

**ADDRESS BY THE KWAZULU-NATAL MEC FOR ECONOMIC DEVELOPMENT, TOURISM AND
ENVIRONMENTAL AFFAIRS, MICHAEL MABUYAKHULU ON THE OCCASION OF THE KWAZULU-NATAL
ECONOMIC DEVELOPMENT PROVINCIAL BREAKFAST MEETING**

04 JULY 2014

Programme Director,

Dignitaries Present;

Ladies and Gentlemen;

All protocol observed

On behalf of the provincial government of KwaZulu-Natal we wish to express our greatest delight for being part of this august gathering where we are meeting with local government practitioners to discuss ways and means of mobilizing all stakeholders to work in tandem to create a country that all of us can be proud of.

We are delighted that we are meeting esteemed members of the local government fraternity, business people and other important stakeholders who play a critical role in shaping one of the essential spheres of our government because as the saying goes all government is local. For any development to succeed in any society it needs to enjoy the unqualified support of those who are at the coalface of government, those who are the last line in the implementation chain of our government. It is because of this reason that one cannot gainsay the importance of the local government sphere in our government.

Programme Director, we have been asked to address an important topic of infrastructure roll out in the province of KwaZulu-Natal. One of the most contested aspects in any society is the future direction of any country. It is because of this reason that nations in recent times have decided to take long term planning for the future seriously in order to mobilise society around one common vision and avoid a situation in which all strands of society pull in different directions.

For us as the country, we have created the National Development Plan (NDP), which is our loadstar for growth and development in our beloved nation. Taking our cue from the NDP, in the province of KwaZulu-Natal we have the Provincial Growth and Development Plan which is our blueprint for creating a province that will not only be the gateway to the African continent but a province that will be globally competitive and be able to take its place in the family of other trading regions in the world. As part of

our efforts to put South Africa on the new path of rapid growth and development by 2030 our government has rolled out a massive infrastructure development programme which is aimed at using infrastructure as a catalyst for growth and development in the context of a global economy that is still reeling from a crisis of confidence after the 2008 economic meltdown.

It is because of this reason that over the past few years the government has spent billions of rands on infrastructure and is set to spend even more than 1 trillion rand in what will be the biggest infrastructure roll out on the African continent. For our part in the province of KwaZulu-Natal we are working feverishly to implement the provincial growth and development plan and to ensure that infrastructure rollout in the province is speeded up. As a result we have set out the key priorities for the next five years. These have been informed by the national development plan, the medium term strategic framework and the election manifesto of the ruling party

We have also set up working groups for all the strategic goals contained in the provincial growth and development plan. Our overall strategic goal on infrastructure development is to develop harbours in the province, develop airports, develop road and rail networks, develop ICT infrastructure, develop water and electricity facilities and create new sources of energy. With regards to the ICT infrastructure, for example, the total cost for KZN broadband rollout is more than R3 billion while an amount of more than R178 million is required to roll out ICT infrastructure for skills development in the province.

In order to ensure proper implementation of the provincial infrastructure plan, the Province of KwaZulu-Natal is developing a Provincial Infrastructure Master Plan so as to manage co-ordination between various infrastructure components in government. The plan will capture all the relevant identified infrastructure programmes and projects that are currently being planned and implemented in the province, then secondly compare them primarily against the Provincial Growth and Development Plan and strategic integrated projects of the presidential infrastructure co-ordinating commission. The plan is also aimed at identifying gaps and also providing recommendations on managing them.

In short, Programme Director we want to ensure that we have a catalogue of all the biggest infrastructure programmes in the province so that we can harness resources, align our planning and improve implementation with a view to ensuring that the end result will benefit all the people of this province. Programme Director we now know that our government in KwaZulu-Natal has set aside a total infrastructure budget of around R46,3 billion over medium term expenditure framework period. This amounts to R15.3 billion in 2014/15, R16. 2 billion in 2015/16 and R14,7 billion in 2016/17.

Programme Director the specific targets for the port development in the next five years are to:

- Increase port capacity measured in millions of TEUs from the current 2,5 million TEUs rising to 6 million by 2020,
- Increase port capacity measured in dry bulk from the current 2,5 million units to 6 million units in 2020,
- Improve crane handling capacity from the current 28 moves per hour to 33.

Programme Director we are also working hard to increase the volume of passengers through the KZN airports from the current 5.2 million to 8 million in 2020. We also want to increase the international tonnage throughput from the Dube Trade Port cargo terminal from 6500 tonnes to 8000. Our targets for road and rail network over the next five years are to:

- Increase the total number of TEUs on natcor rail line from 448000 to 1 222 600 in 2020
- Reduce the current road to rail ratio of Port of Durban from 5:1 to 4:1
- Increase the kilometers of declared rural roads that provide access to communities to 33 270km and
- Reduce the percentage of provincial road network in poor to very poor condition from 43% to 30%

Programme Director our targets on the ICT sector are to:

- Increase the number of ICT infrastructure nodes in the province from 1900 to 5700
- Increase the number of municipalities with established access networks from 5 to 51
- Increase the rollout of the fibre optic cable from 14 300 km to 16 000 km and
- Increase the number of public digital access centres from 129 to 300

And our targets on water sector over the next five years are to:

- Increase the number of water service systems in the province from the current 47% to 80%
- Reduce water losses from 47% to 30%
- Increase the percentage of KZN households with access to 75 litres of water per person per day from 85% to 100 percent
- Increase the percentage of households with year water connections from 24 percent to 35 percent

Programme Director the reality is that our province has insufficient electricity infrastructure to meet the rising demands of both industry and household consumers due to the limited capacity of transmission lines and aging networks. This is further compounded by the backlogs in the supply of electricity from the existing power stations, as well as a lack of effective demand management programmes. It is for this reason we are engaging the relevant national authorities on a possibilities of establishing an energy trading and facilitation agency in this province. It is anticipated that such an agency could play a significant role in supporting independent power producers in the province of KwaZulu-Natal to negotiate a very complex regulatory framework.

Our targets for the energy sector over the next five years to:

- Increase the percentage of households with a source of electricity supply from the current 80% to 89% in 2020;
- Increase the generation of new renewable energy from 0 to 2 400 MW by 2020;
- Increase the units of energy saved through energy efficiency interventions from 250 GWh to 7 800 GWh; and
- Increase the number of solar water units installed in the province from 61 000 to 400 000 by 2020.

Programme Director our government at a municipal level is set to spend a total of more than R 1 billion which comes from the integrated national energy programmes which is an allocation for municipalities for household reticulation. On the other hand, the municipal infrastructure grant in the province is R3, 2 billion for 2014/05 and R3 billion for 2015/06 and R3, 4 for 2016/17, while the regional bulk water infrastructure grant is R4 billion for the MTEF period while the municipal water grant is R1, 5 billion for the MTEF period. This demonstrates the government's intention to ensure that infrastructure roll out in the province not only has an upswing effect on the economy but it also makes a positive impact in the lives of our people by creating employment.

Programme Director, there is no doubt that in order for the infrastructure roll out to become a reality the role of municipalities cannot be overemphasized. Not only will these infrastructure programmes have a multiplier effect in the economy but they will result in the creation of jobs. The local government sphere of government needs to organize itself in order to ensure that it makes the most of the economic opportunities that will accrue to it. But, more importantly, it means that our planning as local

government practitioners needs to be aligned with a view to ensuring that municipalities are better positioned to benefit from these projects.

Programme Director, this government means business when we say we want to ensure that by 2030 we would have created a KwaZulu-Natal that all our people can be proud of. To demonstrate this, our premier, Premier E. S Mchunu has given us concrete targets to achieve over the next 100 days of this new government. These include among others the slums clearance campaign in Jika Joe, (Pietermaritzburg), Groutville and Umlazi (section Q, W, D and H). The target also includes the provision of electricity in Ofafa and other areas. For our part we have to create techno hubs in Pietermaritzburg, Newcastle, Port Shepstone and Richards Bay. This demonstrates the government's commitment towards making a meaningful difference to the lives of our people within a reasonable short period of time..

Before we conclude we want to stress the point that the infrastructure programme being undertaken by government has the potential to radically change the economic landscape of the country. History has shown that countries that succeed are those which take a longer term view of development using infrastructure development as a catalyst and a stimulus for the economy.

To illustrate this, when oil was discovered in Dubai in 1966 the oil revenues were used to spur infrastructure development, resulting in schools, hospitals, roads and modern telecommunication networks being built. Because of visionary leadership, high quality infrastructure and expatriate friendly environment, Dubai became the business and tourism hub for the middle east region. This shows that when a country pursues a singularity of purpose with determination and vigour, mobilise all resources, human and financial, and rally everyone around one vision it is able to achieve big things and realize its potential.

We have no doubt that our province is on the cusp of achieving an infrastructure revolution which will radically change the landscape of our province. As local government practitioners, we are fortunate that we have been given the mandate to steer municipalities at the time when our country is facing a confluence of possibilities. Our people have their eyes trained on us and we dare not fail them.

I thank you,

Mr Michael Mabuyakhulu, MPP
MEC for Economic Development, Tourism & Environmental Affairs