to the Durban CBD. Due to large scale developments in areas like Dube Trade Port, Umhlanga and Ballito, the north has rapidly developed as a major commercial and retail hub, firmly establishing itself as a major investment area. As development continues in this area, a northwards investment direction is evident, with estimates indicating public transport trip generation of over 80 000 trips in the peak along this corridor.

As we are busy with the feasibility study for the rail link to King Shaka International Airport, I have agreed with PRASA that they should urgently consider an interim solution where a station on existing rail line closer to the airport is constructed and a bus service is introduced. We have a commitment from the leadership of PRASA that this will be pursued with vigour in the coming months.

We have also agreed that a long-distance service between Durban and Northern KwaZulu-Natal and Johannesburg and Northern KwaZulu-Natal should be strengthened. An announcement of additional long-distance rail services is being finalised and we shall make an announcement in due course.

In conclusion, the role, strategies and plans for passenger rail in KZN Province should support the improvement of reliability, quality and safety of rail services as a mode of choice for working class commuters, and to provide an alternative to the private motor vehicle and expensive private public transport in the region.

The alignment of rail plans and strategies with KZN Provincial economic, social and transport objectives is fundamental for PRASA in achieving the desired impact for transport mobility in the region and to support economic development and sustainability of the Province.

Over the medium to longer term the rail commuter system should be modernized and extended through recapitalization into rapid rail corridors, where appropriate and feasible, in order to be transformed into the backbone of the integrated public transport networks and for regional connectivity, where rail is appropriate.

The KZN Department of Transport and PRASA will continue to identify and jointly develop projects to achieve this objective of affordable and appropriate mobility solutions for the people of KZN.



Dube Trade Port

Dube TradePort has fully completed the first phase of its implementation programme. This first phase included the Cargo Terminal, Trade House, 29 South, Dube Square, Trade Zone and Dube City infrastructure, AgriZone, and the IT and Telecommunications platform. The project has been operational for 22 months and will now be moving into an exciting second phase of implementation and investment.

The wider context and long-term strategic objective of the Dube Tradeport Project is the establishment of an Aerotropolis in the north of Durban stretching from Umhlanga to Ballito. This new “city within a city” will create a world-class physical and operational environment geared towards the attraction of new sectors and value chains into the KwaZulu-Natal economy. This will require investment by both government and the private sector.

This requires investment in appropriate strategic infrastructure and facilities to be initiated within the next twelve months. A road link will be constructed from the Trade Zone to the Watson Highway to provide an additional access for the Cargo Terminal and Trade Zone to the N2 and R102 highways and also open up new property development opportunities. Details of other exciting investments commitments that have been secured will be tabled by the MEC.

Building Maritime Industry

It is ironic that KwaZulu-Natal boasts of the two largest ports on the continent, with a long coastline and hosts the largest number of ships than any port in the continent, yet has a poorly developed maritime industry, with literally no coastal activities in maritime tourism, ship building and repair, fisheries and maritime support services. As a result, our Province has missed out on a multi-billion rand industry that would be employing thousands of people.

The recent Cabinet lekgotla considered this matter and concluded that the elevation of the maritime sector as a driver of economic development and job creation is core to our ability as a province to respond to the challenges and benefits that are a result of our geo-political location as a Province and a gateway to the rest of continent and the world.

To give effect to this, the Province intends to launch a Provincial Maritime Cluster which shall comprise of various strategic stakeholders (including the private sector, particularly emerging businesses, SOEs, learning and research institutions) which will be critical to harnessing the full potential of the sector within the province.

To this end, the Province will host a Maritime Industry Conference in 2012. The Province will develop an inclusive Integrated Maritime Sector Development Strategy to ensure optimal exploitation of opportunities arising out of this lucrative sector (including marine tourism) by attracting inward and backward investments in it.

To enhance our competitiveness as a Maritime Gateway Province we are going to prioritise the maritime skills capacity development through measures such as hosting of maritime careers and jobs expo; strengthening maritime institutions including high schools by expanding maritime studies beyond the existing two schools, FET's, Universities of Technology and academic universities.



Special Economic Zones

There is a need to reconfigure the structure of the economy in the Province and redefine centres of growth and corridors of development as outlined in our Provincial Spatial Economic Development Strategy, which indicates the economic potential of all parts of the Province. To reinforce the approach, the MEC for Economic Development and Tourism has been mandated to pilot the creation of Special Economic Zones.

Using this approach, specific industrial sectors are identified and support is given for them to be accommodated in a selected location and productivity actively enhanced through various incentives and packages. Clusters of industries are attracted and they are supported by the tertiary institutions in the form of FET colleges and academic institutions which produce the variety of skills needed in those industries and promote innovation, research and development. The arrangement offers an opportunity for small business development through various packages including incubation, mentorship, access to micro finance and markets, as supply and demand sides offer opportunities.

- EThekweni: South Basin to develop around the new dug-out port an Automotive Supplier Park, a cluster to service the auto sector;
- Ilembe Cluster: to revive Isithebe to focus on creation of centre of excellence in renewable energy—wind, solar and bio-fuels;
- Amajuba: maximise on the current clothing and textile clusters;
- UThukela: to house an electronics hub that manufactures, assembles and sells electronic equipment;
- Umgungundlovu cluster: to revive the leather industry;
- Umkhanyakude cluster: focus on mechanisation technology;
- Zululand cluster: on agro-processing;
- Sisonke cluster: focus on timber, wood and wood products;
- Uthungulu Industrial Development Zone becomes the Special Economic Zone, etc

The preliminary proposal being explored must stimulate discussion and engagement with the business community. It is this dialogue that will create solutions, not Government alone. The MEC will lead this debate. I raise the matters to assure the business community of Government's support as we search for solutions together.

The Office of the Premier is currently working in consultation with the Department of Higher Education and Training to create a Provincial Human Resource Development Council to guide in skills development. The membership will include representatives of various industries and academic institutions and training colleges. Only massive production of appropriate skills and ensuring the access to apprenticeship or supervised training, is the way to go.



Tourism

The Province of KZN continues to show good growth in its tourism market. Once again in 2011, KwaZulu-Natal demonstrated our excellent skills as a superb host of high profile international events such as the International Olympics Congress (IOC) and UN COP 17 in July and December respectively. These events, amongst other issues, resulted in the overall hotel occupancy for KZN being 76% exceeding the national average of 67% -- quite a pleasing achievement considering the prevailing tough economic conditions, especially our international source markets. The domestic market was largely the driver of growth in our tourism arrivals. The King Shaka International Airport recorded more than 5 million passengers between January and December 2011.

South Africa–Swaziland–Mozambique partnership is already bearing fruits in tourism. Research has confirmed that the largest percentage of tourists who land in South Africa come from the continent. The Premier and MEC's will lead a high profile campaign to profile our Province as a destination of choice for tourists from the African states. Outbound trips to market our Province and promote investments and tourism continue as we utilize all available platforms, such as the introduction of South Africa into BRICS. High profile conferences in member countries provide an excellent marketing platform for the province, eg the Travel Agency Federation of India's Congress to be hosted in September accounts for the largest proportion of India's market. We continue to lobby for international conferences and sporting tournaments to be hosted in our outstanding facilities and resorts as well as utilize our twinning arrangements to promote our destination in all corners of the world.

Emirates Durban-Dubai route has proven to be sustainable, such that they have announced adding a bigger aircraft effective from June 2012. We know our province and its tourism products are irresistible to tourists. We need more direct flights to Durban – the time for bypassing KwaZulu-Natal is long gone. We shall not be ignored! More than a year later we are still trying to decipher the rationale behind the termination of the South African Airways route Durban to Cape Town, without the courtesy of prior information to the Provincial Government. Nobody has explained to us why it is profitable for other airlines but not for SAA. Tourism is the gold mine of KwaZulu-Natal!



Building a culture of entrepreneurship

Entrepreneurship is vitally important to the economic and social development of South Africa. Through innovation, entrepreneurs create new, competitive markets and businesses which lead to job creation and have multiplying effect on the economy. Entrepreneurship empowers citizens and is required for any emerging market to move forward and successfully integrate into the global economy. The South African government has recognized this and therefore has a clear goal of establishing South Africa as an entrepreneurial nation.

The SMME strategy as spelt out by the Department of Trade and Industry is the backdrop of all Government efforts to achieve some of which its core thrust is to substantially strengthen support for SMME's access to finance, create an enabling regulatory environment, further expand market opportunities, localize small business support through SEDA-co-ordinated information and advice access points, initiate a National entrepreneurship drive and expand education and training, among other things. The basis of all the above are four pillars; ie promoting entrepreneurship; emphasis on linkages between small and big businesses; creating enabling environments; enhancing competitiveness and capabilities at enterprise level.

In support of the Department of Economic Development strategy in KwaZulu-Natal on development of new enterprises, the Office of the Premier and in partnership with the Private Sector are embarking on a robust initiative of networking forums geared towards new and established businesses, both big and small to encourage the culture of entrepreneurship, information sharing, networking and nurturing one another. The initiative will also showcase Government's commitment towards creating and supporting sustainable enterprises, strengthen the culture of entrepreneurship and combat any impropriety.

This effort will go hand in hand with programmes to build the small business sector and a vibrant co-operative sector. The MEC will introduce micro finance facilities at regional and local level to boost this sector. We consider it the most appropriate time to develop and reposition the small business sector as the State prepares to roll out massive infrastructure development.



Agrarian Revolution

The agricultural potential of this Province, the diverse topography, climate and soils of KwaZulu-Natal virtually make this Province a "world-in-one," yet its potential is still under-utilized. This Province can produce sufficient agricultural products for own consumption and export. However, South Africa remains a net importer of many agricultural products. This sector, which once was a major creator of jobs has, consistently shown decline. Bold steps are needed to turn it around.



Livestock

Subsistence farmers in this Province possess 55% of the total beef stock and 74% of goats. In October 2010, Cabinet approved the KwaZulu-Natal Livestock Strategy which envisages an increase in production from the current 18 000 tons of red meat per annum to as much as 75 000 tons per annum by 2017/18 by communal farmers. That is an additional +-R2.5-billion income per annum. The commercial farmers will also increase their production from 45 000 tons to 60 000 tons/annum over the same period.

In 2007/8, South Africa imported as much as 278 000 tons of poultry meat (R1.53- billion), and exported 2 548 tons of poultry meat. We continued to be the net importer in 2010 and 2011. The amount that SA imports, equates to 4.3 million birds per week for a period of one year. If SA was to substitute 50% of the current imports with local production, more than 10 000 jobs could be created.

The same can be said for dairy, eggs, dry beans, vegetables and cut flowers.

We have the potential and expertise to produce more in order to meet our local demand and to export to all markets, focusing more on Africa, BRICS partners and the Middle East.

The MEC has been directed to develop a strategy and implementation plan, involving all stakeholders, forming partnerships with existing exporters and South African retailers. Small and emerging farmers will be linked with the existing established exporters. Capacity building in the form of technical training, entrepreneurial development, production and marketing skills will be an important component of the strategy. A commodity think-tank in the form of the industry cluster will be established to drive the strategy.

The Department Agriculture, Environmental Affairs and Rural Development has embarked on the implementation of its livestock strategy which involves primary production as well as secondary value adding. Primary production aspects include primary animal health care, fences for grazing management, stock watering dams & boreholes, breeding & selection and feedlots. The secondary value adding includes abattoirs, deboning, packaging plants, etc.

Substantial funds have already been secured to embark on the establishment of larger commercially viable enterprises.

Mechanisation

To push back the frontiers of poverty, the mechanization programme has been boosted with more than 300 tractors already distributed to all districts. An additional 200 tractors will be purchased this financial year. This will increase the land from 23 331 hectares cultivated this year to a targeted 36 000 hectares next year. This year the yield of 53 000 tons of maize and 6 000 tons of dry beans is expected. Lime and fertilisers will be supplied in selected areas. Very few traditional leaders were able to identify and release a stretch of 100 ha of land as requested by Isilo. This matter needs to be pursued further in co-operation with Ingonyama Trust Board. Resuscitation of irrigation schemes and the defunct farms will also be central to the strategy. The MEC will ensure that systems are put in place for the crop to be recorded in estimated tonnage in order to align with market demands, in line with the "one village one product" approach.

Some investors, both local and foreign, have indicated their willingness to partner with government and farmers in a variety of agricultural ventures. These projects will be catalysts for effective agricultural development, firmly based on business principles, offer possibilities for job creation, economic diversification, private sector investment and export opportunities. These Special projects include:

1. Chicory production under irrigation in partnership with Nestle' in Weenen
2. Beef and dairy production, such as Besters (15 000 ha), Dawn Valley, Makhoba (800 cows in milk) and the Midlands Ultra High Treatment of milk initiative
3. Dry Bean and Pulse/Lentil production in Jikijela and Tugela Estates; Masibambisane Agricultural Project & Nkandla Smart Centre Development Project.
4. Fresh vegetable and fruit production in the Midlands Vegetable Cluster (Craigieburn, Muden and Weenen) and Makhathini Irrigation Scheme (15 000 ha under irrigation)
5. AgriParks and Cut Flower Production in Msunduzi, eThekweni, Ugu and iLembe

A formula is needed to support the Agri-Business Development Agency (ADA) financially to enable it to intervene when reclaimed farms fail. This will assist many since it is reported that only 33 of 95 farms are productive.

The MEC will table details of the strategy to change the structural inequalities and foster sustainability in agriculture in the Province in partnership with the Agri-Business Development Agency, which from now onwards is re-assigned to this department.



Food Security

The important role of agriculture in food security and poverty alleviation cannot be over-emphasized. That 35% of our KwaZulu-Natal citizens are food insecure translates to 580 000 households. To enhance food security the Department of Agriculture, Environmental Affairs and Rural development is an active participant in Operation Sukuma Sakhe, in which the most vulnerable households are profiled and identified at ward level.

Through the One Home One Garden Programme, vulnerable households are supported via the Seed Distribution Programme. During 2011/2012 financial year 1 079 000 seed packs have been distributed and more than 48 000 household gardens have already been verified. MEC's in the Social Cluster of Cabinet are finalizing a sustainable standard poverty package that will be available to support the most vulnerable, including 75 000 malnourished children, 112 000 TB patients and those on anti-retroviral therapy.

KWAZULU-NATAL COUNCIL ON CLIMATE CHANGE

We are finalizing the formation of the Council for Climate Change to continue on the work started before last year's hosting of COP 17 to educate our communities about practical mitigation and adaptation measures.

We will join The Climate Group, an international platform utilized by both the public and private sectors to exchange knowledge and innovations in green technology. In this regard, we have been invited to a ministerial meeting next month in the Basque Country in Spain, a member of The Climate Group, to deliberate on clean technology deployment related to renewables and energy efficiency.



To encourage local business to move towards cleaner, green practices, we will this year launch the KwaZulu-Natal Premier's Clean Technology Innovation Competition, to be modelled along that run by the national departments of Environmental Affairs; Energy and Trade & Industry in partnership with the United Nations Industrial Development Organization.

Opportunities in green energy are in the following areas:

- renewable energy centre and manufacturing hub at Isithebe
- piloting mini-grids of renewable energy where Eskom has no reach
- installing 200 000 solar geysers
- supporting bio-fuels and energy generated from the sugar cane industry
- achieve a target of 5 000 mega watts of renewable energy by 2030.

All of these have a potential for creating a large number of jobs and expand the sugar cane industry. More effort is needed to prevent soil erosion and promote the greening of the environment and the protection of indigenous forests as part of conserving our natural resources.

To find a balance between the imperatives of development and nature conservation, the Provincial Planning Commission is undertaking a task of grading environmental sensitivity to expedite EIA based on potential for development. The Department of Public Works is also co-coordinating the KZN Integrated Greening Programme, which is led by the Office of the Premier and was launched in June 2011.

The programme will support a wide range of community-based greening activities, including “Tree-preneurs” – growing and planting indigenous and edible plants; “Waste-preneurs” – collecting recyclable waste; “Green-preneurs” – trading bicycles, water tanks, solar energy devices as well as reforestation projects, restoring community forest assets as well as “Adopting a River”. This is a partnership between various Government departments and the Wildlands Conservation Trust.

There is a shining star already - Mabutho Khoza, a 16 year-old orphan from eNtuzi, Umlalazi local Municipality. A Tree-preneur, he is a pioneer of the one child one fruit tree initiative who has planted more than 3 000 trees worth R35 000! This has enabled him to build a house for his siblings, a tombstone for his parents, and satisfies his school needs through the battering system. This is not an isolated project as neighbours are also now participating. This is a new source of income for the community.



Nature Conservation

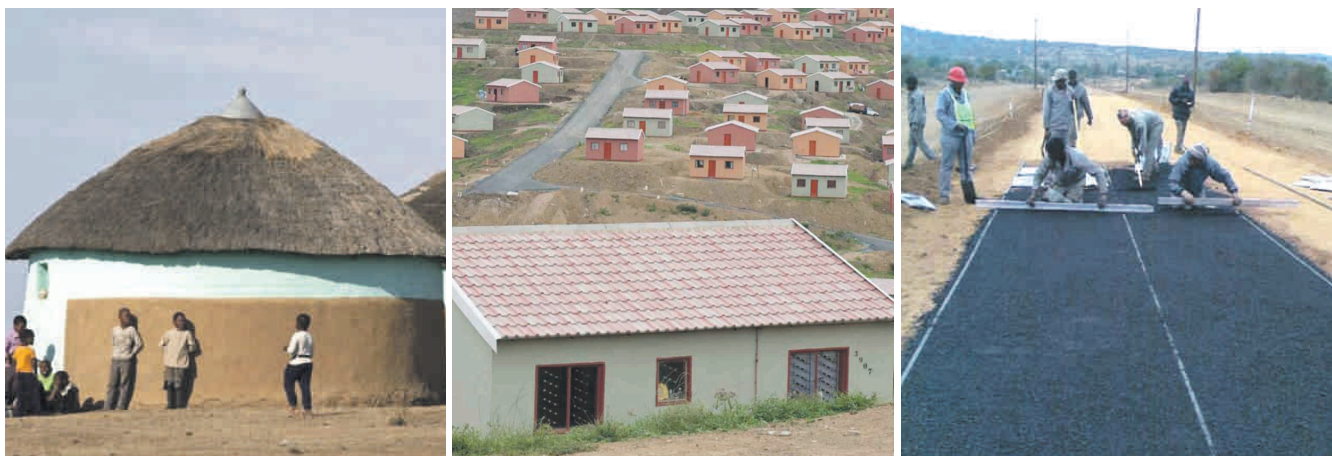
Nature conservation continues to provide us with yet another avenue to confront the challenge of unemployment, poverty and inequality. We have realized that our conservation efforts would be futile unless they are relevant to the people we serve. We have initiated programmes that benefit rural communities by using a portion of the revenue generated through conservation services to implement viable projects based on the needs of those communities.

Ezemvelo KZN Wildlife is also contributing towards job creation by training unemployed youth. In 2011, 22 projects were implemented across the Province, of which nine have been finalized and handed over to beneficiary communities.

More effort is needed to mobilise communities to prevent soil erosion and creation of dongas as well as the protection of indigenous forests as part of conserving resources.

As we intensify the fight against crime, we are proud to report that our interventions to root out rhino poaching are bearing fruit, as shown by a 13% decrease in poaching incidences from 2010 to 2011.





Rural Development

We are refining a new strategic approach to rural development, involving a hierarchy of services from service points, to clusters of different Government services culminating in a small rural town. The backbone of these services remains their connection to the programmes of local economic development and skills development facilities that will encourage trading and self-development. They will be anchored around the special economic zones and larger public or private sector investment (for example agriculture, tourism etc). A team of planners and technical specialists will be assigned to design a local precinct, settlement or small town. This offers an opportunity to integrate a menu of Government and commercial services, including basic services of water, electricity, housing etc.

This approach has the potential to alter the current dispersed rural settlement patterns and focus on the development of convergence or polycentric nodes which will not only bring services closer to communities, but will also eventually bring communities closer to services

Considering the speech of Isilo and Ingonyama Trust Board decisions, now the opportunity arises for huge private sector investment in rural areas in private housing market and commercial ventures.

Among the towns included in the revival project of R179-million are Ezinqoleni, Harding, Impendle, Richmond, Weenen, Winterton, Msinga, Nquthu, Dannhauser, Utrecht, Ulundi, Mtubatuba, Hlabisa, Mbazwana, Jozini, Manguzi, Nkandla, Melmoth, Maphumulo, Ndwedwe, Mandeni, Umzimkhulu and Ixopo.

All departments are directed to ensure conterminous boundaries for their districts and local offices this year. COGTA and Public Works have been assigned to identify Provincial district precincts to bring all Provincial Departments to closer proximity for planning, co-ordination and alignment of activities, including finding spaces for Home Affairs in all centres.

Births and deaths shall be registered in all hospitals and Home Affairs and Health must speedily move from 33 hospitals to the rest of hospitals in the Province.

We want to congratulate the institution of traditional leadership, the Chairperson of the House and all amakhosi for hosting the successful elections for traditional councils over the past weekend. I want to pledge full support from myself and the whole Government to co-operate with all amakhosi in service delivery, especially in rural development.

Rural Development will from now on be located in the Office of the Premier





Education

Education remains a key priority of our Government and current administration. Our commitment is to ensure that all children of our Province access quality education. The National Senior Certificate results in 2008 were 57, 8%. In 2011 they improved to 68,1%, which is a 2% drop from the previous year. This was the second highest Bachelor pass after Gauteng.

On Early Childhood Development, 95% of five-year olds in the Province are in Grade R. To increase their enrolment, the Departments of Social Welfare and Education are planning to roll out Grade R facilities to strengthen learning at the foundation phase. In the Annual National Assessment conducted to test literacy and numeracy in 2011, KZN performance was 35%. This figure must be improved. Delays in the delivery of school books must be resolved and attention given to curtailing children dropping out.

The skills development of our young people is fundamental to the growth trajectory that we have set ourselves. The MEC will strengthen collaboration with the Department of Higher Education and Training to ensure that the 9 FET Colleges in the Province of KwaZulu-Natal offer the relevant programmes.

The achievement of our education goals requires that we must deepen the role of parents and communities in the work of our schools. Parental involvement in school governance is essential to improve school functionality and restore credibility to the local schools.

We note the co-operation between the Department and the unions in the creation of labour peace, but we are concerned about the erosion of professionalism. The Cabinet Iekgotla resolved to host an imbizo of stakeholders in education to discuss declining pass rates, existence of unsavoury relations between teachers and learners, ill-discipline (for example drunkenness, slovenly attire and creating bad role models for learners). Government is committed to ensuring that we provide support to our teachers in an effort to improve classroom teaching and integrity.

The planning of the construction of the Ndumo School of Excellence is underway. It is an integrated, multi-purpose and multi-sectoral project of Government that will address the needs and revitalize the Ndumo area while contributing to the rural development strategy, improve quality of education, provide secure and high quality teaching for orphans, disabled and many vulnerable children.

In response to requests from poor families, the Office of the Premier has granted 370 new bursaries this year, making the total commitment by the Provincial Government R123-million. The total number of students awarded bursaries by the Provincial Government between 2005 and 2009 was 4171 at a cost of R197-million. We commend the decision to take 434 matriculants to Cuba for training as this will boost the number of our doctors.



A healthy nation

While KwaZulu-Natal has been known as the epicentre of the HIV and AIDS pandemic, there are signs that the battle is being won, albeit slowly.

The achievements are a result of the added value created by the multiple stakeholder participation in the Provincial Council on AIDS that directs all sectors of society in the creation of cascading waves of social response involving Government at all levels, civil society including business, labour, churches, traditional leadership, media and many other stakeholders represented in the Council.

The HIV prevalence based on women's ante-natal survey hovers around 40%, but has shown signs of stability.

The following are the basis of optimism:

- Prevention of mother-to-child transmission shows the most encouraging reduction from 22% in 2008, to 2.8% in 2010, even lower than the Western Cape;
- Aggressive expansion of anti-retroviral treatment has now reached over 500 000 patients, the largest in the country;
- Voluntary counseling and testing has seen more than two million people being tested;
- Medical circumcision has rapidly grown to exceed 105 000;
- While the rate of resistant TB (both XDR and MDR) remains unacceptably high, the cure rate for uncomplicated Tuberculosis has risen to 85% and defaulters have been reduced from 12.9% in 2007 to 6.6% currently;
- No death from cholera for three years and very few from malaria. That is an achievement;
- Violent trauma of motor vehicle accidents and crime and diseases of lifestyle cost the country billions of Rands that could be saved by integrating prevention into community programmes;
- The triple challenge of poverty, unemployment and inequality defines not only how people live but also how they die. For those affected, the weight of communicable diseases especially HIV and AIDS and associated Tuberculosis explains the numbers of people dying, their location and has an impact in the life expectancy due to high mortality rates.

Great strides have been achieved in strengthening the health systems to enable us to achieve the Millennium Development Goals. But the most significant progress will be achieved if we manage to reverse frontiers of poverty, reduce the masses of unemployment and close the yawning gap of inequality. Then good health outcomes and improvement in socio-economic indicators will be a reflection of improved social life and that should be our focus rather than preoccupation with medical treatment and hospital care, which whilst very important, in the absence of strong socio-economic development, remains a losing battle.



Thus, we have integrated all health programmes as part of inter-departmental collaboration in the form of Operation Sukuma Sakhe. Communication between district health offices and municipalities is fundamental for the success of all health programmes.

The MEC has been directed to employ the full quota of the community care givers and ward-based community nurses as the first line of Primary Health Care chain. The vacancies of all nursing posts in hospitals and clinics must be filled and training of more nurses fast-tracked. Without this, the National Health Insurance (NHI) will be doomed to fail.

KwaZulu-Natal has identified two districts to be used in piloting the National Health Insurance. They will be announced by the MEC when all compliance issues have been finalised between the national, provincial and local levels of Government. At long last, after so many years of campaigning for it, it feels me with joy to proclaim that the National Health Insurance is here! - and it is here to stay!

Social Development



Through Operation Sukuma Sakhe the integration of community caregivers and the employment of Youth Ambassadors is beginning to bear fruit as many individuals and families in distress are identified through the profiling process. Social workers working with these ground cadres have found it easier to prepare their case studies and make recommendations and interventions.

The care of the senior citizens has been improved by the creation of regional senior citizens' forums which have become active in programmes such as One Home One Garden, sports and luncheon clubs. A strong forum of the Disabled sector meets regularly with senior Government officials to ensure their programmes are implemented since Cabinet adopted all their proposals into a Government programme of action, including creating bursaries for disabled persons who wish to become teachers.

Orphan care was boosted by the partnership with the Lungisisa Indlela Village where Government, the church and business have partnered to create a model for caring for orphans. About 100 children will be accommodated by the end of March this year.

An area requiring strong attention is the challenge of substance abuse which has rapidly spread in urban and rural areas as drugs such as woonga and kuber destroy our communities. Equally shocking have been the reports of young girls who have been lured to become drug mules, only to face arrest, conviction and execution in foreign lands. Something drastic has to be done.

The programme will now be championed by the Premier to create a strong multiple stakeholder Provincial Anti-substance Abuse Forum to ensure strong co-ordination. Resources are needed to strengthen prevention at community level, treatment and rehabilitation.

Since the community care givers have been integrated into Government, the role for religious/church groupings and Non-Governmental Organisations becomes more crucial, though different. The NGO's must partner with and support Government, concentrating on dissemination of information and training around the care of the vulnerable groups, manage institutional care for orphans, disabled, senior citizens, substance abuse victims, offenders, children and women in distress, etc. They have a strong role in creating support groups and various programmes in support of nation building. We invite them to come forward.

Fighting Crime

Despite commendable efforts by our law enforcement agencies, the levels of crime in our country remain high. There is a decline in contact crimes, but there is a lot to be done to reduce sexual crimes, abuse of women and children in an integrated manner through a multi-pronged approach in the form of "Build A United Front Against Crime" programme, especially in hot spot areas.

This is in recognition of the fact that without partnerships with our communities, we cannot hope to win this war. In this regard, our "Operation Hlasela" campaign remains a focal point of our efforts to get all of us to play our role.

As Government, we also continue to strengthen our capacity to deal with stock theft. While we call on communities to do more to eradicate crime within their midst, we need to caution against vigilantism and other acts of lawlessness in the name of fighting crime.

Human trafficking, including the kidnapping of children to be exploited as sex slaves, as well as the murder of people under the pretext that they were involved in witchcraft, is strongly condemned.





Fighting Corruption

In the previous Addresses, we have undertaken to fight fraud, corruption and maladministration. We undertook to investigate, charge with misconduct, conduct internal disciplinary hearings and refer to police for investigation all those implicated. We also undertook to engage the services of retired Judge President Tshabalala to strengthen our internal disciplinary process. We further undertook to create an office of the ombudsperson to investigate complaints of impropriety and shoddy service from public servants.

We have strengthened all the internal control mechanisms to prevent fraud and corruption, and these get tested through an internal risk analysis process which is submitted to Cabinet for purposes of correcting weaknesses in departments. During the 2010/11 financial year, 104 long-outstanding misconduct cases with suspended officials were identified in the Province. The Office of the Premier established a provincial task team which ensured their finalization. Twenty-one employees have been dismissed on account of fraud. The presence of the retired Judge President has added value to the process and we retain his services.

During the 2011/12 financial year, 1662 misconduct cases were dealt with and 1220 were finalized while 410 employees are currently subjected to disciplinary hearings. We have dismissed 23 officials, while 47 are on suspension as they face disciplinary action.

Judge Tshabalala assisted us to dispose of some of these cases involving senior officials and complicated transactions. The Office of the Premier and Treasury co-ordinate, and work very closely with the Special Investigation Unit and prosecutors. Co-operation is good, although the shortage of resources tends to delay the finalization of investigations.

COGTA and Treasury have got teams that have oversight over municipalities to detect early signs of administrative or financial distress or corruption. Cabinet pays very close attention to the challenges facing municipalities and intervenes in terms of the law. They also submit quarterly reports on the financial health of the municipalities. We have seen positive outcomes out of this. Some of those that were in crisis have shown signs of recovery, while others have had interventions lifted.

We are now utilizing the Premier's Co-ordinating Forum where the MECs and mayors meet in a co-operative spirit that encourages engagement before much damage is done.

Where there are allegations, we investigate and set in motion a process to dispose of matters in terms of applicable laws, as we have done in eThekweni. We want people to respect due processes and deal with issues in respect to those due processes. The Auditor-General has exposed a number of Government officials who are doing business with their departments or with other Government departments. Provincial Treasury has introduced the practice of declaration of business interests by all public servants, including junior staff.

Some departments have already made it mandatory for all staff members to declare their business interests, and this will now be rolled out to all departments in the new financial year. The Office of the Premier and Provincial Treasury will monitor compliance. Because of the substantial number of employees who get implicated, we are considering additional mechanisms to fight fraud and corruption, including a possibility of setting up a judicial commission to investigate fraud and corruption. Again, because of the complexity of this matter, announcements will be made after a thorough evaluation.

The office of the Ombudsman is already operational. It works in liaison with the Presidential Hotline, and our Operation Sukuma Sakhe Hotline number is 0800 596 596.

We have distributed the Citizens Charter, Batho Pele and all relevant information to empower the citizens to evaluate the performance of the public service.

CLEAN GOVERNANCE MATTERS

We undertook to create a clean and efficient Government.

- We have reduced the number of vacant funded posts in our Government from 20% in 2009 to 11% in 2012 (using the principle of “use it or lose it”).
- The Provincial Treasury has embarked on a project to do a thorough review of all Government contracts, tracking performance, determining value for money and preventing irregularities.
- We have dealt with the complaints of delayed payments to entrepreneurs, an issue raised in the President’s Address which is also in contravention of the PFMA. I am pleased to announce that “Operation Sikhokha Ngesikhathi” was launched last year and has already processed invoices worth R16.9-million. In terms of the PFMA all service providers must be paid within 30 days. If that does not happen they should phone our toll- free number. This process is monitored by a team of independent business people.

Treasury is reviewing Supply Chain Management practices, and agreed to lower the threshold for quotations from R1-million to R500 000. This encourages competitive bidding and reduces collusion between officials and service providers.

We are taking a strong stance to uproot fronting. Working with the BEE Council, a new provincial database will be used to eliminate fronting. Those who will be found guilty will be blacklisted. Treasury has also been instructed to pursue the price benchmarking project to protect the Government from over-pricing.

To the extent that some of the cases appear to indicate collusion or features of insider trading, I have instructed Treasury to investigate the possible creation of a law to prohibit officials in public service from doing business with their employer. The handing over of clean audit certificates to five of our municipalities by the Auditor General is evidence of the strides already taken by the Province towards achieving our targets.

Similarly, the Provincial departments received high commendations.

Our Provincial Government should take a bow for much improved accountability and accounting; five of the 16 departments received clean audits, and eight returned unqualified audits.

It makes KwaZulu-Natal the best Province in financial management, a garland from the Auditor-General we should all be proud of. This was measurable progress.

I would like to indicate to this House that the provincial finances are sound. We ended the last financial year with substantial savings as a result of our fiscus austerity measures. We were able to fully repay our overdraft, clear unauthorized expenditure and received interest on positive cash balances. At the end of December 2011, KwaZulu-Natal had R3.6-billion cash in the bank account.

If there are departments that are already projecting to over-spend their current budgets, they are warned to mend their ways and seek early Treasury support. We are not ready for the smell of Section 100 of the Constitution. We once went that route. We shall fight very hard never to get back there again.

For us the slogan shall be: “Forward with austerity measures--Backward Never!”





OPERATION SUKUMA SAKHE



Last year I announced the need to work together with football teams to build on the momentum of the FIFA World Cup of 2010. The plan involved the staging of the Premier's Cup for contest between the KwaZulu-Natal-based professional football clubs. The partnership involved these football clubs utilizing their expertise to oversee the programme of football development amongst the youth in various districts. The Premier's Cup was launched and the football fans were treated to a spectacular series of matches that created a vibrant mood. The other aspects of the plan have not materialized. I have directed that this programme be activated since I have met with some of the football teams and they remain committed to the building of KwaZulu -Natal as a sporting Province and restore it to its former glory.

It depresses many of us when KZN teams perform dismally year in and year out, following the example of our Bafana Bafana and not that of Chipolopolo, the Zambian team that did the whole of Southern Africa proud by winning the recent Africa Cup of Nations. We salute them.

We shall move to set up high performance centres since football can create well-paying job opportunities.

The Department of Sport and Recreation will also play a vital role in Operation Sukuma Sakhe by mobilizing youth energy against crime, drugs, teenage pregnancy and encourage youth to be disciplined.

As part of the drive to popularize Operation Sukuma Sakhe, we have partnered with well-known film and television star Leleti Khumalo. Her Leleti School Grounds show will be aired on television in a series of episodes.





Youth Ambassadors, Agents of Change

The KZN Youth Ambassador Programme is designed to raise champions and advocates for community development and to empower youths to become change-agents. This approach is targeted at utilizing youth energy and initiative as a catalyst for behavioural change and promotion of positive human values, thus reducing social ills.



13 000 learners below Grade 12 were found to be pregnant in 2011. Estimated HIV prevalence among South Africans as per SA national HIV survey show that 6.7% among females in the 15- 19 age group were infected, while among the males the figure was 2.5%. This highlights the need to fight against inter-generational sex.

Youth Ambassadors are trained as change agents for behavior modification. They were also orientated towards the values of responsible citizenship, social cohesion and patriotism.

They embody the spirit of Batho-Pele, and therefore will form a pool of committed, disciplined youth that can carry the Government mandate of responsible citizenry to the future. They graduated after six months of training at the Saldanah Bay military base.

The model for their career path is through community-based work of all Government departments. They also conduct awareness campaigns, mobilise communities to partner with Government on programmes.

4445 Youth Ambassadors will therefore establish Youth Clubs in their areas of operation to promote behavioural change, reduce youth involvement in anti-social and negative social tendencies; create programmes that will assist in reducing the spread of HIV and Aids and the spread of Sexually Transmitted Diseases, among other things.

To date we have established 332 war-rooms, a platform through which the community must participate to respond to the issues emanating from community and household profiling.

The Department of Arts and Culture is tasked with leading the advancement of social cohesion, which ensures and guarantees rights to every South African as well as to foreigners. The Province will continue to work with SANDA, the South African Neighbouring Countries Development Aid, in advancing social cohesion through intensifying our effort in community conversations, through district and local task teams.

From this presentation I have made, it is clear that a lot of progress is being registered in service delivery, and based on the economic analysis our country remains politically and economically stable. From the Address by the President, it is evident that Government investment is a reflection of a strong sense of confidence and generating hope and optimism about the future of our country, its economy and the development agenda.

All this represents a fitting tribute to all those heroes and heroines who sacrificed their lives for us to achieve freedom and democracy. It is now up to all of us to hold each other's hands and forge ahead.
Indeed, we need to start **"WORKING TOGETHER FOR GROWTH, DEVELOPMENT AND A BETTER FUTURE FOR ALL."**

In conclusion, may I thank Isilo neNdlunkulu, Members of the Executive Council, the Speaker, Honourable Members of the Legislature, Members of the Premier's Portfolio Committee, my party, the African National Congress for all the support. My special gratitude goes to my family for understanding the demands of this Office.

Thank you..





PROVINCE OF KWAZULU-NATAL
ISIFUNDAZWE SAKWAZULU-NATALI

PIETERMARITZBURG
21 FEBRUARY 2012

OFFICE OF THE PREMIER KWAZULU-NATAL OLD TELKOM BUILDING | 300 LANGALIBALELE STREET,
PIETERMARITZBURG, 3201 TEL: 033 341 3342 | FAX: 033 345 8490 | WWW.KWAZULUNATAL.GOV.ZA

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