

PREMIER'S POLITICAL REPORT

05 December | 2014



Transformation | Modernisation | Re-Industrialisation



POLITICAL REPORT TO THE GAUTENG PROVINCIAL LEGISLATURE

**DELIVERED BY
GAUTENG PREMIER
DAVID MAKHURA**

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Madame Speaker, Honourable Ntombi Mekgwe,
Deputy Speaker, Honourable Kgosi Dikgang Moiloa,
The Chief Whip, Honourable Brian Hlongwa,
Members of the Executive Council,
Honourable Members of the Legislature,
Distinguished Guests,
The People of Gauteng

It is a distinct honour and an overwhelmingly humbling experience for me to address this House on a day in which our nation and the entire world commemorates the First Anniversary of the death of the Founding Father of our democracy, President Nelson Rolihlahla Mandela.

Tata Nelson Mandela will live eternally in the annals of our history because he dedicated his life unsparingly to the most sacred and most sublime of all causes, the liberation of humankind from all forms of discrimination, oppression and exploitation.

Through his selfless service and uncompromising fidelity to the cause and concerns of the people, he has become an everlasting monument engraved in the hearts of the overwhelming majority of our people, young and old, black and white, rich and poor.

And yet, as we pay tribute to him on this Special Day, we can hear his protestation and caution that credit should always go to the collective of men and women who suffered and sacrificed so that South Africa can be a free and democratic society.

To quote from the speech he made during his Inauguration on the 10th May 1994:

“ ... all the heroes and heroines in this country and the rest of the world who sacrificed in many ways and surrendered their lives so that we could be free.

Their dreams have become reality. Freedom is their reward. We understand it still that there is no easy road to freedom. We know it well that none of us acting alone can achieve success. We must therefore act together as a united people, for national reconciliation, for nation building, for the birth of a new world.

Let there be justice for all. Let there be peace for all. Let there be work, bread, water and salt for all. Let each know that for each the body, the mind and the soul have been freed to fulfill themselves.

Never, never and never again shall it be that this beautiful land will again experience the oppression of one by another and suffer the indignity of being the skunk of the world.

Let freedom reign. The sun shall never set on so glorious a human achievement!”

In response to Tata’s perennial protestation that he was not alone in the struggle, we want to assure him and this House that we shall continue to do what the Preamble of our Constitution calls upon us to do and I quote from the Constitution:

“recognise the injustices of our past; honour those who suffered for justice and freedom in our land; respect those who have worked to build and develop our country; believe that South Africa belongs to all who live in it, united in our diversity.”

We have adopted a comprehensive programme to preserve and promote our collective heritage as a people. Our heritage programme will seek to bring all our people together to celebrate their diversity. It will also recognise and honour all those who suffered for justice and freedom and respect those who work to build and develop our country, regardless of their political or religious affiliation.

Honourable Members, I trust that all of us in this House continue to draw enormous inspiration from Madiba’s life of courage and commitment during the second phase of our transition. Let us have the courage to admit that we have made great strides in improving the lives of ordinary people over the past two decades. Let us have the courage to tell the story of our country, which is a good story to tell.

For instance, in the latest study on “Fiscal Policy and Redistribution in an Unequal Society” released in November this year, the World Bank made dramatic findings on the progress we are making as a country:

“South Africa has made progress towards establishing a more equitable society. Since the end of apartheid, the government has used its tax resources to fund the gradual expansion of social assistance programs and scale up spending on education and health services. It thus was able to reduce poverty considerably...South Africa uses its fiscal instruments very effectively, achieving the largest reductions in poverty and inequality of the 12 middle-income countries. As a result of South Africa’s fiscal system, some 3.6 million people are lifted out of poverty, measured as those living on less than \$2.50 a day (in purchasing power parity dollars). The rate of extreme poverty is cut by half. The share of the population living on \$1.25 a day or less has fallen from 34.4% to 16.5%, reflecting the impact of cash transfers and free basic services net of taxes. Inequality goes from a situation where the incomes of the richest decile are more than 1,000 times higher than the poorest to one where they are about 66 times higher. As a result, the Gini coefficient on income falls from 0.77, where it lies before various taxes and social spending programs are applied, to 0.59 after these fiscal interventions are incorporated. Still, the level of inequality remaining is higher than what all other countries in this sample start with before they apply fiscal policies”.

Honourable Speaker, this is just but one of the many independent studies that confirm that South Africa is indeed making significant headways in tackling the persistent and enduring legacy of structural poverty and inequality.

Honourable Members, there are some among us who may prefer to close their eyes to the achievements being made by our nation in moving millions of people out of poverty. They want the sun to set on this good story of a country that is making phenomenal progress in winning the war against poverty and inequality. We say the sun shall never set on this glorious achievement.

Madame Speaker, on this occasion that also marks the end of the year in which we celebrated 20 Years of Democracy, allow me to expand on the World Bank’s narrative by talking about some of our province’s glorious achievements on which the sun should never set.

Despite rapid urbanisation and global economic slowdown, Gauteng has continued to grow as a vibrant and diverse global city region with sustained improvements in the quality of life. The latest Gauteng City Region Observatory (GCRO) Quality of Life Survey III released in August this year illustrates the fact that satisfaction levels among the overwhelming of the people of Gauteng are very high on access to education, provision of libraries, basic services and good infrastructure. The concerns are now shifting to the cost and affordability and mistrust of government officials. More than 70 per cent of the people are happy with services provided by government, although they mistrust government due to widespread perceptions of arrogance and corruption. So delivery is good but the way it is done and who does it is remains a problem.

Progress in Education

To be specific, we have achieved sweeping changes in education over the past two decades, making it possible for more and more children to reach their potential regardless of their socio-economic status. We are particularly pleased with the performance of learners in our no-fee schools, which are increasingly performing at a level comparable to fee-paying schools. The matric pass rate has increased significantly, reaching 87% by 2013 from 61% in 1994. We have made huge strides towards target of universal access to Grade R, with an increase from 40,000 in 1995 to 123,708 by 2014.

Gauteng residents are better educated than ever before. The percentage of people with no education dropped from 9.7% in 1996 to 3.7% in 2011 while the percentage of people with matric and post-matric increased by 20% in the same period. The percentage of people with a Bachelor's degree more than doubled from just over 118,000 in 1996 to over 256,000 in 2011. Why should the sun set on such a major achievement in turning around education?

The next thing for us is to modernise public education and improve the standard and performance of the entire system so that we can produce the type of learners who are better prepared for the world of work. This is a critical imperative of the TMR programme of the fifth administration. I shall return to this later.

Progress in Healthcare

The story of Gauteng's socio-economic transformation is also evident in the improved life expectancy from 56.9 in 2005 to 60.5 in 2011. An important achievement in this regard is the rollout of anti-retroviral therapy since 2004 and a substantial reduction in AIDS-related deaths.

The expansion of access to primary health care, including free services to pregnant women and children under 14, has had a significant impact, with a dramatic decline in maternal and infant mortality.



The dramatic increase in access to facilities is demonstrated by the increase in Primary Health Care visits from 10,4 million in 2004 to 23 million in 2013. Our communities are now serviced directly through over 8000 community health workers as well as specialist teams and over 150 ward-based outreach teams. The dream of having a health centre or clinic within a 5km radius is now reality.

The TB cure rate improved from 61.3% in 2003 to 84,3% in 2013. Health infrastructure investment has expanded dramatically, with over R6 billion invested in the period 2009-2013 alone.

We know that quality of care and state of infrastructure remain a challenge. The successful implementation of the turnaround strategy must stabilise the public health system and prepare for the rollout of the National Health Insurance, a game changer for us. The modernisation of public health infrastructure and facilities is therefore important.

Progress on Human Settlements, Infrastructure Development and Access to Basic Services

Access to housing gives every individual or household dignity and security. The formal dwellings in Gauteng have been no less dramatic than other areas of development. We have expanded formal housing from 1,5 million in 1996 to 3,1 million in 2011. Government alone has provided close to 900,000 housing opportunities provided in the same period, giving shelter and dignity to close to a million people who know no experience of living a comfortable and secure home environment.

Honourable Members, why should anyone of us allow the sun to set on such a significant human achievement?





Access to basic services also improved significantly:

- 92% of Gauteng households have access to **piped water** in a dwelling or in a yard in 2013.
- 91% of Gauteng households have a flush toilet, while 86.5% of all households had access to either a flush or chemical toilet in 2013, compared to 81.5% in 1996.
- Access to **electricity** in Gauteng has increased from 78.7% in 1996 to 91% in 2013.
- Weekly **refuse removal** increased from 83% in 1996 to 89%.

This level of provision of basic services contributes enormously to the satisfaction levels highlighted by the GCRO Survey III confirms the story that people's hierarchy of needs are changing because their basic needs are largely met.

Progress on the Economy and Employment

Through sound management and stewardship of the economy, the size of the Gauteng economy has expanded three times over the past 18 years, from R379 billion in 1995 to R1, 079 trillion rands in 2013. We have become a trillion rand economy. This is serious business.

Over the past two decades, employment has almost doubled, growing from 2.7 million in 1994 to 4.8 million people in 2013. In line with shifts in the Gauteng economy, the most significant employment growth has been in formal employment for skilled workers, which increased from 2,3 million in 1995 to just over 3 million in 2011. Gauteng has one of the highest percentages of employed people in skilled occupations, increasing from 28.5% in 2003 to 33.3% in 2013.

Through our EPWP programme, we have since 2004, created over 777,575 work opportunities in the province. Over 50,000 SMMEs and cooperatives have been provided with financial and non-financial support.

Some of our growth and resilience in the face of economic difficulties and a massive expansion in the demand for social services has been due to strong public investment in social and economic



infrastructure. This includes investment significant expansion of schools, health care centres, libraries and other community facilities, as well as investment in economic infrastructure in the transport sector such as the Gautrain and roads, upgrades linked to the OR Tambo International Airport and the BRT system as well as projects such as the Nelson Mandela Bridge, Innovation Hub, the Automotive Industry Development Centre, Constitution Hill, the Kliptown Precinct, and the Cradle of Humankind.

Madame Speaker, we are the first to acknowledge that even with this tremendous progress we have made, this is only a fraction of the distance we still have to travel to reach a South Africa of our dreams - a non-racial, non-sexist, democratic, united and prosperous society.

Our country remains a society characterised by extreme deprivation. Too many of our fellow countrymen and women have no access to the means to support decent livelihoods. Too many still live in informal settlements without decent houses and basic services. Too many are excluded from economic participation in a country of their birth. Too many still yearn for access to quality education and quality healthcare. Too many use unreliable, unaffordable and unsafe public transport to go to work. Too many are unemployed and poor.

On the other hand, those who have access to basic services and life supporting infrastructure have new needs and new concerns. They are worried about the cost of these services. They also mistrust government due to arrogance, poor response time and increasing levels of corruption experienced during their encounter with state officials.

It is for this reason that the fifth administration has adopted the ten-pillar programme for radical transformation, modernisation and re-industrialisation (TMR) of Gauteng, which is based on the National Development Plan Vision 2030. Our programme seeks to redress the

historical, injustice while at the same time addressing new needs and shifting concerns arising from different and diverse sectors of our population. There is no one-size-fits-all in dealing with the complex and changing needs and aspirations of our people.

Honourable Members, what have we been doing to implement the TMR and realise the targets we have set for the first 200 Days?

Honourable Members, today marks 198 Days since we took an oath of office, just two days before the 200 Days mark.

During my Inaugural State of the Province Address delivered in Thokoza on 27 June 2014, I outlined the ten pillars of the TMR as follows:

- **Four Transformations** - Radical transformation of the economy, spatial landscape, society and the state;
- **Four Modernisations** - the economy, the public service, human settlements and urban development and public transport and infrastructure in general; and
- **Two Industrialisations** - Re-industrialisation of Gauteng and positioning our province to take a lead in Africa's new industrial revolution.

PROGRESS DURING THE FIRST 200 DAYS

I would like to report to this House on the work we have done to position and reposition the machinery of government and allocate resources in line with the TMR.

Firstly, I would like to report to this House that the Executive Council has adopted its Medium Term Strategic Framework for the next five years and all Departments have now finalised their Five Year Strategic Plans, which are fully aligned with the Ten Pillars of Transformation, Modernisation and Re-industrialisation.

Secondly, I have interacted with all municipalities in Gauteng to ensure that the Ten Pillars of the TMR become the programmatic framework within which the Gauteng City Region is going to work. I'm very pleased to report that we are working very well with all municipalities, particularly with the Executive Mayors and City or Municipal Managers of all twelve municipalities in Gauteng. I feel privileged to receive such solid support from my colleagues in local government, who understand the Gauteng City Region as our common destiny.

Thirdly, the Budget Adjustment presented by MEC Creecy and later adopted by this House represents our major effort of reprioritising resource allocation towards the TMR priorities. We are also engaging business to mobilise private sector funding for mega infrastructure projects and game changers. The major shift in resource allocation will be fully effected over the next two years of the Medium Term Expenditure Framework cycle. It is for this reason that waste and under-spending on infrastructure have been declared the enemy of the TMR. I cannot preside over an administration that rolls over infrastructure budgets when the social and economic

infrastructure needs are so great. Honourable Members, I call upon you to help in ensuring that no department is allowed to under-spend or over-spend.

Lastly, we have been realigning and repositioning the Office of the Premier and all other engines of the Provincial Government to focus providing strategic leadership to the entire Gauteng City Region on the implementation of the TMR. Other engines of the provincial government, which include; the Cabinet Clusters, the Provincial Treasury Planning Agency and other coordinating departments are also being repositioned. We are ready to take Gauteng to new heights.

Madame Speaker, I now want to focus on the specific goals and targets we set ourselves for the first 100-200 days of the fifth administration. We set ourselves strict timelines for the first six months in order to enhance accountability and transparency.

During the State of the Province Address on 27th June 2014, we set ourselves the following objectives for the first 100-200 Days:

1. We want to change the way government works and relate to society by building an activist and clean government that is responsive and promotes an active citizenry. We made a commitment to launch of the Service Delivery War Room, continue with unannounced visits to service delivery frontline sites and prompt response to community complaints.
2. Unlock and fast-track the delivery of existing infrastructure projects that experienced delays such as schools, hospitals and houses, while adopting a new approach to human settlements mega projects in line with our goal of spatial transformation and building new post-apartheid cities.
3. Engage different sectors of society to mobilise consensus on the TMR as our programme to give effect to the NDP in the concrete conditions of the Gauteng City Region. Engage different sectors of business and industry leaders on the revitalisation of the township economy and re-industrialisation of the entire province in order to unlock the potential of all sectors of our provincial economy.
4. Launch Tshepo 500 000 to give hope to the youth and re-launch a comprehensive and integrated Expanded Public Works Programme, and Community Works Programme.
5. Set up a panel to review the socio-economic impact of e-tolls on the people and the economy of Gauteng.

Honourable Members, over the past six months we have been hard at work to meet the commitments we made to the people of Gauteng.

Building an activist and clean government and promoting an active citizenry

Together with the MECs, we have been changing the way government works by being out there to address issues that matter to our communities. Through an activist and proactive approach to community problems and complaints, we are changing the way people experience government.

We are out there when people in our communities face problems. We are also out there when protesters organise protests, many of which we have been able to prevent through engagement with communities that are aggrieved and this has calmed down communities as they see that government is more responsive rather than being dismissive and arrogant.

We are also shaking up the public service through unannounced service delivery inspections. We are going to step up this style of work in the entire five years of our term.

Honourable Members, in order to sustain our activist and responsive approach to governance, we have launched Ntirhisano Service Delivery Rapid Response System, the War Room, which is now being rolled out in all municipalities in Gauteng. The War Room will ensure that we institutionalise rapid response and proactive engagement with communities on local transformation, community development and service delivery on an ongoing basis.

The Service Delivery Intervention Team composed of the team from the Office of the Premier and Human Settlements and COGTA, has already intervened and resolved many complaints and disputes that could have led to more and more protests over the past six months.

We have also improved with regard to the payment of service providers within 30 days - we have now reached 92 per cent of our service providers who are now paid within the required 30 days.

We are also taking steps to improve the functioning of community participation structures. We held a very productive Ward Councillors' Conference to address some of the major concerns that often lead to protests and violence against councilors.

We have also taking decisive steps to enhance integrity of government institutions and to strengthen our capacity to fight corruption and promote clean government. In this regard, two important interventions are worth noting, Madame Speaker.

Firstly, we are in the process of setting up the Integrity Management Office in the Office of the Premier to drive the agenda of integrity promotion across government departments. We want to ensure that no public servant is allowed to do business with government and that all managers comply with the declaration of interests. We will also strengthen forensic investigations of acts of fraud and corruption and take swiftly action against those found guilty of corruption.

Secondly, we have opened the tender process to ensure greater public scrutiny and probity so as to make it very difficult for anyone to manipulate the award of tenders. We have started with a pilot focusing on the Provincial Treasury and department of Roads and Transport. The aim is



to move with speed to include all departments, particularly those with big budgets like Health, Education, Human Settlements and Infrastructure Development.

Honourable Members, we are committed to clean government in action instead of just making noise while doing nothing. As I said during the recent Gauteng Anti-Corruption Summit, corruption is a crime against the poor and it must be confronted with all the wherewithal and weapons at our disposal.

Our government is seen in action, at work everywhere in Gauteng changing what used to be an adversarial relationship into transformative partnerships between government, civic society and communities.

Unlocking the delivery of delayed infrastructure projects

Honourable Members, as we indicated during the State of the Province Address, ours is to tackle the twin toxins of bureaucratic red tape and contractor incompetence have created costly delays in many infrastructure projects that were supposed to be handed over some years ago.

I am pleased to report that we have fast-tracked the delivery of many of these projects in the last six months. These included:

- The opening and handover of the new Natalspruit Hospital – the modern hospital of the future. We have also fast-tracked the handing over of new schools, new roads and new houses across the province.
- Last Sunday, we started the process of handing over 1,200 housing units to residents of Bekkersdal and Westonaria Borwa. We shall continue over the next two weeks to hand



over houses to their rightful beneficiaries in different areas of our province in order to ensure that they spend Christmas under conditions that reaffirm their human dignity.

- We will continue to unblock any delayed projects in the remainder of the current financial year in order to ensure that we start 2015/16 financial year having addressed the backlog of delayed projects.

The message we are sending is that Government spends a lot of money on these projects and that delivery on time and on budget is part of the new rules of the game in Gauteng. If you can't deliver, you can't be part of the new mega projects and game-changing infrastructure initiatives that seek to build a new Gauteng.

With regard to building new human settlements and new cities, we have now completed a plan in conjunction with municipalities on where we are going to build new mega human settlements over the next five years. This Gauteng Human Settlement Plan will ensure that we direct investments in bulk infrastructure and integrate public transport and economic development plans with human settlements plans.

The Executive Council and the Premier's Coordination Forum have recently approved the establishment of the Gauteng Infrastructure Coordinating Committee, structured along the lines of the Presidential Infrastructure Coordinating Council (PICC). Through the Committee we will ensure greater planning, coordination, integration of our provincial and local government plans on infrastructure development across the Gauteng City Region. The days of fragmentation, duplication and destructive competition and conflicts between provincial government and municipalities on infrastructure planning and delivery are over.

During the State of the Province Address in 2015, we will announce major infrastructure mega projects that will go a long way in changing the spatial landscape of our province. Some of these projects will be funded in partnership with the private sector.

ENGAGING SOCIETY TO BUILD CONSENSUS ON THE TMR AND GCR: UNLOCKING THE POTENTIAL OF VARIOUS SECTORS OF OUR PROVINCIAL ECONOMY THROUGH RE-INDUSTRIALISATION

Madame Speaker, we are a government at work. We are a government in action. We are a government that takes all sectors of our population very seriously. We are a government that listens and engages. No one can complain that we are not accessible or we are not engaging.

Over the past six months, we have placed the revitalisation of the township economy in the consciousness of our nation. We have championed the cause of township entrepreneurs in a way that has not been seen before. The township economy is now the talk of the town among business people from all walks of life, including those who live in villages.

We have visited more than sixty-five townships and interacted with more than 50 000 township entrepreneurs and potential entrepreneurs. We convened a Township Economy Revitalisation Summit that adopted a comprehensive strategy for government and big business to support and mainstream the township economy and unlock its full potential.

The unveiling of the Diepsloot SMME Incubation Hub is a key milestone as one of many township economy industrial parks that will be built over the next five years, to provide proper infrastructural and institutional support for township SMMEs and cooperatives.

On a bigger scale, we have also been engaging key industry leaders, business organisations, key national government departments and state-owned enterprises on our TMR programme and Gauteng City region vision.

We are doing detailed work to review many sectors of the Gauteng economy, in particular manufacturing and its sub-sectors; construction; finance; ICT; pharmaceuticals; real estate; tourism; creative industries; transport and energy.

Our core objective is to ensure that re-industrialisation is driven in a way that promotes local production and the global competitiveness of local industries and unlock strategic sectors of our provincial economy in order to create more employment and promote economic inclusion.

In the next State of the Province Address in 2015, we shall outline detailed plans that have been agreed with industry leaders in various sectors. Honourable Members are aware that two days ago we had a very successful engagement with more than two hundred business leaders.

Next week, we shall hold the last Exco Lekgotla to finalise some of our mega infrastructure projects in preparation for the Infrastructure Investment Conference and Trade and Investment Seminars we will convene in February 2015.

Honourable Members, we mean business and Gauteng is open for business. But this is the type of business that promotes our transformative and modernisation policies of the TMR. The sun should never set on this moment of great promise for our province.



We have also engaged religious leaders, women's organisations and people with disabilities. And youth in business on our vision and programme for the next fifteen years. They have given us their feedback and input and committed to work with us in realising the TMR objectives.

Madame Speaker, our interaction and engagement with all sectors of society on the TMR reveals that the people of our province are overwhelmingly positive about the future. They are now itching for coherent action and decisive leadership from us in government on the TMR. We must not and cannot disappoint them.

Tshepo 500 000 and Expanded Public Works Programme

Honourable Members, on 11th December 2014, we will launch our major project that will give hope to the youth of Gauteng – Tshepo 500 000. This programme is receiving lots of support from businesses that want to contribute to entrepreneurship and skills development.

In the same event, we will also launch Phase III of the Expanded Public Works Programme (EPWP), which will contribute to the national target of 6 million work opportunities over the next five years. We are ready.

Socio-Economic Assessment of the e-Tolls

Honourable Members, the Advisory Panel on the socio-economic impact of e-tolls has completed its work. This follows four months of interaction with various sectors and individuals who wished to make input on the e-tolls and public transport infrastructure.

We appreciate the level of interest and public participation shown by the people of Gauteng in the many consultations that took place across the province over the past four months. This can only be good for our democracy.

I would like to heartily thank members of the Panel for doing painstaking work to complete the process within the tight timeframes set by myself. The work of the Panel was neither a waste of time nor a public relations exercise. We will take seriously the findings and recommendations of the Panel.

As I pointed out on 30th November 2014 when I received the report, we shall study the report and consult with various spheres of government affected, before we announce the decisions and course of action with regard to the Panel's recommendations. This will be done early in the new year.

I also want to thank all the political parties in the Gauteng Legislature and the Honourable Members in this House, for supporting my decision and that of my Provincial Cabinet to set up the Panel and for standing by us when we insisted that the views of the people must be heard. Democracy and more democracy can never be a waste of time nor can it be a public relations exercise.

In the true spirit of Tata Nelson Mandela, let us not allow political grandstanding and party posturing to obscure the tremendous progress we have made over the past twenty years and the real challenges that still face many people in our diverse communities as we begin the second phase of our transition to a national democratic society. Let us work together as we confront these challenges.

To draw from Tata Madiba: "We know it well that none of us acting alone can achieve success."

Together, let us move the Gauteng City Region forward!

I thank you and wish you a well-deserved rest, a Merry Christmas and a Happy New Year!



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