

**STATE OF THE PROVINCE ADDRESS
AS DELIVERED BY MR T W MCHUNU, MPL,
HONOURABLE PREMIER OF THE PROVINCE OF KWAZULU-NATAL
ON 27 FEBRUARY 2019**

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1. RECOGNITION OF DIGNITARIES

- His Majesty - Hlanga Lomhlabathi;
- Queen Mothers;
- Ondlunkulu Besilo;
- Abantwana Basendlunkulu;
- Members of the NCOP present;
- Former Premiers;
- Madam Speaker and Deputy Speaker of the KZN Legislature;
- Honourable Judge President - KZN Division;
- Honourable Ministers present;
- Honourable Deputy Minister present;
- Honourable Members of the Provincial Executive Council;
- Honourable Members of the Legislature;
- Members of the Diplomatic Corps present;
- Chairperson of the House of Traditional Leaders, Inkosi P H D Chiliza and Umama we Sizwe saseMadungeni;
- Members of the Executive Committee of the Provincial House of Traditional Leaders;
- Mayors and Councillors of Local Government present;
- Advisors to the Premier;
- Members of the Provincial Planning Commission present;
- Director–General, Mrs Nonhlanhla O Mkhize;
- Heads of Provincial Departments and other senior officials present;
- The Provincial Commissioner of Police;
- The Provincial Commissioner for Correctional Services;
- Business representatives present;
- Labour representatives present;
- Academics present;
- Religious leaders present;
- Struggle Stalwarts and their Families present;
- All other social partners and broader civil society present;
- Distinguished Guests;
- Ladies and Gentlemen;
- Listeners and viewers at home;
- Sanibonani! Good day! Goeie more! Namaste! A Salaam Wailikum!

2. INTRODUCTION AND SCENE SETTING STATEMENTS

Madam Speaker, I stand before this august gathering to deliver this, the last State of the Province Address in the 2014 to 2019 Term of Office, which also coincides with the attainment of 25 years of democracy in our country.

Our first democratic elections held on 27 April 1994 moved us towards building a society that, for the first time, would not be based on the colour of one's skin, but one which sought to build one united, non-racial, non-sexist and prosperous South Africa.

At national level, ever since 1994, a vast majority of South Africans have given the ANC a resounding mandate to lead this transition from the divisions and pains of apartheid towards nation building and social cohesion.

Led by Tata Nelson Rolihlahla Mandela, the founding father of our democracy, we dreamed of building a new country that, like a phoenix, could rise from the ashes of apartheid and take its place among the nations of the world.

We thus deliver this State of the Province Address, fully aware both as government and the governing party that we carry the hopes and aspirations of millions whose dreams we must help realise.

We therefore wish to extend our heartfelt welcome and appreciation to all Honourable Members of the Legislature and all our special guests present here today.

We also wish to welcome the members of the public who are following us on various media platforms, for supporting us and encouraging us to complete the work that we, as your representatives in the KwaZulu Natal Legislature started in May 2014.

Madam Speaker, despite our best efforts at promoting peace, non-violence and reconciliation, the first years of our democracy were characterized by hostility and a great deal of intolerance, even during the debates conducted in this House.

We must then also acknowledge that at times, such debates may have spilled over to communities, and sparked conflicts that led to bloodshed. Consequently, years after attaining democracy, this Province continued to be ravaged by political violence that left many people destitute, displaced or dead.

Your Excellencies, Compatriots and Fellow Citizens, as we celebrate this historic landmark today, we must pause to remember the thousands of the

people of this province who perished in the political violence. We salute all our martyrs whose lives were shed and whose blood watered the tree of liberation. At the same time, knowing what we know of the devastating effect of violence on communities and individuals, we remain committed to doing everything we can to make sure that violence never returns to KwaZulu Natal.

Madam Speaker and Honourable Members, in this regard we wish to recognise His Majesty - Isilo samaBandla's role as a cohesive force for the people of KwaZulu Natal.

We pause here to salute His Majesty for guiding us as our cultural father.

Hlanga Lomhlabathi !!! We shall forever be indebted to you for being ever ready to lend weight to government events and for promoting an uptake of our programmes on service delivery. It has been a special honour and a privilege to be able to work with His Majesty to serve the people of KwaZulu-Natal over the past 25 years.

Bayede Hlanga Lomhlabathi!!!!!!

Compatriots as we reflect on the years gone and focus on the dawn of a new year, I am reminded of the words of Martin Luther Junior when he said:

"If you can't fly then run, if you can't run then walk, if you can't walk then crawl, but whatever you do, you have to keep moving forward."

Fellow Citizens, when the ANC was voted into power to be in charge of this Provincial Government in 2004, we never pretended that our journey to prosperity was going to be an easy one and to be achieved in just a few years.

We wish to express our sincerest gratitude to the Excellencies former Premiers, Dr Sbu Ndebele, Dr Zweli Mkhize and Mr Senzo Mchunu. Equally, we extend our appreciation to former and current members of the Provincial Executive Council for their contribution to changing the lives of our people.

The collegial spirit that has come to characterize the leadership of this government has strengthened us as a team as we faced different situations that required us to take responsibility, both individually and collectively.

As we wrap up this term of office, we are humbled and yet proud of the growing mood of optimism among all our citizens the majority of whom have been touched by service delivery programmes. In particular, the spirit of volunteerism under the Thuma Mina programme which is being championed by the President of the Republic His excellency Cyril Matamela Ramaphosa is already bringing South Africans together across the political divide. In KwaZulu Natal we join the rest of South Africa.

3. KZN WITHIN A BROADER CONTEXT

Madam Speaker, as a Province, having adopted a **Vision**, which amongst others states that we aim to expand our role as a gateway to Africa and the World, we understand that there will inevitably be events and processes, some of them well beyond our control, that will impact either negatively or positively on our ability to deliver on our Vision.

Our responsibility as the leadership of this Province is to be vigilant and where possible to proactively anticipate such events, but more so, to ensure that we respond rapidly and appropriately to such events in order to minimise any possible negative impacts, whilst maximising positive impacts and opportunities which may present themselves in the process.

Without placing any undue emphasis on this matter and recognising that much of what will be raised now falls predominantly within the National mandate, I still feel obliged to raise matters which I believe we should factor firmly into our analysis of where we are and where we should be heading.

Let us start with the fact that the United Kingdom remains South Africa's most important export market and we should therefore not underestimate the potential impact of the current **Brexit** processes on our own Province. Although there are varying views and opinions on how the United Kingdom leaving the European Union will affect us, we have already witnessed how this has affected the volatility of our currency, which in turn has had far reaching implications for our exporters and importers alike.

We have been fortunate to have hosted a number of strategic **BRICS** engagements in our Province. Of particular significance was the 2018 BRICS Business Council Annual meeting which was hosted in Durban in July last year.

During this event the **New Development Bank** presented greater detail on their role in promoting trade and investment in the participating countries and we now have a facility that can make our contribution as a partner in the BRICS relations much more meaningful. The opportunities are there, but they will remain what we make of them.

When we developed our first version of the Provincial Growth and Development Strategy in 2011, the annual growth in Gross Domestic Product (GDP) was projected to be in the order of 5% per annum. We however averaged a growth of well less than 2% over this period. It is therefore needless to state that a constrained economy has also inhibited government's ability to deliver at the rate expected and which had been planned and hoped for.

This situation was unfortunately further aggravated by one of the worst **droughts** we have experienced in this Province and which in particular, impacted extremely negatively on one of the corner stones of our economy, namely the agricultural sector. This impact was also not only felt within the agricultural sector, but it also devastated many rural households in our Province, obliterating the livelihoods of many of our poorest citizens.

Substantial resources that would otherwise have been applied to improve service delivery, had to be re-directed to drought support and mitigation programmes. Once again a factor that unfortunately slowed us down.

We have therefore had to make a number of adjustments along the way, which has resulted in stringent budget cuts and cost containment measures, which has had positive results in improved financial management and control, but it unfortunately has also had a negative impact on the pace of delivery.

There are still some significant structural **challenges facing the international and our economy**, which will undoubtedly continue to restrain our growth into the near future. It is for this reason that the current Global and National financial outlook is, to say the least, meagre to modest.

We are all concerned about the issue of **energy security** and the negative impacts of the current constraints on our electricity grid. We are however confident that this challenge is being addressed at the highest level of decision making and the lights will soon remain on.

Let me use this issue to quote a common business phrase, namely, “**let’s not waste a good crisis**”. By saying this I am referring to the opportunities being presented by the existing energy situation. It is conservatively estimated that our Province has the potential to contribute in excess of 5 000 Mega Watts new renewable energy to the grid. We have to work harder to unlock this potential and to create many jobs in the process.

Our message to the new Government Relay Team, which is to take over from us after May 2019, is not to relent or give up on the processes we have started to make this breakthrough towards energy security in our Province. Let’s all remember that the **Fourth Industrial Revolution**, with all its prospects of a better life for all, will pass us by like a shadow in the night without adequate and appropriate energy resources at our disposal.

On the local front we have been experiencing a serious resource diminishing trend and face a risk of further cuts to our Provincial allocation from the National fiscus. The formula determining the percentage allocation from the **National Equitable Share to Provinces**, is directly affected by the percentage of population hosted by a province.

In the case of our Province we have been experiencing a decline in this population ratio. This has already resulted in a decrease of the percentage National allocation to this Province and if this rate is to endure, it will most certainly lead to further reductions in National allocations.

There are obviously many contributing factors which underpin this trend, some of them which have already been mentioned above. The most significant factors driving this trend are, however, directly related to the rural nature of our Province- high levels of unemployment, in particular youth unemployment, linked to a **rapid urbanisation rate**, which was intensified as a result of the drought.

The net result of this, is the **migration** of a significant portion of the KZN population, either migrating permanently or in many cases partially to Gauteng urban centres. This movement was also reported in the 2016 Community Survey conducted by Stats SA.

I know that there will be critics that will accuse us of making excuses for the fact that we have not been able to achieve all we had set out to achieve at the start of this Term of Office, but let me assure you that this is not the case. I do believe that these matters provide a context of the environment, with its constraints and opportunities, in which we had to run our leg of this relay.

We have had to make the best of what we had to work with and it is against this backdrop that we are all proud of what was achieved under extremely difficult circumstances.

4. THEME FOR THE FEBRUARY 2019 STATE OF THE PROVINCE ADDRESS

Madam Speaker, Members and honourable guests, as we know, this is an election year and this is the first of the two State of the Province Addresses scheduled for this year. The core focus of this State of the Province Address will therefore be on how we have managed to move our Province forward over the last five years. We must take stock of where it is that the current Term of Office has brought the Province to, as we prepare for the inevitable handing over of leadership to those who are about to be elected to lead us to 2024 and beyond.

As we do so, we understand that each new Term of Office may come in with new leaders and new ideas, initiatives and interventions, or maybe with a new emphasis or focus on prevailing key issues. We do, however, also understand that each Term of Office is merely another leg in what can be compared to a leg in a relay race.

The key to running this race successfully involves much more than the contribution of one Term of Office, but will be found in the manner in which we can ensure that the handover is smooth and seamless and that we maintain and increase momentum, whilst keeping our eyes firmly fixed on the end goal, namely to win this race in the best interest of all the people of our beloved Province.

In following the theme of a relay, and to ensure that we do not lose sight of the bigger picture and the finishing line, which we all strive to get to as soon as possible, we must take a step back and also reflect on what it is that we had set out to achieve when we started this race.

During the 2009 to 2014 leg of the race, the **National Development Plan** (NDP) was drafted and its 14 Medium Term Strategic Framework (MTSF) Outcomes were developed. Over that period we also adopted our Provincial Growth and Development Strategy and Plan (PGDS/P) with its 7 Goals and then 30 Strategic Objectives, with a direct line of sight to the NDP.

In adopting the 2014 Manifesto, as the basis on which the 2014 to 2019 Team was elected, **Eight Provincial Priorities** were identified as the corner-stones of Government's Programme of Action, namely

- Build an Inclusive Economy that Creates Decent Jobs;
- Transform our Rural areas;
- Ensure Decent Living Conditions and Sustainable Human Settlements;
- Improve and Expand Education and Training;
- Ensure Quality Health Care for All;
- Expand Comprehensive Social Security;
- Fight Crime and Corruption; and
- Build a United Nation and Promote Social Cohesion.

The focus of this State of the Province Address will therefore be to provide an overview of how we have moved the Province forward in our Term, what challenges we faced and what it is we recommend our successors take into account in the next Term.

We are prepared for a handover that will not only ensure continuity and maintain momentum, but one which will also enable our successors to hit the ground running and step up the pace.

Madame Speaker, the theme of this, the February 2019 State of the Province Address is therefore:

**“We are ready to hand over,
towards even better and faster growth and development
of our Province and it's people”**

5. WHERE DO WE FIND OURSELVES ON OUR WAY TO VISION 2035

Madam Speaker and distinguished members of this House. It is by now well accepted that we are well on our way to our desired future, as encompassed in our Vision 2035, namely to be **“a prosperous Province with a healthy, secure and skilled population, living in dignity and harmony, acting as a gateway to Africa and the World”**

As Government, working together with our social partners in business, labour and civil society, we crafted and adopted this slightly revised Vision 2035 in 2016, and we charted the growth and development trajectory for our Province on how to realise this Vision.

During this Term of Office we, in collaboration with our non-governmental partners, refined the initial 2011 **Provincial Growth and Development Strategy** and we adopted this revised Strategy in 2016. We have done this within the context of new International policy imperatives derived from the Sustainable Development Goals, the African Union Agenda 2063, and the new Urban Agenda, but still firmly aligned to the National Development Plan (NDP) and the 14 Outcomes of the Medium Term Strategic Framework (MTSF).

Madam Speaker, we are proud to report that we are still the only Province with a clearly announced, dynamic and responsive Growth and Development Strategy, guiding us to a predetermined and widely accepted preferred destination and that this Strategy fully embraces all our key Provincial Priorities. It is this process, overseen by still the only fully functional **Provincial Planning Commission** that has enabled us to accurately track our progress, while we work tirelessly to meet the targets we had set for ourselves.

We have done so with a firm understanding that our Province is responsible for the second largest contribution to the growth of the economy of our Country and that we are home to the second largest share of our country's population. As has been said before, for South Africa to work, KZN must work.

Our strategic planning focus over the last five years was also not only restricted or limited to the Provincial Sphere of Government, but in recognising the critical role of Local Governance in the growth and development of our Province, we facilitated the development of **District and Metro Growth and Development Plans** throughout the Province.

We have been able to establish a seamless framework for the alignment, coordination and integration of National, Provincial and Municipal growth and

development processes. Again, our Province has lead processes to established such an inter-governmental model and framework, which has already caught the eye of other provinces and attracted a number of benchmarking visits.

Our half yearly progress reports are open for the viewing and scrutiny of the broad public, to anyone who has an interest to do so. We firmly believe that since this Strategy and Plan is not only a Government strategy and plan, we cannot solely take credit for the gains made, nor take sole responsibility for our failures in this process. This is built on the principle of -"**It takes a village to raise a child**".

We also undertook a five yearly review to be able to respond to the changing environment based on our lessons learned during the establishment phases of the PGDS/P, as well as based on the results of the first **Provincial Citizen Satisfaction Survey** undertaken in our Province in 2015. We are proud to announce we have now also concluded the second Citizen Satisfaction Survey in 2018, still the only Province brave enough to have it assessed by its people in a widely publicised survey of this nature.

The **results of the 2018 KZN Citizen Satisfaction Survey** is probably the most reliable source of where it is that we are finding ourselves at this stage of the race, purely because this is how our citizens are rating our performance. The main findings of this survey are that:

- 39% of the sample population were outright dissatisfied, whilst 61% were overall satisfied with the performance of Provincial Government;
- Services with the highest rating of satisfaction are education at 86%, health care at 80%, and maintenance of Provincial Roads at 70% of the respondents being overall satisfied with the rendering of these services;
- Services with the highest rating of dissatisfaction are fighting fraud and corruption at 53%, enhancing entrepreneurial development and SMMEs at 41% and promoting accountable governance at 39% of the respondents being outrightly dissatisfied with our performance in these areas;
- Job creation is still rated as the highest priority our citizens expect us to attend to, followed by the need for housing and thirdly a need for enhanced and quality education and skills development.

It is evident from this survey that as much as there is appreciation for our hard work, more so in some areas than in other, we still have our work cut out for us in the next leg of this race.

It is important for us to be continuously reminded that we do have a plan and we do know exactly what is required to deliver our Vision. We do not require more plans, but we do require better and faster implementation.

In doing so we need to be firm and united in our resolve to pursue all the goals and objectives of our PGDS. However, for purpose of this State of the Province

Address, we will focus specifically on the **eight provincial priorities** adopted in 2014 in the following sections of this address, zooming in on what it is we have achieved thus far, the challenges we have experienced and also commenting on what we should improve on, to leave them as pointers for those that will be taking over from us in the next leg of this race.

5.1 Build and Inclusive Economy that Creates Decent Jobs

As reported in virtually every State of the Province Address during our current Term, we unfortunately again have to acknowledge that it has been difficult to grow an inclusive economy and to create decent jobs within an environment of slow international and national economic growth.

We have therefore not been able to adjust our targeting to higher growth projections and we are still projecting against a 1% growth trajectory. I must however immediately emphasise and clarify that we have not been planning for a 1% growth rate, because we firmly believe that a 3% growth trajectory is well within our reach in the short to medium term.

Although the value of our economy has grown since the beginning of this Term at an average of close to 2% per annum, this growth is far too slow to enable us to deliver services, roll out infrastructure at the rate required to meet public and business demand, as well as create adequate employment to make a meaningful dent on our unemployment statistics.

We currently have 2.635 million people employed in our Province, compared to 2.536 million people at the same time last year. However, measured against our 2015 baseline of 2.497 million employed, it is clear that the growth in employment over this period was indeed not enough to employ all new entrants to the labour market and the rate of unemployment has therefore increased.

Madam Speaker, as much as creating decent work and growing the economy are two terms inextricably linked to one another and we understand that to create decent work, we need economic growth, we also understand that growing the economy will not in itself create decent work. As a Developmental State, we therefore have to ensure that the nature and extent of economic growth we promote, will in fact create decent work.

Inclusive, expanded and sustained economic output are fundamental drivers for creating decent jobs in a shared economic growth. We must therefore focus on the key drivers and sectors of the KZN economy and on increasing access to new entrants to the economy in a manner that will create decent jobs.

As part of our strategy to facilitate access for new entrants into the mainstream economy and to promote a shared economy we adopted **Operation Vula** as a

strategy aimed at utilising the public procurement process to address deep seated and persistent racial inequalities still prevalent in our economy.

We as Provincial Government resolved that the procurement policy must be amended to empower the historically disadvantaged, Africans in particular, within the ethos of a Developmental State, pro-inclusive economic growth and non-racialism.

To demonstrate our resolve to deepen **radical economic transformation**, we as the KZN Executive Council identified six commodities/sectors, namely infrastructure development, agricultural produce, bakery, uniforms, furniture, and toilet papers for targeted procurement.

The implementation of this **Provincial Preferential Targeted Procurement Programme** is also accompanied by an enterprise and supplier development programme, providing technical training and support focussing on mentorship, skills transfer, incubation, reducing payment waiting periods, and infrastructural support. We believe that this approach will ensure sustainability of awarded contracts and increase participation of blacks, women and youth in the identified commodities/sectors.

Our **SMME and Co-operatives Development Programmes** remain the bedrock of our initiatives to foster entrepreneurship and to change the economic landscape in line with the agenda of radical economic transformation. In order to assist these new entrant entrepreneurs, we are pioneering a ground-breaking initiative, known as the **KwaZulu-Natal Bulk Buying and Warehousing Programme**.

This facility, the first of which is now established in Mandeni, is aimed at lowering the cost of sales for our small and emerging retailers in order for them to be competitive and be able to expand their market share and participate in the retail value chain. This is part of our efforts to transform and revitalize township and rural economies in order to foster inclusive growth.

Madam Speaker, as already indicated, we have to ensure that we grow the economy of our Province to create decent work. It is for this reason that we have been focussing on key sectors of our economy that have the potential to grow and create these jobs, namely **agriculture, manufacturing, tourism, freight and logistics, as well as the development of strategic infrastructure**. All other sectors of the economy are obviously important, but we believe that as much as we would like to build a diversified economy, we have to focus on areas where we can achieve the best and fastest results for now.

The **Manufacturing sector** has always been one of the cornerstones of our economy. Its ability to support our strategies of localisation, beneficiation and

import substitution is absolutely critical to secure a positive trade balance. We cannot afford to export our valuable minerals and other commodities, only to import them again in a beneficiated form.

We are therefore also encouraging participants in the mining sector to consider expanding the local value chain and to specifically target local manufacturers as a preferred market.

As the current representatives of Government in this Province, we have gone out of our way to address concerns of our local manufacturers so as to create an environment conducive for them to operate and expand. We should continue to secure business retention, whilst we work hard to attract further investment in this sector.

Transformation in the manufacturing sector, like in all sectors of our economy, remains critical for us to achieve our goals of creating a shared and inclusive economy. We are therefore excited about the strategic partnerships we have concluded with the Department of Trade Industry (DTI) focusing on promoting the **Black Industrialists Programme** and we are pleased to report that so far 9 KZN Black Industrialists have been selected and are receiving support as participants in this Programme.

The contribution of **tourism** in the local economy continues to grow, from a R9bn contribution to the Provincial GDP in 2014 to more than R10bn by 2018. While the country has been experiencing an economic downturn, tourism is one of the sectors that have been steadfast and has not shed any jobs.

International tourism arrivals have been given a major boost thanks to efforts by us **expanding direct air access to Durban's King Shaka International Airport**. Five years ago, direct access to Durban was through Emirates and Air Mauritius only, but today we have more than 5 international airlines flying to our destination, including Air Namibia, Turkish Airlines, Qatar and British Airways.

The most recent achievement is the **British Airway direct flight from London** to Durban, which we launched in October 2018. After only two months of operation, arrivals at KSIA grew by 42%. The UK remains one of our strategic tourism source markets, with 7, 6% of our tourists being from the UK and 24% from the whole of Europe.

Tourism KwaZulu-Natal has in the past five years run an impactful enterprise development programme for black owned tourism businesses. A total of 220 emerging and small businesses received various trainings including Tsogo Sun Book-a-Guesthouse training programme, Tour Operator Training, tourism establishment grading assistance etc.

Over this period we have managed to engage with more than 3 200 potential tourism business start-ups with the aim to encourage new entrants in the tourism sector. An impressive 40% of these businesses are youth owned and 45% women owned.

Madam Speaker, we cannot talk about tourism without mentioning the work done by our own Convention Bureau. During our Term of Office, the hard work of the **Durban, KwaZulu-Natal Convention Bureau** resulted in 80 major conferences, exhibitions and meetings being held in the Province, contributing approximately R4.5 billion to the local economy. We have also ensured that these economic benefits impact communities across the Province by both encouraging and facilitating a geographic spread of hosted business events.

A further thirty-eight business events will be hosted by the Convention Bureau in 2019/20, with a total estimated economic impact of R2.1bn.

The excellence of the Convention Bureau was also recognized in the Special Premier's Award category at the 2018 KZN Premier's Service Excellence Awards and the Durban ICC received international recognition as Africa's leading conference venue.

We have indeed made a difference and our tourism sector is growing.

As a Gateway Province, there always has to be a special focus on the development and adequate provision of **strategic infrastructure** for sustaining both the social and economic growth and development needs of KZN. We have therefore expanded our **Provincial Infrastructure Master Plan** over the last five years to ensure that there is full alignment, coordination and integration between programmes aimed at developing seaports, airports, road, rail, water, sanitation, electricity, internet connectivity, school and health infrastructure, human settlements and other essential economic and social infrastructure.

This process has substantially improved our ability to coordinate infrastructure delivery and monitor progress made with the **Strategic Integrated Projects (SIPs)** of the Presidential Infrastructure Coordinating Commission (PICC) being implemented in our Province. Our process of registering and monitoring the implementation of **Provincial Catalytic Projects** has now also matured and has become popular amongst both public and private developers, realising the advantages that are derived from being afforded status as a Catalytic Project.

The fact that acknowledged Catalytic Projects have direct access to our **KZN One Stop Shop**, operated and facilitated by Trade and Investment KZN, has been able to resolve many stumbling blocks experienced by developers and has assisted greatly in speeding up the pace of implementation.

The **freight and logistics** sector is directly reliant on quality and standard of our infrastructure. Being able to effectively, efficiently, timely, reliably and cost effectively move goods and services domestically and internationally, is a key function of a Gateway Province. It is for this reason that we have placed much emphasis on projects that will assist us to achieve these levels of excellence.

The development of and improving of handling efficiencies in our sea and airports, as well as ensuring that we have adequate and appropriate road, rail and airfreight capacity to move goods and services at future projected volumes, has received priority attention. There is certainly no sense in positioning ourselves as a gateway, if the gate is not open.

We will again not be able to delve into much detail on this matter, but I do want to make reference to the work being done on the development of the **Cato Ridge Intermodal Freight and Logistics Hub**.

Latest Transnet freight projections indicate that, even with existing expansions and improvements to docking and handling facilities in the Port of Durban, it is likely to reach its optimal limit by 2035. Although the proposal to construct a second port in Durban will address this capacity constraint, the key challenge will still be the lack of suitably located land for back of port handling facilities.

Private sector, government, land owners, local communities and traditional leadership have now engaged in a collaborative approach to resolve this challenge by developing an intermodal freight and logistics hub in the Cato Ridge area. The key objective of this project is to improve efficiencies in the movement of freight and promote industrial development along the Durban – Free State – Gauteng, or also referred to as the SIP 2 corridor, as one of the most strategic arteries of the South African economy.

The Cato Ridge project was one of the investment opportunities presented at both Provincial and National investment conferences hosted last year and the interest from local and foreign investors has been overwhelming. Proving to be a significant advantage for this project is the fact that it is already recognised as a national, provincial and municipal catalytic project.

The catalytic nature of this project is not only found in the impact it can make to improving and expanding our Gateway status, but also because of the fact that it contributes significantly to meaningful black economic and community empowerment, promoting both urban and rural development, creating opportunities for manufacturing and supporting the Black Industrialist Programme, as well as promoting localisation, beneficiation, import substitution and most of all, it creates decent work whilst facilitating economic growth.

It is also for this reason that various other Departments, State Owned Enterprises and Corporations or Agencies have shown a keen interest in this

project. We are thankful for the support provided and interest shown by, in particular the Department of Trade and Industry, Transnet and the Industrial Development Corporation. Many others are likely to follow.

As this Provincial Government, we recommit to supporting projects and initiatives of this nature and to be active participants in ensuring that all spheres of government unite in rendering their services in a well-coordinated and integrated manner so we can deliver tangible results in the shortest possible timeframe. This commitment has already found expression in the fact that Trade and Investment KZN, in close collaboration with Invest Durban, has already mobilised the Provincial and Municipal One Stop Shop facility in support of this project.

We are not being able to elaborate in full detail on all the interventions we have launched and the achievements we have accomplished in our drive to grow the economy and create decent work over the last five years, but let me just briefly touch on the following.

We have further refined and expanded our “**Blue Economy**” or maritime sector programme with port developments, increased ship building activities, as well as development and commercialisation of the aquaculture sub-sector with beneficiaries largely being in the rural areas and along the KZN Coastline. We do however acknowledge that much more still needs to be done for our Marine Economy to thrive.

As far as the “**Green Economy**” is concerned, I have already referred to our commitment to continue our drive to contribute in a meaningful manner to sustainable energy security in our Province through promoting the development of renewable energy initiatives, in particular initiatives that are aimed at utilising an abundance of bioresources in the Province.

We also support the notion of a “**Biodiversity Economy**” as was launched by President Ramaphosa in 2018, with our Province having been identified as a province from which lessons could be learnt on how best to implement this ground breaking initiative. Some of the key elements of this economy are to develop Black game farmers, to transform the wildlife industry and to contribute significantly into the Provincial GDP. This initiative includes making available herds of game to black farmers as start-up game and KZN Ezemvelo has already set aside over 300 animals for donation to Black land owners for this purpose.

Good progress has been made with the implementation of the **KZN Aerotropolis** Master Plan, the **Aerotropolis Institute Africa** is established and six bursaries have been offered to students from disadvantaged backgrounds to study Aeronautical Engineering this year. The much anticipated

public transport link between King Shaka International Airport and the centre of Durban is also set to start as a dedicated shuttle bus service later this year.

In addition to the airport, the **Dube TradePort Special Economic Zone** is one of the core components of the Aerotropolis. Its significance is clearly stated by the fact that between April 2015 and December 2018, 40 781 tonnes of international cargo and 28 885 tonnes of domestic cargo passed through the Dube Cargo Terminal.

The Dube AgriZone, handled produce to the value of R190 million over the same period and the greenhouse facilities at the Dube AgriZone are now 100% occupied.

The total value of private sector investment in Dube TradePort since April 2015 now stands close to R2.2 bn and public sector funding spent on capital infrastructure over the same period has now reached R594.6 million. This investment has since attracted 36 businesses operating within the SEZ-designated areas and has already generated revenue to the value of R246.9 million which makes it a very profitable investment.

The challenge we now have to face, is how to link the Dube and Richards Bay SEZ successes to **regional industrial hubs**, to ensure that positive SEZ spinoffs is shared throughout the Province. There are also a number of new developments which would benefit from the status of our two SEZs and we will have to explore innovative ways of exploring these options. The first such linkage has already been established with the Automotive Supplier Park in the South of Durban, being linked to the Dube TradePort SEZ.

To conclude on this first Provincial Priority area, we must also indicate that government has been an active partner in the process of creating employment, doing this primarily via the **Expanded Public Works Programme**. We are proud to report that we have created more than 722 000 work opportunities through this Programme over the last five years.

We accept that this Programme is not designed to eradicate unemployment, but we have to acknowledge that it is an important interim rescue mechanism, which does make a contribution to alleviate abject poverty and it does provide a level of entry into a workplace.

5.2 Transform our Rural Areas

It is important for us to acknowledge that our Province is still a **predominantly rural province**, with approximately 46% of our population living in rural areas.

We have however noticed a clear trend of rapid and almost desperate urbanisation, posing challenges and threats to both urban and rural areas alike.

We have witnessed during our Term, how devastating the impact of this **rapid urbanisation** can be on the social fabric of our society.

In an environment where there are strong push factors, forcing predominantly the youth and male population to go and seek an alternative means of livelihood in the urban areas, it is tearing families apart and is disrupting the cohesion of rural societies.

At the same time it also poses serious risk for our urban areas through the proliferation of a range of social ills. These, more than often, vulnerable and susceptible rural migrants are exposed to being coerced or tempted into abandoning their strong moral and cultural values.

We believe that this is one of the core risks and an inhibiting factor to promoting social cohesion and moral regeneration in our Province. This situation has become a deadly downward spiral where there are no urban or rural winners and must be addressed as a matter of urgency. The current trend is only migrating rural poverty and converting it to urban poverty

It is for this reason that we adopted Goal 7 of the PGDS, emphasising the need for **spatial equity**, in a manner that we can ensure that the full extent of the Province, including its rural areas, are developed to its full potential. One of the key priority in our Province therefore remains to work towards the reduction of spatial inequalities and increased spatial access to goods and services for all sections and sectors of our community

Our focus has therefore been on promoting spatial equity and integrated land use management as a means of guiding the allocation and utilisation of financial, human and environmental resources towards balanced urban and rural development. We will have to work harder for our people to understand the nature of interdependence between rural and urban areas

We have been able to make great strides towards achieving this goal through a number of innovative programmes intended to promote rural development and agrarian reform in our Province.

During this Term we concluded our first **Inkululeko Development Programme at Ndumo**. This programme is aimed at focussing the attention and strategic interventions of all of government on one specific strategic rural precinct to make a real and meaningful impact on changing the situation in that particular precinct forever, in a fully integrated and coordinated manner.

At Ndumo, our focus was on establishing a school of excellence to firstly address the need for quality education in a deep rural area. We are proud to

report that in 2018 the Mandla Mthethwa Comprehensive High School opened its doors for learning for 1 600 learners with a boarding facility to accommodate 200 learners.

Although the school was the anchor project in Ndumo, it required a host of ancillary facilities and services to make Ndumo a fully functional rural service centre. It is for this reason that we also constructed an early childhood development centre, a community service centre, a youth development centre, an elderly day care centre, a sports field, low income housing, as well as rental housing aimed at providing suitable accommodations for teachers and other professionals who would be rendering services in Ndumo.

All of these services obviously need supporting infrastructure so we constructed the Shemula Water Scheme to provide adequate and safe drinking water to Ndumo and the surrounding rural area. We had to ensure that there was proper road access to all these facilities, so we built a bridge and upgraded the P435 to a high quality tar surface main access road.

To unlock the surrounding agricultural potential and create an area for the production of local food supplies, we constructed and fenced a 500 Ha irrigation scheme. To stimulate and encourage local economic development, we constructed a new shopping centre, taxi rank, market stalls and petrol filling station.

We can now state with confidence that Ndumo will never be the same again and this view is supported with enthusiasm and appreciation by the local community and traditional authority structures, as well as the district and local municipal leadership.

We have also made good progress with the implementation of the **Dukuduku Project** and we have honoured our commitment to this community, namely to develop the area without the relocation of people. Approximately 5 500 houses will be built here, of which more than 1 000 are already built. The first 600 Title Deeds are ready to be handed to beneficiaries of this project and for the first time these residents will never again have to fear or be concerned about the status of their ownership of land.

More than R 1,2 Billion has been secured from different departmental budgets and this project has, like the Ndumo Inkululeko, become an example of integrated and well-coordinated development and a best practice that can be replicated on many other projects of a similar nature.

It is acknowledged that one or two swallows do not make a summer, but with this integrated and targeted service delivery model proven as an effective and efficient rural development and service delivery model, it is ready for replication

in many other strategically located rural service nodes in our Province. We have therefore initiated the conceptualisation of similar Inkululeko projects in the uMzinyathi and uThukela Districts and these are ready to be refined and implemented in the new Term.

Were it not for the financial constraints I referred to earlier, we would have at least two other Inkululeko Projects in implementation now.

We have also made good progress with the **Small Town Rehabilitation Programme, the Community Services Centre Programme and the Formalisation of Rural Service Nodes Programme** during this Term. All three Programmes are aimed at ensuring that we create sustainable service nodes in rural areas in order to improve accessibility, reliability and quality of both government and private sector services to our rural communities. Improving the functionality of these rural nodes, is absolutely essential if we are to stem the urbanisation tide in our Province.

New **Community Service Centres** have been developed over the last five years to serve communities of Amahlubi, Bulwer, KwamBonambi, Bergville and Emondlo.

The towns of Bergville, Umzimkhulu, Kokstad, Umdoni, Richmond, Mpofana, Endumeni, Phongolo, Manguzi and uMfolozi benefited from the Small Town Rehabilitation Programme during the current Term.

Although good progress has been made with all three of these Programmes, the rate of implementation and rollout has to be stepped up to meet an increasing demand. This pace of implementation is now solely determined by resource allocation and recent budget constraints has unfortunately hampered implementation.

Within the context of the KZN Province, it is inconceivable not to link rural development with Institutions of **Traditional Leadership**. These institutions do not only play a major role in providing structure and order to communal orientated rural communities, but its infrastructure also often serves as service delivery nodes.

It is therefore common practice to have **Traditional Administrative Centres** (TACs) also serving as mobile service points for SASSA, Health Clinics and Operation Sukuma Sakhe initiatives amongst others. We as Provincial Government have thus adopted a programme aimed at improving the functionality of these TACs. Today we can report that we have rehabilitated 52 TACs in the last five years and the rehabilitation of a further 15 TACs should be completed by the end of this financial year.

Although the rural economy is multi sectoral in nature, it is predominantly agriculture driven and we have been working hard to ensure that our

agricultural sector grows, that it generates employment and that the Province is food secure.

A slow global and national economy, fluctuating commodity prices, rising fuel prices, slow progress with the implementation of land reform programmes, but mainly the recent drought, has left an indelible mark on our agricultural sector and our ability to meet set targets.

We are particularly concerned about the fact that the likelihood of us achieving our target for employment in the agriculture sector is slipping away from us. There were 141 000 persons employed in this sector and we had set a target to expand this to over 162 000 by 2020. Latest statistics, however, indicate that we have shed job opportunities in this sector and that we currently only have approximately 122 000 persons employed in this sector.

This is obviously a serious cause for concern, in particular given the fact that a vast majority of our people living in rural areas depend on agriculture for their livelihoods, and in many cases, represents the only hope of them being extracted from a vicious cycle of poverty. This despite the fact that the agricultural sector is still regarded as an economic sector with substantial prospects of quick gains in terms of shared economic growth and job creation.

Despite the poor performance of this sector, we still managed to provide support to 29 842 farmers on food security related interventions and assisted smallholder farmers and vulnerable food insecure households with cultivation of 50 510 Ha over the past five years. We also invested close to R2.6 bn on agricultural development in the province, the bulk of which has been directed to supporting emerging farmers.

Having kept a watchful eye on this situation through the quarterly performance reports we receive on all our indicators, we were able to devise strategies, programmes and support specific projects, to turn this trend around.

In response to this, as well as realising that we were not maximising opportunities being presented in the agriculture sector to achieve our transformation targets, we developed and have been actively driving the **Radical Agrarian Socio-Economic Transformation (RASET) Programme** in this Province.

Through this Programme, we open up government markets, for small-scale farmers in the Province, with government committing 50% of food procurement to previously disadvantaged enterprises. There are five districts that have been identified to pilot this transformative programme, namely the King Cetshwayo, iLembe, uMkhanyakude, eThekweni, and Harry Gwala Districts.

RASET support is provided through the full food value chain and government has committed to support processes of bulk buying, providing extension support and creating a revolving credit facility for the acquisition of essential infrastructure, facilities or equipment. It is also not only limited to primary production processes, but can also support the establishment of related agri-processing facilities.

During this Term we have also supported all District Municipalities with the establishment of **District Development Agencies** (DDAs) and the RASET Programme is now supported and implemented through the capacity established in the DDAs. The scope of work and functions of DDAs, are also not only limited to the RASET programme, but extends to the promotion and facilitation of any other growth and development opportunities within that district. This obviously immediately presents a range of further opportunities to explore synergies between government and private sector development processes.

Madam Speaker, we also have to acknowledge that the issue of land reform, the agriculture sector and for that matter the concept of rural development, are inextricably linked. The fact that the land matter is still not adequately resolved will therefore continue to have a debilitating effect on the agriculture sector and therefore also on rural development in general.

We believe that there is a desperate need for improved and structured cooperative arrangements between the National Department of Rural Development and Land Reform and the Provincial and National Department of Agriculture and Rural Development to align and coordinate agriculture support programmes with land reform programmes. This will ensure that new beneficiaries of land reform programmes are immediately and timeously supported with appropriate agriculture support programmes.

This cooperative approach should then also be further expanded to include other key and relevant departments, such as Human Settlements, to ensure that the viability of commercial agriculture ventures on settled land reform projects are enhanced and that sprawling settlement on this land is curbed and managed to promote optimal productive land use.

On the highly emotive issue of land, we believe that this is one of the most serious matters to be attended to by the incumbents of the next Term. It is clear on the one hand that the proposed Constitutional amendments related to expropriation without compensation will be highly contested. It is however also encouraging on the other hand to note a growing, proactive and progressive approach by many commercial farmers, releasing land for use by communities and African entrant farmers, as well as offering mentoring in the process. This is what it takes to build our Province, and for that matter South Africa together.

We understand that matters related to land will have to be managed with maturity and calmness to prevent it from becoming a seriously dividing factor, posing risks not only to our economy and to food security, but also becoming counter-productive to processes aimed at advancing social cohesion in our Province and our Country.

It is however not all doom and gloom as far as this Provincial Government Priority is concerned.

Honourable members of this House, there is an extremely exciting new agriculture venture taking shape in what was identified in **our Poverty Eradication Programme** as one of the five poorest municipal areas in the Province, namely the area of uMhlabuyalingana in the uMkhanyakude District.

The Tembe, Mabaso and Mbila Traditional Authorities in this area have been operating a significant timber operation in the Manzengwenya and Mbazwana plantations. This timber operation has however been in decline for a number of years, to the extent that the revenue stream to these local communities have been severely affected, employment opportunities have been lost and on top of it all, this land use has also contributed to serious negative environmental impacts and a diminishing ground water table. This in an area where water is already scarce.

These three communities, under the leadership of their respective Traditional Councils and the Timber Company they had established, realised that there was a looming disaster on the horizon. The first thing they did was, not to run to government for a bailout for their ailing timber industry, but to identify potential solutions to this problem themselves.

The result of this process has now led to the establishment of the **Umhlabuyalingana Macadamia Programme**, with the intention and potential to become the largest macadamia operation in South Africa. The aim of this project is to replace the current unviable plantations in this area gradually and in a phased approach with macadamia trees.

Through this programme the current 600 odd employment opportunities in the timber operation is to be upscaled to approximately 30 000 jobs when the macadamia operation reaches its optimal scale of having planted close to six million macadamia trees on approximate 30 000 Ha of land in this area. Taking into account that macadamia trees require a fraction of the water currently used by the timber operation, this will also assist in restoring the environmental integrity of this area.

This programme is specifically designed to ensure that the three local communities where this programme is to be implemented, will own a significant majority share in the company established to oversee and manage the

implementation of this programme. There is also specific provision for other small scale growers to join and partner with this programme. Provision is also made for agri-processing facilities as soon as production levels have reached a certain threshold.

Substantial progress has already been made with the establishment of this programme with a primary nursery being established and the first 1 900 trees already delivered, as well as a further 35 000 trees already on order. All expenses thus far on this project have been provided by the shareholders. We as Provincial Government have now committed an amount of R 20 million to support the local communities, through their local shareholding entities in this project, to assist in providing them with the necessary training facilities, as well as essential irrigation and fencing infrastructure.

Approaches have now been made to the secure funding, both grant and loan funding from other government and private sector sources, as well as from potential investors. We are pleased with the interest the Land Bank has shown in this project and we trust that funding agreements with them will soon be finalised. TIKZN has also offered its support with the marketing and investment support to this project. The macadamia operation also provides an ideal opportunity for further corporate social investment in providing and upgrading social services in this area.

I am making specific reference to this project, not only to report on a very positive development that was initiated in the current Term, but to encourage those that take over from us to replicate this model as a best practice towards achieving our goals of rural development and agrarian reform, in a manner that support communities to empower themselves to become serious participants in the mainstream economy. This model of experienced farmers, working in close collaboration with traditional communities to establish viable and shared economic development opportunities is what we encourage throughout the rest of our Province

We were also inspired by comments made by our President in the 2019 State of the Nation Address, where he encouraged Traditional Leadership to become active participants in large scale agricultural ventures, with a focus on the export market. This Project in Umhlabuyalingana meets all of the requirements, and even much more.

There is indeed a light afar, yet well in reach, shining brightly in the uMhlabuyalingana poverty node in the uMkhanyakude District.

5.3 Ensure Decent Living Conditions and Sustainable Human Settlements

During the revision of our Provincial Vision in 2016, there was only one minor, yet extremely important adjustment, namely the inclusion of a commitment that

we will ensure that the citizens of this Province are able to live in dignity and harmony.

In this regard we had committed to step up the pace of service delivery in respect of water, sanitation, electricity, as well as to step up the pace of delivering sustainable human settlements.

Madam Speaker, we must now report that:

- Although we have been providing piped potable drinking **water** to within 200m of a dwelling, to an average of 44 000 household per annum over the last five years, the percentage of households with access to water has decreased from 86% in 2011 to 85% in 2016. This is clearly an indication that the rate of increase in the number of new households is faster than the rate at which we can provide this infrastructure.
- the provision of access to **sanitation** has improved from 53% in 2011 to 61% in 2016
- access to **electricity** has improved from 78% in 2011 to 89% in 2016; and
- access to **solid waste removal** services have increased from 78% in 2011 to 89% in 2016.

Honourable members, as we indicated earlier, the pace of delivery is now directly proportional to the resources allocated to render these services and we again have to acknowledge that substantial amounts of this funding had to be reallocated to drought mitigation programmes over the last five years.

The results of the **2018 Citizen Satisfaction Survey**, in response to these service delivery statistics, confirm that water remains a priority service to be rendered, followed by access to reliable and cheaper electricity.

It is therefore clear that as we are approaching universal access to services, new challenges are likely to emerge, in particular related to the quality and dependability or reliability of the service.

The ability to respond timeously and effectively to any potential disaster situation, certainly contributes to creating a decent living condition. It is for this reason that we spent R84.1 million over the last five years for the construction of Municipal **Disaster Management Centres** in the municipalities of uMkhanyakude, iLembe, Harry Gwala, Ugu, uThukela, Amajuba, uMzinyathi, Ulundi, uMlalazi, Greater Kokstad, and Ubuhlebezwe.

We have also installed 2 347 **lightning conductors** to mitigate fatalities due to lightning strikes, which have become more prevalent as we have been witnessing an increase in the severity of storms and inclement weather in our Province.

With reference to **sustainable human settlement** and the **provision of housing**, we can report that we, over the last five years:

- provided a total of 114,803 quality houses with basic services for families either being unemployment or earning below R3 500.00, including pensioners and child-headed households;
- provided 26,832 serviced sites, and
- delivered 21,561 title deeds, with a further 16,227 title deeds to be handed over in the coming three months.

We are proud to report that we have won the National Govan Mbeki Award in the category of “Best Performing Province” for four consecutive years from 2014 to 2017.

Our approach to develop a pipeline of construction projects has contributed to us being able to shift funding from non-performing projects to performing projects, thus fully utilising our National budget allocation.

Madam Speaker, we have initiated a programme of mega or catalytic human settlement development projects and we must actively pursue these human settlement projects moving forward. These catalytic projects are related to:

- the building of 25 000 houses at Cornubia in eThekweni;
- 10 000 houses in uMhlathuze;
- 10 585 social/rental housing in eThekweni Inner City;
- 27 875 Urban Hub units in KwaMashu Bridge City;
- 18 000 Urban Regeneration units in Umlazi;
- 20 000 units in the Amaoti Greater Housing Project;
- 9 511 units in Johston, Blaaubosch Cavan; and
- 4 600 units Ilembe: KwaDukuza:Hyde Park.

This amounts to a total of more than 125 000 housing units over the next few years.

Although we have made good progress with the implementation of the Informal Settlements Upgrading Programme (ISUP) and the provision of Interim Services, we have not been able to achieve our targets in this regard. We have upgraded a total of 34 578 sites since 2014.

However, similar to what the trend is with the provision of basic water connections, we are finding that the increase in the number of informal dwellings is faster than the rate that we can upgrade informal sites.

This is therefore a matter that will require the serious attention of those taking over from us and further attention will have to be given to an approach where serviced sites are released to qualifying beneficiaries, for them to build their own houses on these sites.

Plans are already well underway to release the first 14 000 serviced sites for the GAP market in the next financial year.

5.4 Improve and Expand Education and Training

With a population of now just short of 11 million, our human capital must certainly be our greatest asset. It therefore goes without saying that investment in this asset must, and always will be one of the most important responsibilities and priorities of government.

This is after all this asset that is required for us to achieve all our other priorities and goals. We will not grow our economy, deliver effective services and care for to our citizens, nor be able to protect our environment and remain sustainable without this one resource, our people and the value they can add to our endeavours.

We do what we do for our people and with our people, so we need to ensure that we have the best we could possibly have in doing so.

Madam Speaker we also understand that that there are different dimensions to the matter of education, one being to equip a person to be the best and most rounded human being that he or she can be, in the true spirit of Ubuntu. The other being to acquire knowledge and skills that would enable a person to be gainfully employed or to make a living for him or herself. These two dimensions are, however not mutually exclusive, in fact they are inextricably intertwined.

Our expectation of our education system is therefore to deliver a product that will be a valuable asset in all walks of life, be it as an individual, as a caring member of a household or family, a responsible citizen in society or as a contributor to our economy, working to secure a better life for all.

It is with this in mind that we are concerned about the current state of education and skills development, because we believe that we still have some way to go before we can claim to have reached this utopian vision.

We must however hasten to emphasise that in referring to “our education system”, we are not just placing the onus on our schooling or post schooling systems to deliver this vision. We as parents, families and members of society all have a responsibility in this regard, which we may not just simply pass on to the schooling system to deal with.

Madam Speaker, Honourable Members of this House and distinguished guests, we can assure you that we are hard at work to improve our education and skills development outcomes.

We are working hard to break a vicious cycle of poverty leading to poor education outcomes, which in turn again results in a return to poverty. This will take a concerted and well-orchestrated effort to break these shackles and move forward.

We are pleased to report that we managed to secure universal access to basic education for all during our Term. It is therefore no longer a matter of just getting our children into school, but it is now all about improving the quality and relevance of teaching.

This obviously places huge responsibilities on our education authorities and our educators to step up their game in this race. We need teachers and administrators who are passionate, loyal and dedicated to the work they do and understanding what the impact of them failing will be for all of us.

We have noted and welcome the announcement made in the 2019 State of the Nation Address, namely that the responsibility for **early childhood development** (ECD) is to be transferred from Social Development to Basic Education. This now implies that the full formal education value chain, from early childhood development, to primary education, to secondary education and then onward to tertiary education will all be managed with an education outcome in mind.

This is a matter that can't wait for the new Team to arrive and we as the current Team will have to get this process started, especially since we are not reaching our targets on the percentage of children in 0-4 age group accessing ECD facilities. Our baseline in 2015 was 25 % and we had aimed at reaching at least 35% by 2020, yet we currently only have 18% of this age group in ECD facilities.

Good progress has been made with the provision of access to **Grade R** and 2017 statistics indicated that 74% of Grade one learners had attended Grade R schooling.

As far as the **National Senior Certificate** results are concerned, we have noticed a 6.5% improvement in results since 2014. The pass percentage of the "Class of 2014" was 69.7% compared to 76.2% of the "Class of 2018". This is however still below the target of 80% we have set to achieve by 2020.

We are pleased about the fact that we have been able to deliver 43 new schools within the province since 2014 and a substantial portion of our education budget is allocated to the maintenance and upgrading of our existing schools.

In an attempt to reduce the **drop-out rates** of learners in the education system with special focus on girl child challenges, we have appointed 604 Learner

Support Agents (LSAs) who have supported 31 599 vulnerable learners who were likely to drop out. We have also embedded this support initiative with our Operation Sukuma Sakhe (OSS) Programme and structures to optimize the levels of support we can offer to these vulnerable learners.

The **National School Health** programme and the Domestos Sanitation Programme targeted 90 277 learners in impoverished households with the aim of promoting healthy lifestyles, reducing illness and preventing dropout. We are, still concerned about drug abuse and other social ills contributing to high dropout rates in our Province.

Madam Speaker, on the issue of **learner transport**, we are pleased to report that significant progress has been made in the rollout of a programme to ensure the safe passage of our learners, in particular focussing on learners from impoverished communities who have to travel more than 3 kilometres to and from school. Over the past five years, more than 47 000 learners in 320 schools from across the Province, benefitted from this programme. More than 15 000 bicycles were distributed, with the last remaining order of 3 000 to be distributed before March 2019

We wish to acknowledge the work done by our **Provincial Human Resource Development Council** towards promoting skills development in a manner that would meet the skills demand in our Province.

We have undertaken extensive skills audits to determine specific skills shortages, as well as to identify and encourage the establishment of relevant and appropriate skills development opportunities and facilities. As this Provincial Government, we followed up on these audits and have awarded bursaries to more than 16 000 students between 2014 and 2018 at a total cost of R1.8 billion.

We are also pleased to report that 18 137 artisans had been enrolled through various artisan training programmes over the last five years and that so far, 8 659 of them have achieved their artisanship.

From 2014 to date, the Provincial Public Service Training Academy has coordinated and facilitated training of 1 350 unemployed youth in skills programmes funded by Merseta and the National Skills Fund. This training is implemented through private public partnership with 42 companies in the manufacturing and engineering sector. These companies employ the unemployed youth as apprentices for a period of two years, providing them with access to work experience and practical exposure for the specific trade in which they will gain artisanship after completing a trade test.

We have also, through the Eyesizwe Contractor Development Programme established a process to empower emerging contractors. We now have 3 186

contractors on this database with 1 481 being women contractors and 1 415 being youth contractors. The value of work awarded to these contractors over the last five years is now well over R 681million. Partnerships have now been established with IThala and Absa Bank to provide bridging finance to contractors in need of financial assistance and guarantees.

We have trained more than 12 500 farmers over the last 5 years, specifically focussing on progressing farmers from substance to commercial scale agricultural production. The interest in and results of this programme has been astonishing and is now also being linked to the RASET Programme

Our mentorship programme for support to unemployed agriculture graduates, developed over the last five years and now offers on-farm mentorship and support to 200 young agricultural graduates, which will undoubtedly enhance their employability within the agricultural sector, or start their own farming ventures.

Over the last 5 years, we have also spent more than R30 million in the rehabilitation and upgrade of the Owen Sithole College of Agriculture, turning this facility into a true centre of excellence.

Madam Speaker, in concluding on this priority area, we have to make mention of the link and relationship between the provision of information and communication technology infrastructure and facilities to education outcomes. Without competitive access to this infrastructure and facilities, our learners and students can never be competitive in the labour and economic markets.

We are well aware that the **Fourth Industrial Revolution**, with all its risks and opportunities is already manifesting itself around us, but we will remain silent observers in this process if we do not have the means to engage. The quality, reliability, speed and costs related to internet connectivity is already a major inhibiting factor in this regard. The pace at which we are able to rollout our broadband connectivity in this Province, will definitely not enable us to participate effectively in the Fourth Industrial Revolution opportunities and all the skills development opportunities that go with this. This is a serious matter which the next Team in the relay will have to pay special attention to.

5.5 Ensure Quality Health Care for All

Madam Speaker, just as we have stated above that we will not be able to achieve the vision and goals of this province if our people are not educated, skilled and trained, equally we will not be able to achieve these outcomes if those very same people are not also healthy and fit for duty.

We also understand that enhancing healthy communities and citizens in KZN is largely dependent on a comprehensive primary health care programme, as well

as on the provision of adequate sanitation, water and other infrastructure without which community health will be compromised regardless of the level of health services provided.

Health status of the broader population is therefore not only a function of our health department or system, but we do acknowledge that we all have a critical and important role to play in this regard.

We are therefore pleased to report that **life expectancy** at birth increased over the last five years from 56.9 years in 2014 to 60.7 years in 2018;

We have also witnessed great strides being made in fighting the scourge of **HIV/AIDS and TB** through the implementation of the 90-90-90 Strategy that has led to:

- a reduction of new HIV infections from 79,000 to 61,000 between 2014 and 2018;
- mother to child transmission of HIV decreasing from 1.6% in 2014 to 0.71% in 2018
- a reduction in new TB case notifications from 808/100,000 in 2014 to 487/100,000 in 2018;
- TB death rate decreased from 4.7% 2014 to 3.2% in 2018;
- more than one million male patients have been circumcised; and
- maternal mortality reduced from 147/100,000 in 2014 to 101.9/100,000 in 2018.

We must also at this point acknowledge the outstanding work done by our **Provincial Council on AIDS** as well as its District, Local and Ward structures, who have all turned this Province around on matters related to HIV/AIDS and TB. The partnership that we have established with business and civil society structures has been exemplary and has proven what can be achieved when we all join hands to fight a common enemy such as these diseases.

It is largely as a result of this level of collaboration between social partners that the **Global Fund** allocated an amount of R 400 million to implement a three-year HIV prevention programme in our Province.

Other significant contributions made in this regard over the last five years were made by:

- Toyota in support for a 4-year Behaviour Change Communication Programme implemented in all 11 districts, to provide health information to communities and generate demand for uptake of HIV, TB and STI services. To date, the programme has reached over 500,000 citizens with various health promotions services and created employment for 13 youths in the province;

- The KZN Growth Fund financed a condom manufacturing facility at Dube Trade Port. To date 14 million condoms have been produced and a total of 33 jobs created and
- US President Emergency Fund for AIDS Relief (PEPFAR) supported a two-year HIV prevention programme for adolescent girls and young women known as DREAMS in three districts; eThekweni, uMgungundlovu and uMkhanyakude. The programme reached 100,000 adolescent girls and young women with a comprehensive package of HIV prevention services.

In the last 5 years, the province has also seen the pilot phase of the **National Health Insurance** being implemented at the three Districts of uMzinyathi, uMgungundlovu and Amajuba and we have more than a million patients clients enrolled in the Centralised Chronic Medication Dispensing and Distribution Programme (CCMDD).

One of the most significant milestones in health infrastructure development is the construction the **Dr Pixley ka Isaka Seme Memorial Hospital** as the first Regional Hospital to be constructed in the Province post 1994. Construction work is on track with the estimated completion date being May 2019.

As much as we are both happy for and proud of the development of this new state of the art facility, we remain concerned about other areas in desperate need of upgraded or new medical facilities, such as in the South of eThekweni area and the King Edward Hospital.

The investment in our ambulance services is noted with over 200 vehicles purchased in the last 5 years.

In our fight against cancer we have stabilized oncology services in the province and we are implementing the “**Phila Ma**” campaign, screening for cervical cancer for early detection and treatment. The highlight this year was the screening of 2 072 women on 21 April 2018, surpassing the Guinness World Record of 751 set in Dec 2012 in Mumbai.

Undoubtedly one of the highlights of this term of office is the 258 KZN students who have returned from the **Nelson Mandela/Fidel Castro Medical Collaboration Programme** in Cuba for their final 5th and 6th year at local Universities. A total of 96 of these students are to finalise their training at UKZN where they will be posted under supervision to the Stanger, Ngwelezana, Madadeni, Greys and RK Khan Hospitals.

This new injection of young medical professionals in our Province is most welcome. We are however still concerned about how long their services will be retained in the public health sector and we therefore believe that we need an improved and structured collaboration agreement between the public and

private health sector to ensure an equitable and sustainable distribution of medical professional resources in our Province.

5.6 Expand Comprehensive Social Security

Madam Speaker, as a Province with 52% of our households living below lower bound **poverty** line, with around 40% of our population **unemployed** and with 15% of our children under the age of 14 classified as stunted due to malnutrition, we have no option but to ensure that we have adequate social security networks in place to support those that can't support themselves.

It is for this reason that we have, over the last five years, as part of our Poverty Eradication Programme, established 44 **Community Nutrition Development Centres** across the Province to ensure that at least 12 500 persons living below this lower bound poverty line receive at least one balanced meal for five days in a week. The food purchased for this Programme is sourced from farmers being supported under the **RASET** Programme, creating an ideal synergy between two government Programmes.

We remain committed to address one of the primary goals of our Government, namely to **eradicate poverty and inequality**, whilst we ensure that welfare services are delivered timely, effectively and efficiently.

We were therefore pleased to note from the latest Stats SA Community Survey that absolute poverty has decreased over the last five years, but we do acknowledge that we will have to work harder to reduce the number of grant dependent persons and households in our Province.

Our flagship programme through which we have taken on this challenge during our Term was **Operation Sukuma Sakhe (OSS)**, allowing us structured access to ward level and to poverty stricken households. We have attempted to expand and strengthen our (OSS) approach and commitment during this Term by providing leadership at Provincial, District, Local and Ward level, as well as to ensure that all organs of state are coordinated to achieve maximum impact at household level. In the words of our President, this truly is a **"Thuma Mina" programme**.

Madam Speaker, it has now become a regular and scheduled event for the Provincial Executive Council to reserve the last Wednesday of a month for an OSS outreach and rotating these visits between the Districts. This approach has ensured that all members of the Executive Council, supported by all Heads of Departments and other relevant senior officials are deployed for one day in a month to engage with communities and households in their wards and to assist in resolving immediate challenges there and then.

I am confident that I speak on behalf of our Provincial Executive Council when I say that these visits were, to say the least, insightful and have gone a long way to ensure that we remain in touch with those we serve, by going to them and experiencing first hand the living conditions they find themselves in.

We have also used OSS as a mainstream to channel and align other related programmes such as the **Poverty Eradication Programme**, the **Social Cohesion and Moral Regeneration Programme**, the **KZN Crime Prevention Programme** and lately also **RASET** and the **Social Cohesion and Moral Regeneration Programme** through the same OSS structures. This has contributed significantly in strengthening the synergies and complementarities between the various programmes, avoiding duplication and maximising resource allocation and impact.

Through this approach we have over the last five years managed to;

- reduce the number of households that are exposed to hunger episodes;
- target vulnerable groups such as mothers, children, the disabled, communities living on commercial farms and informal settlements and provide timeous, adequate yet appropriate support;
- expand the School Nutrition Programme;
- strengthen partnership for provision of residential care and support to older persons, people with disabilities, as well as orphan and vulnerable children;
- strengthen the implementation of Youth and Women Development Programmes; and
- We also strengthened the implementation of food security programmes benefiting users from ECD Centres, Community Care Centres, Drop in centres HCBC's, Youth Academies, NPO's and State managed residential facilities.

As much as we are proud of what we have been able to achieve through OSS in the last five years, we must caution against complacency. Our message to the Team getting ready to take over from us is to nurture this programme and to ensure that it remains invigorated with new energy and innovation, otherwise it may go stale and lose its impact. There is a specific need to strengthen sustainable community ownership and leadership for this programme to achieve its full potential.

5.7 Fight Crime and Corruption

The 2018 KZN Citizen Satisfaction Survey has focussed our attention anew on the importance of the need for our people to feel and be safe. This survey highlights the fact that safety and security were identified as part of the top 3 priorities our citizens expect us to improve our performance on.

As far as crime statistics are concerned, we have noted substantial fluctuations during the current Term and there are very few stable trends over this period in

these statistics. There does seem to be increasing trend of robbery related crimes when the economy is performing poorly and that is probably to expected.

What is of obvious concern is that murder and drug related crimes, as well as crimes directed to business disruptions have been on the increase over the last five years. This is a situation that is not only placing us as individuals and communities at risk, but it is also impacting extremely negatively on our prospects for economic growth.

During this Term we have endeavoured to lift the lid on and to better understand some of the underlying reasons and motives underpinning these crimes.

Madam Speaker, Honourable Members will recall that we released the findings of the **Moerane Commission of Enquiry** into the underlying causes of the murder of politicians in KwaZulu-Natal in this House on 20 September last year.

The appointment of this Commission of Enquiry stemmed from concern raised by all political parties about the fact that politically related killings had become particularly prevalent since 2011 and had escalated rapidly during 2016.

Let me briefly remind all of us again on what some of the key findings of this report were, namely that:

- the murder of politicians was predominantly committed at a local level;
- there is clear evidence that being elected as a councillor, regardless of political affiliation, is perceived to create opportunity for access to resources through tenders and other financial avenues, leading to corruption, crass materialism and conspicuous consumption;
- election as a councillor allows for upward mobility in financial and social status and lends itself to the creation of a patronage network;
- manipulation of nominations at branch, regional and provincial meetings of political parties seek to marginalise some in the battle between different factions, resulting in violent attacks and retaliatory attacks; and
- language used by politicians across the board were found to be provocative and incites violence and contributes to the murder of politicians.

Honourable Members of this House, we should all be reminded again of these core findings so that we can reflect regularly on them as we approach the May 2019 election date. We must all be extremely cautious and ensure that we do not get carried away in our campaigns, to the extent that we could be accused of the same wrongdoing as those pointed out by this Commission.

We can also confirm that a detailed implementation framework has been prepared to ensure that the recommendations of this Commission are implemented by the various entities listed in the report.

In this regard, we wish to acknowledge and thank President Ramaphosa for having deployed a Ministerial Task Team to our Province, to assist us in addressing this rampant scourge of political killings.

We also wish to thank the Minister of Police and the Police for taking swift action in arresting alleged perpetrators. These actions have indeed contributed to stability in our Province and we are pleased to note that there has been no escalation of incidents in this period leading up to the Provincial and National elections. We must therefore be proactive in the leadup to the next municipal elections to maintain this level of stability.

As leaders, it is our duty to ensure that we elect our new leadership in a free, fair and safe manner, which will not put our lives, nor those of our communities at risk. Please remember we have the **Multi-Party Political Intervention Committee** at our disposal to assist in resolving any party political disputes

We have over the last five years had numerous engagements with stakeholders aimed at addressing safety and security concerns and to develop programmes to deal with underlying causes, which do vary from area to area. In this regard we hosted Crime Prevention Summits in all Districts and in the eThekweni Metro and I do believe that we have managed to bring like minded people together to work on this challenge in their own environment.

In order to address the issue of **cross border crime**, in particular between Mozambique and South Africa in the uMkhanyakude District, we engaged the services of volunteers trained in crime fighting skills to attend to the high incidence of vehicle hijackings in the area. This intervention was indeed successful and a number of stolen vehicles were recovered in this process.

We now have 560 **Community police forums**, 42 Community safety forums and 298 Ward safety committees established in the Province. These forums and committees provide an ideal platform for the engagement of business and civil society structures in the matter of crime prevention.

Our **Communities in Dialogue Programme** (CiDP) has been extensively applied in this Term to resolve deep-seated community conflicts and was successfully applied in resolving:

- Public transport or taxi conflicts and violence in various districts including Nongoma and Ladysmith;
- Hostel conflicts particularly Glebelands and KwaMashu hostels in eThekweni;
- as well as a range of other Farm and community, or faction related conflicts.

We had announced in the 2018 State of the Province Address that there was a broad consensus on a terms of reference and the appropriate structuring for the establishment of a **Community Complaints and Instability Rapid Response Unit** in the Office of The Premier. I must unfortunately confess that this process got delayed in implantation, but it is still a matter to be pursued by the new Term. We do however still have the Premier's Complaints Hotline functioning in the interim.

Madam Speaker, we are extremely concerned about the **unlawful acts of intimidation** conducted by structures and individuals purporting to represent the interest of marginalised African businesses, claiming what they believe to be rightfully theirs in the spirit of Radical Economic Transformation, without following due processes.

These acts are clearly driven by selfish and at times greedy interests of these structures, to the detriment of other law abiding citizens and small business entities who do follow due process to participate in the mainstream economy of our Province. We have again requested President Ramaphosa and the Minister of Police to intervene and to assist us in rooting out this lawlessness and to prevent it from escalating to a general state of anarchy.

Within the Province we have engaged organised business over the last year to find a suitable response to these site and business invasions. We have reached a broad agreement on the establishment of a **KZN Business Stability Initiative** to provide a dedicated platform for engagement between Provincial Government, Municipal Government and Organised Business, to prevent and act swiftly in attending to any such incident of intimidation and disruption of both government and business ventures.

During this Term we have also had to contend with and attend to issues related to **farm murders** and tensions between commercial farmers and farm tenants and labourers. We have launched the **Advance Social Justice in Farming Communities Programme** to mediate conflict in farming communities and the response to this has been extremely positive. We do however not believe that we are out of the woods yet. This matter does not only ruin lives, but it also hampers our endeavours to promote rural development, to grow our agriculture economy, as well as to promote social cohesion.

5.8 Build a United Nation and Promote Social Cohesion

The preamble to the Constitution of our Country recognises that South Africa belongs to all who live in it, united in our diversity.

The status quo in our Province in respect of social cohesion and moral regeneration, as well as progress made towards nation building is however such that much is still to be done to achieve the ideals of our Constitution.

We have been hard at work during this Term to turn this situation around and this started with us releasing in 2015 the two reports commissioned by the previous Term, namely:

- the Report of the Special Reference Group on Migration and Community Integration in KwaZulu-Natal; and
- the Report of the Special Committee on Social Cohesion in KwaZulu-Natal.

Based on recommendations from these Reports we hosted a Social Cohesion and Moral Regeneration Summit in KwaMashu in June 2017 with the theme “Deepening social cohesion and moral regeneration towards a united and prosperous KZN”. The resolutions and declaration adopted at this summit committed all stakeholders to continuous and ongoing engagements through the establishment of a **Social Cohesion and Moral Regeneration Council** for the Province.

Madam Speaker I am pleased to report that this Council was established and that it has met twice already. One of the core functions of this Council, in addition to it being a platform for engagement on any challenges that may be encountered in the regard, it to oversee the development of our Provincial Social Cohesion and Moral Regeneration Strategy and Plan.

This process is well on track and we have managed to bring widely diverse groupings together in this Council to assist us in developing a better understanding of the fears and aspirations of the various sectors and societies, forming the community of KZN.

This is indeed a process to be nurtured by our successors, because without this, we will continue to be plagued by outbreaks of racial intolerance and conflict, xenophobic attacks and unnecessary tensions that will force us apart, instead of bringing us together a Nation.

6. COMMITMENT TO ACCOUNTABILITY IN PURSUIT OF GOOD GOVERNANCE

Madam Speaker, as in previous State of the Province Addresses, we once again commit ourselves as members of the Executive Council of this Province to be held accountable for delivering on all the programmes and targets reported on in in this 2019 State of the Province Address, at least for the remainder of our Term.

We acknowledge and respect the oversight role of this House as set out in the Constitution and in the Oversight Model adopted by the House which aims to strengthen the oversight function. We commit to work with you in strengthening and deepening this oversight function.

We also acknowledge the role of other accountability oversight structures, such as the Office of the Auditor-General. It is for this reason that the Provincial Executive Council and senior Provincial Administrators have been working in close collaboration with the Office of the Auditor-General, to establish a sound and structured platform and approach to enhance the audit outcomes of Provincial Departments and Entities. We are convinced that the results of this work will be clearly visible in the results of the 2018/19 audit outcomes.

As far as improving accountability in municipal governance is concerned, we can report that during the current Term, we implemented the Back to Basics Programme and we embarked upon Constitutional interventions, where it was absolutely essential to do so, in fourteen distressed municipalities across the Province. Overall the support packages and measures put in place at intervention municipalities have tended to yield positive results.

The successful merger of Indaka and UMnambithi to form Alfred Duma Municipality and the consistency with which Okhahlamba, Umvoti and Umhlabuyalingana Municipalities have produced excellent performance outcomes, can be attributed to the success of these interventions.

There are unfortunately a few exceptions and repeat offenders, but we are committed and determined to have these municipalities supported until they return to being well-oiled service delivery 'machines'.

7. CONCLUSION

We wish to conclude this 2019 State of the Province Address with a clear message that we, as the KwaZulu-Natal Provincial elected representatives of the fifth term of office in the post 1994 democratic dispensation have served to the best of our ability, with dignity, pride and integrity.

We believe that despite having had to face numerous challenges and in the midst of adversity, we have been able to execute our mandate and move this Province forward towards our Vision of being **"a prosperous Province, with a healthy, secure and skilled population, living in dignity and harmony, acting as a gateway to Africa and the World"**

To those that will take over from us after the May 2019 elections, we leave you with the assurance that you have a sound platform to build on and, without undermining your own views, we encourage you to remain steadfast on the growth and development trajectory plotted for us in the National Development Plan and our own Provincial Growth and Development Strategy.

By doing so, not tempted to start afresh with strategies and policies, but by focussing on faster and better implementation, you will be able to propel this Province forward to the heights this Province can achieve, the heights the people of this Province expect us to reach.

8. WORDS OF APPRECIATION

Madam Speaker and Honourable Members, I firstly wish to express my sincere appreciation to the members of the Executive Council for their valuable inputs. Collectively, we had to make difficult but informed decisions on how to best serve our people.

A special word of thanks to our Leader of Government Business who did outstanding work in managing our engagements with this House, as well as for his unwavering support to me personally.

I wish to thank all structures of the Provincial Legislature for your robust oversight over our work. As your Term is now also reaching its conclusion, I wish each and every one of you all the best with your future endeavours.

I also wish to thank all the structures of Business, Labour and Civil Society, who were always willing ready and able to partner with us and to support us at all times.

Thank you to all the District and Local Mayors, as well as Traditional Leadership in the Province for your support and working with us on a wide range of government programmes, such as Operation Sukuma Sakhe and the HIV/AIDS programmes. We encourage you to strengthen relations through appropriate Inter Governmental Relations and Protocol Agreements for even better results.

A special thanks to all the Councils, Coalitions and Commissions that served this Province with distinction during our Term. Here I must mention the outstanding work done by our Provincial Planning Commission in always focussing us on our Vision.

I must also single out here the sterling work done by the KwaZulu-Natal Growth Coalition, ably Co-chaired by Mr Moses Tembe. This is indeed a best practice model and is essential for us to be able to heed to our Presidents call to “grow South Africa together”.

I want to thank the Director-General Dr Nonhlanhla Mkhize, HODs and all categories of staff across all government departments for your dedication and hard work.

The contribution of the people of this Province from all walks of life, cultural, ethnic, language and religious backgrounds, has been heartening and very encouraging. The inputs received through our emails and social platforms is an indication of the determination of the people of this province to work with government to create a better and prosperous future and to grow South Africa together.

A special word of gratitude to the leadership and ordinary members of the African National Congress. You have been a pillar of strength and support to me ever since I started in this Legislature now almost 25 years ago and subsequently as I got deployed to the Provincial Executive Council and later as Premier. I will forever be grateful for your guidance.

Lastly, but not least, I want to express my appreciation to my wife and family for their unwavering support.

I thank you.