



**KWAZULU-NATAL**

**PROVINCIAL PLANNING COMMISSION**

**PROVINCIAL GROWTH AND  
DEVELOPMENT STRATEGY**

**Reviewed June 2016**

**DRAFT FOR COMMENT**

**NOTE:**

It is acknowledged that this document still requires substantial editorial attention and that further input and comment should be directed to substantive matters related to context and content.

## Table of Contents

<b>ACKNOWLEDGEMENTS .....</b>	<b>7</b>
<b>FOREWORD BY THE PREMIER OF KZN .....</b>	<b>8</b>
<b>ABBREVIATIONS.....</b>	<b>9</b>
<b>EXECUTIVE SUMMARY .....</b>	<b>17</b>
<b>1 INTRODUCTION AND APPROACH .....</b>	<b>24</b>
1.1 INTRODUCTION.....	24
1.2 POLICY CONTEXT .....	26
1.3 STAKEHOLDERS AND SOCIAL PARTNERS ARE THE CENTRE OF REVISING THE PGDS .....	30
<b>2 THE STRATEGIC ANALYSIS .....</b>	<b>32</b>
2.1 KWAZULU-NATAL IN THE SOUTH/SOUTHERN AFRICAN AND GLOBAL CONTEXT .....	34
2.2 THE PHYSICAL AND ENVIRONMENTAL LANDSCAPE .....	38
2.3 THE DEMOGRAPHIC LANDSCAPE.....	41
2.4 THE SOCIAL LANDSCAPE.....	47
2.5 HUMAN RESOURCE DEVELOPMENT LANDSCAPE .....	55
2.6 THE ECONOMIC LANDSCAPE .....	61
2.7 THE INFRASTRUCTURE LANDSCAPE .....	68
2.8 GOVERNANCE LANDSCAPE .....	70
2.9 THE FUNDING LANDSCAPE.....	76
<b>3 THE 2016 KZN PGDS STRATEGIC FRAMEWORK.....</b>	<b>86</b>
3.1 VISION STATEMENT TO 2035.....	86
3.2 THE PGDS SUSTAINABILITY APPROACH .....	87
3.3. THE 2016 REVISED PGDS STRATEGIC FRAMEWORK .....	88
3.4. STRATEGIC GOAL 1: INCLUSIVE ECONOMIC GROWTH.....	91
<i>Strategic Objective 1.1: Develop and Promote the Agricultural Potential of KZN.....</i>	<i>93</i>
<i>Strategic Objective 1.2: Enhance Sectoral Development through Business Retention and through Trade and Investment.....</i>	<i>95</i>
<i>Strategic Objective 1.3: Enhance Spatial Economic Development.....</i>	<i>97</i>
<i>Strategic Objective 1.4: Improve the Efficiency, Innovation and Variety of Government-led Job Creation Programmes.....</i>	<i>99</i>
<i>Strategic Objective 1.5: Promote SMME and Entrepreneurial Development.....</i>	<i>102</i>
<i>Strategic Objective 1.6: Enhance the Knowledge Economy.....</i>	<i>105</i>
3.5. STRATEGIC GOAL 2: HUMAN RESOURCE DEVELOPMENT.....	107
<i>Strategic Objective 2.1: Improve Early Childhood Development, Primary and Secondary Education .....</i>	<i>109</i>
<i>Strategic Objective 2.2: Support skills alignment to economic growth .....</i>	<i>110</i>
<i>Strategic Objective 2.3: Enhance youth and adult skills development and life-long learning</i>	<i>112</i>
3.3 STRATEGIC GOAL 3: HUMAN AND COMMUNITY DEVELOPMENT.....	114
<i>Strategic Objective 3.1: Eradicate poverty and improve social welfare.....</i>	<i>115</i>
<i>Strategic Objective 3.2: Enhance the health of communities and citizens.....</i>	<i>118</i>
<i>Strategic Objective 3.3: Safeguard and enhance sustainable livelihoods and food security...</i>	<i>120</i>
<i>Strategic Objective 3.4: Promote sustainable Human Settlements .....</i>	<i>123</i>

<i>Strategic Objective 3.5: Enhance safety and security.....</i>	<i>125</i>
<i>Strategic Objective 3.6: Advance social cohesion and social capital.....</i>	<i>127</i>
<i>Strategic Objective 3.7: Promote youth, gender and disability advocacy and the advancement of women. ....</i>	<i>130</i>
<b>3.4 STRATEGIC GOAL 4: STRATEGIC INFRASTRUCTURE .....</b>	<b>132</b>
<i>Strategic Objective 4.1. Development of seaports and airports.....</i>	<i>133</i>
<i>Strategic Objective 4.2. Develop road and rail networks.....</i>	<i>135</i>
<i>Strategic Objective 4.3: Develop ICT infrastructure.....</i>	<i>136</i>
<i>Strategic Objective 4.4: Ensure availability and sustainable management of water and sanitation for all.....</i>	<i>137</i>
<i>Strategic Objective 4.5: Ensure access to affordable, reliable, sustainable and modern energy for all. ....</i>	<i>139</i>
<i>Strategic Objective 4.6: Enhance KZN waste management capacity.....</i>	<i>140</i>
<b>3.5 STRATEGIC GOAL 5: ENVIRONMENTAL SUSTAINABILITY .....</b>	<b>143</b>
<i>STRATEGIC OBJECTIVE 5.1: Enhancing resilience of ecosystem services.....</i>	<i>144</i>
<i>STRATEGIC OBJECTIVE 5.2: Unlocking the Green Economy.....</i>	<i>146</i>
<i>SO 5.3: Adapt and Respond to Climate Change.....</i>	<i>147</i>
<b>3.6 STRATEGIC GOAL 6: GOVERNANCE AND POLICY .....</b>	<b>149</b>
<i>Strategic Objective 6.1: Strengthen policy and strategy coordination and inter-governmental relations.....</i>	<i>151</i>
<i>Strategic Objective 6.2: Build government capacity.....</i>	<i>153</i>
<i>Strategic Objective 6.3: Eradicate fraud and corruption.....</i>	<i>155</i>
<i>Strategic Objective 6.4: Promote participative, facilitative and accountable governance.....</i>	<i>156</i>
<b>3.7 STRATEGIC GOAL 7: SPATIAL EQUITY .....</b>	<b>158</b>
<i>Strategic Objective 7.1: Enhance the resilience of new and existing cities, towns and rural nodes, ensuring equitable access to resources, social and economic opportunities. ....</i>	<i>158</i>
<i>Strategic Objective 7.2: Ensure integrated landuse management across the Province, ensuring equitable access to goods and services, attracting social and financial investment. ....</i>	<i>159</i>
<b>4 PROVINCIAL SPATIAL DEVELOPMENT FRAMEWORK .....</b>	<b>162</b>
<b>4.1 INTRODUCTION AND PURPOSE .....</b>	<b>162</b>
<b>4.1.1 Legislative Context.....</b>	<b>163</b>
<b>4.2 SPATIAL CHALLENGES.....</b>	<b>165</b>
<b>4.3 SPATIAL RATIONALE .....</b>	<b>165</b>
<b>4.3.1 Spatial Vision and Approach.....</b>	<b>165</b>
<b>4.3.2 Spatial Principles.....</b>	<b>167</b>
<b>PRINCIPLE OF ENVIRONMENTAL PLANNING.....</b>	<b>167</b>
<b>PRINCIPLE OF ECONOMIC POTENTIAL .....</b>	<b>168</b>
<b>PRINCIPLE OF SUSTAINABLE COMMUNITIES .....</b>	<b>168</b>
<b>PRINCIPLE OF LOCAL SELF-SUFFICIENCY .....</b>	<b>168</b>
<b>PRINCIPLE OF SPATIAL CONCENTRATION .....</b>	<b>168</b>
<b>PRINCIPLE OF SUSTAINABLE RURAL LIVELIHOODS.....</b>	<b>169</b>
<b>PRINCIPLE OF BALANCED DEVELOPMENT .....</b>	<b>169</b>
<b>PRINCIPLE OF ACCESSIBILITY .....</b>	<b>169</b>

<b>PRINCIPLE OF COORDINATED IMPLEMENTATION .....</b>	<b>169</b>
4.4 SPATIAL THEMES AND LOGIC.....	170
4.5 ENVIRONMENTAL MANAGEMENT AREAS .....	172
4.6 PRIORITY SOCIAL INTERVENTION AREAS.....	173
4.7 PROVINCIAL SPATIAL DEVELOPMENT FRAMEWORK.....	175
4.8 IMPLEMENTING THE PROVINCIAL SPATIAL DEVELOPMENT FRAMEWORK .....	179

## TABLE OF FIGURES

FIGURE 1: PGDS 7 STRATEGIC GOALS.....	21
FIGURE 2: PGDS LISTING OF STRATEGIC GOALS AND STRATEGIC OBJECTIVES.....	22
FIGURE 3 INSTITUTIONAL STRUCTURE FOR PGDS IMPLEMENTATION .....	31
FIGURE 4: KZN IN THE SOUTH/SOUTHERN AFRICAN AND GLOBAL CONTEXT .....	34
FIGURE 5 PROVINCIAL POPULATION PROJECTIONS .....	41
FIGURE 6 DISTRICT POPULATION ESTIMATES.....	42
FIGURE 7 ESTIMATED GROWTH RATES AND POPULATION DENSITY.....	42
FIGURE 8 RURAL-URBAN POPULATION DISTRIBUTION .....	43
FIGURE 9 AGE DISTRIBUTION OF POPULATION .....	43
FIGURE 10 AGE AND GENDER DISTRIBUTION KZN .....	44
FIGURE 11 KZN FERTILITY RATES .....	44
FIGURE 12 INFANT MORTALITY RATES ESTIMATES KZN .....	45
FIGURE 13 UNDER 5 AND ADULT MORTALITY .....	45
FIGURE 14 MIGRATION STATUS ESTIMATES.....	46
FIGURE 15 POVERTY TRENDS KZN .....	47
FIGURE 16 POVERTY TRENDS - HOUSEHOLDS.....	47
FIGURE 17 SOCIAL GRANT RECIPIENTS 2014 .....	48
FIGURE 18 FOOD INSUFFICIENCY 2014.....	48
FIGURE 19 SELECTED HEALTH INDICATORS .....	50
FIGURE 20 HOUSEHOLDS – TYPES OF STRUCTURES .....	51
FIGURE 21 HOUSING STATUS KZN.....	51
FIGURE 22 NUMBER OF CRIMES REPORTED - TRENDS.....	52
FIGURE 23 NUMBER OF CRIMES REPORTED 2014/2015 .....	52
FIGURE 24 PERCENTAGE YOUTH NOT WORKING 2014 .....	54
FIGURE 25 EARLY CHILDHOOD ENROLMENTS .....	55
FIGURE 26 PRIMARY SCHOOL ENROLMENTS .....	56
FIGURE 27 PROVINCIAL PASS RATES 2009 - 2015 .....	57
FIGURE 28 NUMBER OF PASSES.....	57
FIGURE 29 FAILURE RATE PER RACIAL GROUP .....	58
FIGURE 30 MALE AND FEMALE PERFORMANCE .....	58
FIGURE 31 PERCENTAGE BACHELOR PASSES.....	59
FIGURE 32 KZN RELATIVE TO SA PROVINCES .....	61
FIGURE 33 : KZN ECONOMIC COMPOSITION .....	61
FIGURE 34 KZN’S DECLINING AGRICULTURAL SECTOR: FORMAL AND INFORMAL EMPLOYMENT IN AGRICULTURE IN SOUTH AFRICA AND IN KZN.....	62
FIGURE 35: PROVINCIAL DISTRIBUTION OF TOTAL UNEMPLOYMENT BY AGE-GROUP (2014, %).....	63
FIGURE 36 DISTRICT CONTRIBUTION TO PROVINCIAL GVA (2010) .....	66
FIGURE 37 RATING OF KZN PERFORMANCE ON SELECTED SERVICE DELIVERY AREAS .....	71
FIGURE 38 RATING ON BATHO PELE PRINCIPLES.....	71
FIGURE 39 CITIZEN’S VIEW OF TOP PRIORITIES .....	71
FIGURE 40 DIVISION OF REVENUE BETWEEN SPHERES OF GOVERNMENT 2010/11 AND 2018/19 .....	76
FIGURE 41 DISTRIBUTION OF EQUITABLE SHARE BY PROVINCE 2010/11 MTEF TO 2016/17 MTEF .....	77
FIGURE 42 EQUITABLE SHARE ALLOCATION CUTS SINCE 2013/14 MTEF .....	78
FIGURE 43 TOTAL FUNDING REQUIREMENT OVER THE 2016/17 MTEF .....	78
FIGURE 44 ANALYSIS OF PAYMENTS AND ESTIMATES BY MAJOR VOTE .....	79
FIGURE 45 ANALYSIS OF PAYMENTS AND ESTIMATES BY ECONOMIC CLASSIFICATION .....	81
FIGURE 46 SUMMARY OF INFRASTRUCTURE PAYMENTS AND ESTIMATES BY VOTE.....	82
FIGURE 47 SUMMARY OF INFRASTRUCTURE PAYMENTS AND ESTIMATES BY CATEGORY.....	83
FIGURE 48: PGDS SUSTAINABILITY APPROACH .....	87

FIGURE 49: PGDS STRATEGIC FRAMEWORK.....	89
FIGURE 50 SPATIAL PLANNING CONTEXTS .....	164
FIGURE 51: ILLUSTRATION OF THE CONCEPT OF SPATIAL SUSTAINABILITY.....	166
FIGURE 52: 9 SPATIAL PRINCIPLES .....	167
FIGURE 53: SPATIAL VARIABLES APPROACH.....	170
FIGURE 54 ENVIRONMENTAL MANAGEMENT AREAS.....	172
FIGURE 55: COMPOSITE MAP ILLUSTRATING PRIORITY INTERVENTION AREAS.....	173
FIGURE 56: ILLUSTRATION OF THE NODES IN RELATION TO LEVEL 1 AND 2 PRIORITY INTERVENTIONS .....	174
FIGURE 57: INTERVENTION NODES AND BROAD INTENDED FUNCTION .....	175
FIGURE 58: ILLUSTRATION OF COMPOSITE PROVINCIAL SPATIAL DEVELOPMENT FRAMEWORK.....	176
FIGURE 59: SPATIAL PLANNING CATEGORY AND BROAD INTENDED LAND USE AND INTERVENTIONS .....	177

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## **Foreword by the Premier of KZN**



## Abbreviations

a	annum
ADA	Agribusiness Development Agency
AeT	Asiye eTafuleni
AFOLU	Agriculture, Forestry and Other Land Use
AGL	above ground level
AGOA	African Growth and Opportunity Act [deal]
APAP	Agricultural Policy Action Plan
AU	African Union
AWG	Action Work Groups – structures for joint planning and monitoring of PGD Plan incorporating government and social partners
BES	Biodiversity and Ecosystem Services
BBSDP	Black Business Supplier Development Programme
BR&E	Business Retention and Expansion
BRIC	Brazil, the Russian Federation, India, and China (BRICS excluding South Africa)
BRICS	Brazil, the Russian Federation, India, China and South Africa (sometimes referred to as BRICSA)
BUR	Biennial Update Report
C	Celsius
CARA	Conservation of Agricultural Resources Act
CASP	Comprehensive Agricultural Support Programme
CBA	Critical Biodiversity Area
CCSD	Climate Change and Sustainable Development Council
CCGT	Combined Cycle Gas Turbine
CDM	Clean Development Mechanism
CER	Centre for Environmental Rights

CET	Community Education and Training Colleges
CGE	Commission on Gender Equality
CH <sub>4</sub>	Methane
CIP	(The) Critical Infrastructure Programme)
CIS	(The) Co-Operative Incentive Scheme
CIVETS	Colombia, <u>Indonesia</u> , <u>Vietnam</u> , <u>Egypt</u> , <u>Turkey</u> and <u>South Africa</u>
CMA	Catchment Management Agency
CO <sub>2</sub>	Carbon Dioxide
COD	Chemical Oxygen Demand
COGTA	Department of Cooperative Governance and Traditional Affairs
COMESA	Common Market for Eastern and Southern Africa
COP	Conference of Parties
CPAs	Communal Property Associations
CPFP	(The) Capital Projects Feasibility Programme
CSIR	Council for Scientific and Industrial Research
CWP	(The) Community Work Programme
DAC	(The) Durban Adaptation Charter
DAFF	Department of Agriculture, Forestry and Fisheries
DARD	(KZN) Department of Agriculture and Rural Development
DCCS	Durban Climate Change Strategy
DBSA	Development Bank of South Africa
DEA	(The) Department of Environmental Affairs
DEAT	(The) Department of Environmental Affairs and Tourism
DERO	Desired Emissions Reduction Outcomes
DME	Department of Minerals and Energy
DMR	Department of Mineral Resources
DoL	(The) Department of Labour

DRDLRD	Department of Rural Development and Land Reform
(The) dti	The Department of Trade and Industry
DTS	Domestic Tourism Survey
DWA	Department of Water Affairs
DWAF	Department of Water and Forestry
DWS	Department of Water and Sanitation
EAC	(The) East African Community
EAP	Economically Active Population
EDTEA	Department of Economic Development, Tourism and Environmental Affairs
EE	Energy Efficiency
EIAs	Environmental Impact Assessment
EMIA	Export Marketing and Investment Assistance
EO	Energy Office
EPCPD	Environmental Planning and Climate Protection Department
EPIP	Environmental Protection and Infrastructure Program
EPWP	Expanded Public Works Programme
ERP	Extension Recovery Program
FDI	Foreign Direct Investment
FEPA	Freshwater Ecosystem Priority Areas
FTA	Free Trade Area
GDP	Gross Domestic Product
GEM	Global Entrepreneurship Monitor
GHG	Greenhouse Gas
GIS	Geographic Information Systems
GVA	Gross Value Added / Addition
GW	gigawatt
ha	hectares

HRD	Human Resource Development
I&APs	Interested and Affected Parties
IASP	Invasive Alien Species Program
ICLEI	Local Governments for Sustainability
ICMA	Integrated Coastal Management Act
ICWA	iMfolozi Community and Wilderness Alliance
IDC	Industrial Development Corporation
IDP	Integrated Development Plan
IDZs	Industrial Development Zones
IGRFA	Intergovernmental Relations Framework Act
INDC	Intended Nationally Determined Contribution
IPP	Independent Power Producer
IPAP	Industrial Policy Action Plan
ISP	Internal Strategic Perspective
IRP	Integrated Resources Plan
ITB	Ingonyama Trust Board
Km	kilometre
KPI	Key Performance Indicator
kW	kilowatt
KZN	KwaZulu-Natal
l	litre
LTA	Long Term Adaptation Scenarios
LULUCF	Land Use, Land Use Change and Forestry
m	metres
m <sup>3</sup>	cubic metres
MAR	Mean annual Runoff
MCEP	The Manufacturing Competitiveness Enhancement Programme

MEA	Millennium Ecosystem Assessment
MI	megalitre
mm	millimetres
MICE	Meetings, Incentives, Conferences and Exhibitions
MINT	Mexico, Indonesia, Nigeria and Turkey (group of countries)
MMTS	Mooi-Mgeni Transfer Scheme
MPA	Marine Protected Area
mt	million tonnes
MtCO <sub>2</sub> e	million metric tons of carbon dioxide equivalent
MTSF	Medium Term Strategic Framework
MW	Megawatt
NASA	National Aeronautics and Space Administration
NC	National Communication
NCCRP	National Climate Change Response Plan
NCPC	National Cleaner Production Centre
n.d.	no date
NDP	(The) National Development Plan
NEPAD	New Partnership for Africa's Development
NFEPA	National Freshwater Ecosystem Priority Areas
NGP	(The) New Growth Path
N <sub>2</sub> O	Nitrous oxide
NPAES	National Protected Area Expansion Strategy
NPC	National Planning Commission
NSBA	National Spatial Biodiversity Assessment
NSSD	National Strategy for Sustainable Development
NWC/WDMS	National Water Conservation and Water Demand Strategy
NWI	National Wetlands Inventory

NWRS2	National Water Resources Strategy 2
NYDA	(The) National Youth Development Agency
OECD	(The) Organisation for Economic Co-operation and Development
OEMs	Original Equipment Manufacturers
PA	Protected Area
PCEC	Provincial Committee for Environmental Coordination
PV	Photovoltaic
PGDP	KZN Provincial Growth and Development Plan
PGDS	KZN Provincial Growth and Development Strategy
RAMSAR	International Convention on Wetlands
R&D	Research and Development
RBIDZ	Richards Bay IDZ
RE	Renewable Energy
REDZ	Renewable Energy Development Zones
REIPPPP	Renewable Energy Independent Power Producers Procurement Programme,
RES	Revenue Enhancement Strategies
RMP	Resource Management Plan
RQO	Resource Quality Objective
s	second
SACN	South African Cities Network
SACU	Southern African Customs Union
SADC	(The) Southern African Development Community
SALGA	South African Local Government Association
SANAs	Situational Analysis and Needs Assessment
SANBI	South African National Biodiversity Institute
SANParks	South African National Parks
SAPOA	South African Property Owners Association

SARB	(The) South African Reserve Bank
SARS	South African Revenue Service
SASA	South African Sugar Association
SASS	South African Scoring System
SASSA	South African Social Security Agency
SATSA	Southern African Tourism Services Association
SDF	Spatial Development Framework
SE	Sustainable Energy
SEA	Strategic Environmental Assessment
SEDA	Small Enterprise Development Agency
SEIF	(The) Shared Economic Infrastructure Facility
SESE	Survey of Employers and the Self-employed
SETA	Skills Education Training Authority
SEZ	Special Economic Zones
SFRA	Streamflow Reduction Activities
SIP	Strategic Infrastructure Project
SMMEs	Micro, small and medium enterprises
SPLUMA	(The) Spatial Planning and Land Use Management Act
StatsSA	Statistics South Africa
STEG	Solar Thermal Electricity Generation
SWSA	Strategic Water Source Area
TAs	Traditional Authorities
tCO <sub>2</sub> e	tonnes of carbon dioxide equivalent
TFCA	Transfrontier Conservation Area
TKZN	Tourism KwaZulu-Natal
TIZKN	Trade Investment KwaZulu-Natal
UNFCCC	United Nations Framework Convention on Climate

UNIDO	United Nations Industrial Development Organisation
WDM	Water Demand Management
WfW	Working for Water
WMA	Water Management Area

## GLOSSARY

**Strategic Goal:** A desired end result.

**Strategic Objectives:** The goal broken down into contributing areas, areas that are necessary for accomplishing goals. **Priorities:** Long-term, broad, continuous statements that holistically address a cluster of areas.

**Interventions:** Clusters of activities designed to reach the objectives.

**Indicator:** How will we know we have achieved or made progress in achieving the objective / goal? Metric and non-metric measurements of aspects that are essential for achieving the goal or the objective. An indicator describes what is to be measured.

**Targets:** A target extends the indicator by providing a measurement. An indicator describes what is to be measured, the target specifies how much, how may, how far, where (in spatial terms). It is an explanation (word text or figures / percentages) of what you want to achieve. Targets are measures: the indicators of how the province is performing relative to its goals and whether the overall strategy has been accomplished.



## Executive Summary

The vision statement adopted by KZN Executive Council:

*“By 2035 KwaZulu-Natal will be a prosperous Province with a healthy, secure and skilled population, acting as a gateway to Africa and the World.”*

### EXPANDED VISION STATEMENT:

***By 2035, the PROVINCE OF KWAZULU-NATAL should have maximized its position as a gateway to South and Southern Africa, as well as its human and natural resources so creating a safe, healthy and sustainable living environment.***

***Abject poverty, inequality, unemployment and the current disease burden should be history, basic services must have reached all of its' people, domestic and foreign investors are attracted by world class infrastructure and a skilled labour force.***

***The people will have options on where and how they opt to live, work and play, where the principle of putting people first and where leadership, partnership and prosperity in action, has become a normal way of life.***

The Revised 2016 KwaZulu-Natal Provincial Growth and Development Strategy (KZN PGDS) bolsters the Province's commitment to achieving the vision of KwaZulu-Natal (KZN) as a "Prosperous Province with a healthy, secure and skilled population, acting as a gateway to Africa and the world". The PGDS aims to build this gateway by growing the economy for the continued development and the continued improvement of the quality of life of all people living in the Province whilst ensuring that those currently marginalized have broader socio-economic opportunities. Whilst the Provincial Government of KZN is leading this process, its success depends on the compacts that are in place with labour, civil society and business having their full potential impacts. It is critical for all stakeholders to be engaged in the single-minded pursuit of shifting KZN's growth path towards shared and inclusive growth and integrated, sustainable development.

This PGDS provides KwaZulu-Natal with a reasoned strategic framework for accelerating and sharing the benefits of an inclusive growth through deepened, meaningful, effective and sustainable catalytic and developmental interventions, within a coherent equitable spatial development architecture, putting people first, particularly the poor and vulnerable and other groups currently marginalised, and building sustainable communities, livelihoods and living environments. Concomitant attention also continues to be given to the provision of infrastructure and services that cater for the needs of the people, to preserving and restoring natural and historical assets and resources, to public sector leadership, delivery and accountability, thus ensuring that these changes are responded to with resilience, innovation and adaptability. This strategy will continue to lay the foundations for attracting and instilling confidence from actual and potential investors and to strengthen the effectiveness of the social compacts that are in place to address the Provincial challenges.

The Revised 2016 KZN PGDS continues to:

- Be the primary growth and development strategy for KwaZulu-Natal to 2035;
- Mobilise and synchronise strategic plans and investment priorities in all spheres of government, state owned entities, business, higher education institutions, labour, civil society and all other social partners in order to achieve the desired growth and development goals, objectives and outcomes;
- Spatially contextualise and prioritise interventions so as to achieve greater spatial equity;
- Guide clearly defined institutional arrangements that ensure decisive and effective leadership, robust management, thorough implementation and ongoing inclusive reviews of the growth and development plan.

Every effort has been made to align the 2016 Revised PGDS with the National Development Plan and the global Sustainable Development Goals. Cognisance has also been taken of government's Nine Point Economic Growth Plan.

Notwithstanding the successes to date, there is widespread acknowledgement within the Province that more effective and impactful interventions are needed to push growth to a new higher level and to further expand development. Expanded growth is necessary to create employment and to continue foster a better, socially cohesive society for all KZN people.

There are similarities between the issues that are at play nationally and those facing KZN at a provincial level. The Province is a critical contributor to South Africa's development. KZN is home to 10.92 million people, the second largest province both in terms of its population (19.9%) and its economic contribution of 16.5% to the national Gross Value Added (GVA).

The NPC Diagnostic Report (2011: 7) stated, "The continued social and economic exclusion of millions of South Africans, reflected in high levels of poverty and inequality, is our biggest challenge." Hence the fundamental challenge that the new KZN PGDS will need to address is to create more jobs for more people and better jobs over a sustained period of time. For properly address this challenge to KZN, the following are required: unlocking an expanded, sustainable and spatially balanced economic base that requires workers, particularly those amongst the youth; to develop its largely unskilled labour force and improve the quality of education of especially its black, poor population in

order to achieve the educational outcomes that align with the growth and development path and secondly, to simultaneously build safe, healthy and sustainable communities and livelihoods that are essential to unlock shared and broadly participatory economic growth.

The structural constraints to growth in KZN have been identified as increasing unemployment and inequality and fragile inroads into poverty. Weak demand, intense international competition, insufficient skills development and training together with weak partnership between economic actors and stakeholders continue to prevent reductions in employment. Areas of weak investment will add further threats in the medium term to. Agriculture and manufacturing have, over the past decade, reduced employment although the real growth rate of GVA has increased. Moreover, the youth, women and those in rural areas are still not a full part of the growth. Agriculture is still underperforming and those involved in the sector have been severely affected by episodes of drought. Climate change projections caution that these adverse climatic shocks will grow in intensity. Of significance: changes in agricultural patterns - regions and seasons, increases in flood and drought incidences, the rise in sea level and the variations in rainfall and temperature. This impact becomes critical given KZN's vast agricultural land, the threats on quality land are growing and frequently irreversible. Other threats of climate change for the province are for coastal areas – that is on its port infrastructure, the significant portion of the province's population that lives close to rivers and in low lying areas and the projected increase in a range of disease vectors such as mosquitoes and subsequently malaria. It is estimated that if South Africa does not immediately act to adapt to the effects of climate change, it could cost the country about 1.5% of gross domestic product by 2050. Also, of concern is that as other countries are engaging with more sustainable production, KZN continues with its current path rather than engaging more fully with the whole range of green economy opportunities.

Whilst KZN is endowed with the large and strategic Durban and Richards Bay Ports, the Dube Trade Port, vast agricultural land, and a strong industrial base, these comparative advantages have still yet to be translated fully into competitive advantages. With growing infrastructure advantages, our strong environmental and tourist assets and our geographical positioning, KZN could assert its regional and global position more firmly.

The Revised 2016 KZN PGDS has devised a strong platform for a series of interventions to ensure that growth and development is oriented to its people and that a sustainable transformative agenda is prioritised. Significant milestones need to be achieved to address inherited social and spatial inequities which continue to inhibit the creation of safe, healthy and sustainable living environments. It is imperative that the institutional and governance framework also embrace this transformative agenda by doing business differently - being developmental, competent, caring and facilitating – to ensure equitable, accessible and qualitative provision of services and infrastructure to all the people of this Province. Municipalities need to be institutionally empowered with the requisite organisational capabilities and human resource competencies to bring to life the vision of the Provincial growth strategy. A strategic analysis of these challenges is further expanded on in Section 2, an analysis of the various sectors in KZN.

In attempting to address the challenges highlighted above and embrace the policy intentions, the following principles were developed to facilitate overall guidance in the development of the 2011 KZN PGDS Strategic Framework and these still apply, namely:

- Grow the economy to achieve shared and inclusive growth,
- Harness the Province's assets and endowments,
- Develop the Province's greatest asset, its human capital,
- Harmonise environmental integrity and human and social development with economic development,
- Government must be developmental, competent, caring and facilitating as well as efficient in the use of its financial and human resources,
- The private sector must be engaged and supported to grow a shared economy to provide employment and decent working conditions,
- Organised labour must protect workers from exploitation while promoting labour productivity, and
- Civil society must be strengthened; responsible for shaping its own destiny.

Against this background, the Revised 2016 KZN PGDS is designed to facilitate sustainable and inclusive economic growth, reduce growing inequality and promote environmental sustainability.

To realise the vision of "KwaZulu-Natal, a prosperous Province with a healthy, secure and skilled population, gateway to Africa and the world", the following seven long-term goals have been identified to guide policy-making and resource allocation to 2035.

Figure 1: PGDS 7 Strategic Goals



This Revised PGDS puts forward 31 strategic objectives to achieve seven strategic goals, as indicated in the table below. The strategy is supported by 151 interventions.

Figure 2: PGDS Listing of Strategic Goals and Strategic Objectives

LISTING OF STRATEGIC GOALS and OBJECTIVES		
STRATEGIC GOAL	No	STRATEGIC OBJECTIVE 2016
<b>1</b> INCLUSIVE ECONOMIC GROWTH	1.1	Develop and promote the agricultural potential of KZN
	1.2	Enhance sectoral development through business retention and through trade and investment
	1.3	Enhance spatial economic development
	1.4	Improve the efficiency, innovation and variety of government-led-job creation programmes
	1.5	Promote SMME and entrepreneurial development
	1.6	Enhance the Knowledge Economy
<b>2</b> HUMAN RESOURCE DEVELOPMENT	2.1	Improve early childhood development, primary and secondary education
	2.2	Support skills development to economic growth
	2.3	Enhance youth and adult skills development and life-long learning
<b>3</b> HUMAN AND COMMUNITY DEVELOPMENT	3.1	Eradicate poverty and improve social welfare services
	3.2	Enhance health of communities and citizens
	3.3	Safeguard and enhance sustainable livelihoods and food security
	3.4	Promote sustainable human settlements
	3.5	Enhance safety and security
	3.6	Advance social cohesion and social capital
	3.7	Promote youth, gender and disability advocacy and the advancement of women
<b>4</b> STRATEGIC INFRASTRUCTURE	4.1	Development of seaports and airports
	4.2	Develop road and rail networks
	4.3	Develop ICT infrastructure
	4.4	Ensure availability and sustainable management of water and sanitation for all
	4.5	Ensure access to affordable, reliable, sustainable and modern energy for all
	4.6	Enhance KZN waste management capacity
<b>5</b> ENVIRONMENTAL SUSTAINABILITY	5.1	Enhance resilience of ecosystem services
	5.2	Unlock the green economy
	5.3	Adapt and respond to climate change
<b>6</b> GOVERNANCE AND POLICY	6.1	Strengthen policy, strategy coordination and IGR
	6.2	Build government capacity
	6.3	Eradicate fraud and corruption
	6.4	Promote participative, facilitative and accountable governance
<b>7</b> SPATIAL EQUITY	7.1	Enhance the resilience of new and existing cities, towns and rural nodes, ensuring equitable access to resources, social and economic opportunities
	7.2	Ensure integrated land management use across the Province, ensuring equitable access to goods and services, attracting social and financial investment

Achieving the growth and development plan outlined in the 2016 KZN PGDS requires strengthening the collaboration and partnership among various social partners, in particular, business, organised labour, civil society and the different spheres of government and state owned enterprises under the leadership of the KZN Government.

As the Province's institutionalised platform for the review and development of the 2016 PGDS, the PGDS Technical Committee will drive the implementation of these interventions in dialogue with the relevant supporting partners to ensure that the strategic outcomes are achieved through improved alignment, coordination, partnerships and good governance. The Provincial Growth and Development Plan (PGDP) the implementation framework encompassing the monitoring, evaluation, reporting and reviewing components, brings together the proposed key indicators, targets and interventions needed to achieve the strategic objectives and high-level goals identified in the 2016 PGDS. The Technical Committee, and the Provincial Nerve Centre based in the Office of the Premier, will formulate, capture and evaluate a wide range of data to assess the effectiveness of the provincial government departments and entities that will be responsible for implementing many of the strategies and interventions of the PGDS. Similarly the KZN Provincial Planning Commission (PPC) is expected to play a leading role in monitoring and facilitating alignment in the planning and execution of development strategies across a wide range of stakeholders, but in particular with regard to the alignment of the three spheres of government in the Province. The 2016 KZN PGDS sets out a growth and development strategy for the Province to 2030 and hence inherently requires periodic review to ensure that the strategy remains relevant and that progress towards achieving its goals and objectives is monitored and evaluated.

For the 2016 KZN PGDS to deliver on shared growth and integrated, sustainable development through its interventions, all spheres of government must commit to the following:

- The implementation of catalytic projects and interventions,
- Effective participation in the institutional implementation framework,
- The incorporation of the strategic goals and objectives in their priorities and programmes,
- The reporting of progress, and
- The provision and allocation of the required support and resources.

# 1 Introduction and Approach

## 1.1 Introduction

KwaZulu-Natal, home to 10.92 million people and fondly known as the Kingdom of the Zulu, lies on the eastern seaboard of South Africa and benefits both from the warm Indian Ocean to the east and the escarpment of the Drakensberg in the west. With its rich cultural history, KZN presents as much opportunity as challenge.

KwaZulu-Natal stands out as the South African province that has undergone remarkable transformation over the last 20 years. Previously perceived as a region ravaged by high levels of conflict and political violence, the Province is now perceived as having won the struggle for peace, a place of opportunity. It is rich in natural attributes, from its favourable weather conditions, to its great natural tourism assets such as the warm water coastline, the Drakensberg mountain range and world-class game reserve areas. The province as a place with a rich and unique history also has important historical assets.

The Province has also built on its natural status as the trade gateway of southern Africa, based on the fact that the port of Durban is the busiest container port in Africa, and Richards Bay is the biggest bulk cargo port in Africa. Enormous capital investment in these ports and related infrastructure has been unlocked to enhance the competitive advantage of the region. Between these two seaports the Province has also established the Dube Trade Port as an air logistics platform to promote access to global trade and tourist nodes. This opens the way for attracting increasing numbers of foreign tourists to fly directly to the Province using the King Shaka International Airport, but more importantly, it opens up new opportunities for the production and export of high-value perishable products and manufactured goods.

Two Special Economic Zones have been designated in the province and a number of agri-parks and industrial economic hubs are being established that offer strong production linkages as well as clustering potentials.

Whilst these attributes offer new tremendous opportunities, the serious social challenges in KwaZulu-Natal necessitate a review of the social intervention strategies within the Province. The main challenge is to devise people-centred strategies to ensure growth and development that advances a sustainable transformative agenda while also curbing historically derived social and spatial disparities.

A closer analysis, not only of social issues, but also of the institutional and governance framework, indicates a need for “doing development” differently – to infuse social elements into the notion of growth and development in the Province. This requires sharp planning and development skills to effect projects that are impact-oriented, strategically oriented, and oriented towards equitable provision and the logistics of coverage. Issues of quality of services and infrastructure to different social groups remain a challenge.

The different challenges in different parts of the Province indicate that transformation, equity, and the ability to deal with both immediate and long terms needs, as well as sensitivity to environmental sustainability, are the primary values that should influence strategic planning. Moreover, for various



social groups, understanding of asset entitlements and economic sustenance remains unclear. Social relationships conducive to personal, household and community development are under-explored since a community development approach that is strong at local level, has not been yet properly established. Thus, in current times, the social challenges of poverty, youth under-development and unemployment, weak social cohesion, gender imbalances and family discordance due to high death rates, seem to be beyond the desirable locus of control.

Although great strides have also been made in the delivery of basic services such as water, electricity, sanitation, roads, housing, primary health care, etc., there are still significant backlogs that need to be addressed, and the quality of services, in particular from local municipalities, needs significant improvement.

Whilst there have been successes to date, there is also acknowledgement that new and innovative ways need to be explored to bring about the growth and development necessary to create employment and better employment conditions and foster a more socially cohesive, better society for all the people in the Province.

The purpose of the PGDS:

- Develop a clear long term vision and plan for the growth and development of the Province by building on the strengths and opportunities while addressing weaknesses and threats;
- Mobilise all development partners to achieve predetermined development objectives and targets;
- Promote vertical, horizontal and spatial alignment;
- Spatially contextualise and prioritise (not just what, also where and when) so as to achieve spatial equity;
- Guide the activities and resource allocation of Provincial Government and other spheres of government, business sectors, organised labour and other role players from civil society that can contribute to development in the Province;
- Develop clear institutional arrangements to secure buy-in and ownership, through a structured consultation process with all sectors and development partners;
- Define clear targets and indicators;
- Direct commitment to the allocation of resources to manage and implement this PGDS;
- Build a strong centre and decisive leadership to achieve the desired outcomes and ensure that the PGDS is afforded the status as the primary plan for the Province.

The structure of the KZN PGDS report is as follows: this section, the Introduction and Approach, provides an overview of the provincial dynamics and approach within the national and provincial-policy context. It outlines the legislative context and stance of KZN as a provincial government and espouses a transformative approach in the development of the KZN PGDS where stakeholders and social partners are at the centre of designing the strategic goals, objectives and related interventions.

In the second section, The Strategic Analysis, the current status of the Province is presented, the implications are discussed and the critical areas that the KZN Growth and Development Strategy must take into consideration to achieve shared growth and the development of its people and resources, are addressed.

In the third section, the Strategic Framework, the revised goals and objectives and interventions of the KZN PGDS are presented. It must be noted that these 'interventions' are further refined and confirmed in the ongoing review process of the Revised Provincial Growth and Development Plan (PGDP).

The fourth section presents a revision of the Provincial Spatial Development Framework (PSDF) and identifies the key geographic areas of need and potential to focus the phased implementation of Province's strategic objectives and priorities. The Provincial Spatial Development Strategy (PSDS) has been formulated to give spatial expression to the PGDS and provides the spatial context for the proposed strategic interventions – this has been built on a careful analysis of historical and current development trends and a thorough understanding of the physical, demographic, social, economic and institutional profile and state of the environment of the Province.

## 1.2 Policy Context

Government departments and institutions of Government draw on the National Development Plan as a central reference point. Of significance are the 12 Objectives of the National Development Plan and the Nine Point New Growth Path (NGP). At the global level, the Sustainable Development Goals (SDGs) are pertinent. This policy context serves to highlight the key threads of the different yet related policy frameworks. Their relevance to the KZN PGDS lies in the developmental principles that any growth and development strategy will need to subscribe to, in order to address the constraints and harness the provincial strengths, for growth and development to benefit all KZN people.

### 12 Objectives of the National Development Plan

1. An economy that will create more jobs
2. Improving infrastructure
3. Transition to a low-carbon economy
4. An inclusive and integrated rural economy
5. Reversing the spatial effects of apartheid
6. Improving the quality of education, training and innovation
7. Quality healthcare for all
8. Social protection
9. Building safer communities
10. Reforming the public service
11. Fighting corruption
12. Transforming society and uniting the country

## **The United Nations Sustainable Development Goals**

In September 2015, countries adopted a set of goals to end poverty, protect the planet and ensure prosperity for all as part of a new sustainable development agenda; to be achieved over the next 15 years. The post 2015 development agenda builds on the Millennium Development Goals (MDGs) which were eight anti-poverty targets that the world committed to achieving by 2015. Enormous progress has been made on the MDGs showing the value of a unifying agenda underpinned by goals and targets. Despite this success the indignity of poverty has not been ended for all. The United Nations Sustainable Development Goals (SDGs) declaration aims to promote a 'comprehensive approach and a coordinated strategy, tackling many problems simultaneously across a broad front'. It is a critical document whereby all signatory countries and development organisations have committed to achieving the targets set by 2030. The goals are as follows:

1. End poverty in all its forms everywhere
2. End hunger, achieve food security and improved nutrition, and promote sustainable agriculture
3. Ensure healthy lives and promote wellbeing for all at all ages
4. Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all
5. Achieve gender equality and empower all women and girls
6. Ensure availability and sustainable management of water and sanitation for all
7. Ensure access to affordable, reliable, sustainable and modern energy for all
8. Promote sustained, inclusive and sustainable economic growth, full and productive employment, and decent work for all
9. Build resilient infrastructure, promote inclusive and sustainable industrialisation, and foster innovation
10. Reduce inequality within and among countries
11. Make cities and human settlements inclusive, safe, resilient and sustainable
12. Ensure sustainable consumption and production patterns
13. Take urgent action to combat climate change and its impacts
14. Conserve and sustainably use the oceans, seas and marine resources for sustainable development
15. Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification and halt and reverse land degradation, and halt biodiversity loss
16. Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels
17. Strengthen the means of implementation and revitalise the global partnership for sustainable development

Clearly the developmental principles, as espoused by the policies above, and embedded in the KZN PGDS include the following, namely;

- The shift from insulated countries to a global village;
- The shift from ad hoc sectoral responses to poverty to an integrated antipoverty strategy;
- The shift from one-dimensional spatial planning to the incorporation of local economic-development strategies that take account of specific contexts; and
- The shift from environmental management to sustainable development.

## The Nine Point Growth Plan

The Nine-Point Growth Plan sets adjustments to deal with particularly large scale constraints that affect growth and investor confidence.

The Plan relies on concomitant interventions focused on the following:

1. **Resolving the energy challenge.** While a 5 point energy plan is in place, the Energy Plan seeks, amongst others, to improve the maintenance of existing electricity infrastructure; to increase generation capacity; and, to manage demand.

Of importance for the economic landscape is that gas as a source of energy is to be pursued (e.g. independent power producers in the gas sector will be selected) though new generation capacity through coal will be pursued and co-generation contracts with the private sector will be renewed.

The renewing of co-generation contracts could incentivise companies that have biomass by-products in their production (say) to use these by-products further.

Exploration of oil and gas, driven through operation Phakisa along coastal areas, is part of the strategy of shifting towards and searching for new energy sources.

In turn, with the plan seeking to better manage energy demand, there are new opportunities for the green economy. However, some criticisms of this aspect of the plan is that it is insufficiently focused on renewable energy alternatives.

2. **Revitalising the Agriculture and the agro-processing value chain.** The plan includes a change so as to prevent foreigners from owning (non-residential) land but of note for KZN is that land reform is to be accelerated.

Specifically, the government announced its draft policy proposals on land reform ("Strengthening the Relative Rights of People Working the Land" or the 50/50 policy framework) in this regard. This protection takes the form of government contributing up to 50% of the land allocation to those that have worked the land (the proportion varies with the number of years for which the workers have worked the land) that will be shared by the workers through the Land Reform programme. The contribution will be made to an investment fund for the purpose of expanding the farms. The project starts with pilot cases.

Agri-parks (agro-hubs that offer all services along the various commodity value chains) are to be set up in all South African District Municipalities as part of this growth plan point though

the poorest municipalities will be first prioritised for this. District Land Reform Committees are set to train smallholder farmers as part of this project. R2 billion was to be set aside for this for 2015/16.

3. **Advancing beneficiation and adding value to our mineral wealth.** Whilst the new operation Phakisa in mining is being unpacked, particular value chains (titanium, platinum and iron and steel) are to be prioritised through support mechanisms. The automotive sector, which is large in KZN, has a direct stake in this with platinum a major input into catalytic converters. Moreover, a number of large rare minerals companies operate in the province of KZN. Special Economic Zones (SEZs) can attract new players in the relevant mining value chains.

New innovation opportunities are also to be unlocked through partnerships for the development and commercialisation of new products that derive from the mining sectors mentioned above.

4. **More effective implementation of a higher-impact Industrial Policy Action Plan.** The Black Industrialist Programme to “create large-scale transformed industrial sectors” is now finalised; support for this programme is seen as an additional step to further help the development of small and medium size local firms. The Department of Trade and Industry (the **dti**) is now looking for new SEZs as part of this point of the growth plan. Also as part of this point are the commitments to set up an “inter-Departmental clearing house” to help unblock a number of bottlenecks affecting investors.
5. **Crowding in / encouraging private sector investment.** Particular constraints around slow Environmental Impact Assessments (EIAs) and the issuing of water-use licenses are to be addressed (particularly for strategic sectors). An independent study of the investment environment is also to be undertaken.

The private sector will be brought in through partnership with the public sector to provide the goods required for infrastructure development, including marine engineering and shipbuilding. Localisation plans are also unpacked in such a way so as to involve the private sector in this point of the plan.

6. **Moderating workplace conflict.** The modalities of a national minimum wage are being considered as part of this point of the growth plan.
7. **Unlocking Micro, small and medium enterprises (SMMEs), Cooperatives, Township and rural enterprises' potential** through procurement and the development of a new framework “to strengthen” as well as “to regulate” the informal business sector. Economic infrastructure (e.g. industrial parks, incubators with machinery and equipment) will be put into place to support township enterprises. A business rescue strategy for SMMEs and Co-operatives in financial distress will be developed.
8. **State Reform**, including boosting the role of the state owned companies, Broadband, water, sanitation and transport infrastructure. Government facilities will be connected in Umgungundlovu and in Umzinyathi in KZN with Telkom the designated entity for the broadband roll-out.

9. **Growing the ocean economy and tourism**, including through operation Phakisa discussed further below but also cutting across the refurbishing of ship and rig repair facilities which have, in fact, been already initiated in Durban. This point of the plan has generally great relevance for KZN.

Tourism is set to benefit from an Air Transport Strategy although product enhancement and diversification in the sector are also being developed to expand the sector.

## ALIGNMENT OF STRATEGIC PLANS

Strategic planning processes within South Africa from Ward level onwards are aligned with the National Development Plan and its Medium Term Strategic Framework. The KZN Office of the Premier has undertaken detailed exercises analysing the alignment of the PGDS with both the African Union Agenda 2063 and the United Nations' Sustainable Development Goals – demonstrating alignment on the key focus areas and sectoral actions.

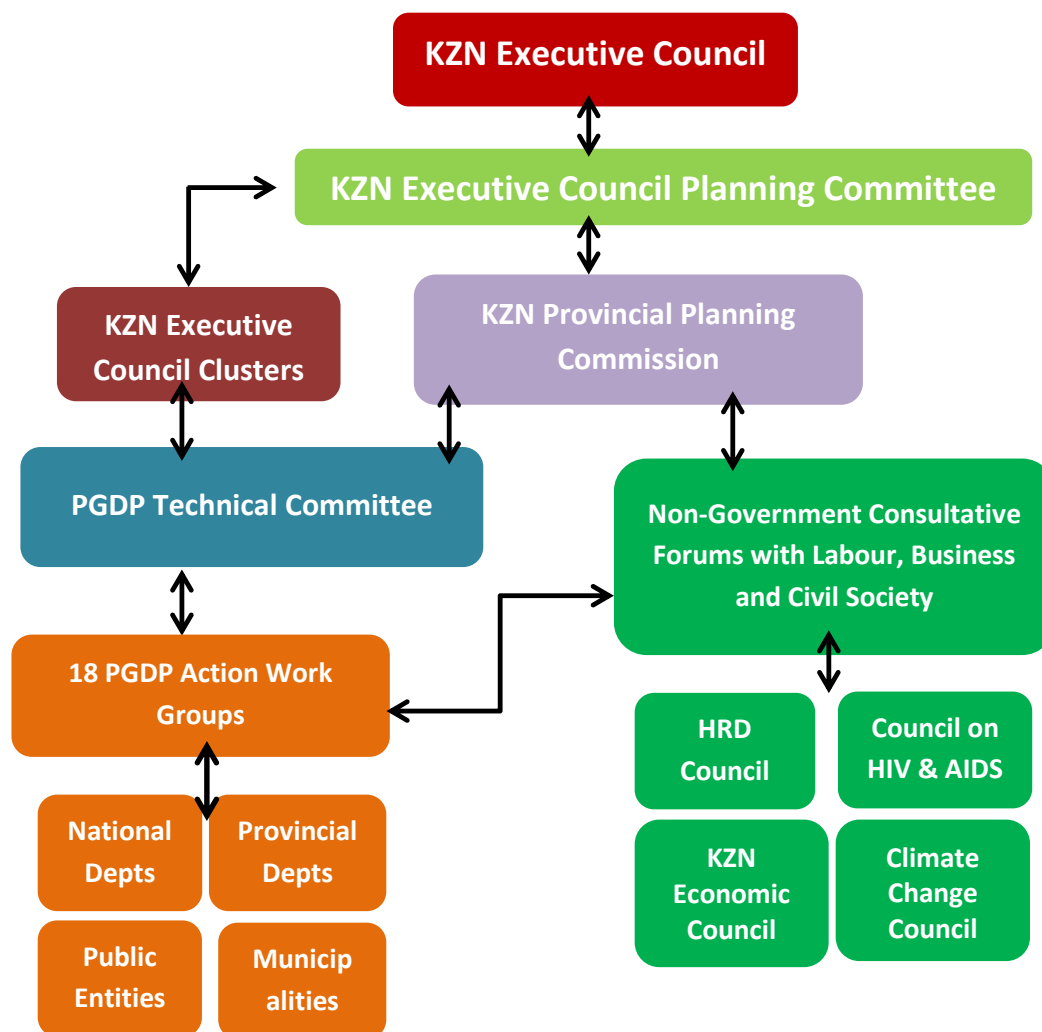


### 1.3 Stakeholders and Social Partners are the centre of revising the PGDS

Provincial growth and development strategies are the primary way in which stakeholders are mobilised and will be drawn in to commit to successful implementation. Buy-in and consensus is needed, hence the KwaZulu-Natal Government ensures that stakeholders and social partners are at the centre of the development of the Revised KZN PGDS.

The institutional structure supporting the drafting of the PGDS is depicted in the diagram below.

**Figure 3 Institutional structure for PGDS implementation**



The Revised PGDS is an output of the social partners in KZN: the public and private sector, organised civil society, organised labour, academia and the non-governmental sector – who gave input on what the challenges are and how best to manage them. This engagement has been pivotal to this transformation initiative, ensuring that the process secures the ownership of all stakeholders.

Conceptually, the relevant PGDS stakeholders have been central to the process of reviewing and drafting the PGDS document. The value of this approach lies in seeking what the multi-faceted stakeholders want, calibrating their vision into a Provincial development vision and then attempting to align and integrate resources, institutional capabilities and enabling infrastructure against the backdrop of the legislative and policy landscape.

Ensuring that the stakeholders were at the centre of the design of the provincial development vision practically implied that the engagement focused on an inside-out view (i.e. internal stakeholders) and an outside-in view (i.e. external stakeholders). The diagram above graphically represents the inside-out and outside-in view where the Stakeholders are at the centre of the process of drafting the PGDS. As depicted above, the emphasis is on holistic analysis and an inclusionary approach to strategy

formulation, so that a comprehensive PGDS, supported and owned by a wide stakeholder base, was developed for consideration and decision-making by the relevant stakeholders.

The overall objective was to produce an up-to-date and comprehensive overarching KZN PGDS, widely respected and owned amongst the public and private sector partners in KwaZulu-Natal and beyond. The development of this revised KZN Provincial Growth and Development Strategy (PGDS) is driven by a combination of external and internal changes that influences the way in which society moulds itself. At a global, somewhat external level, the economic shifts and subsequent impact on trading patterns, the development in technology production processes, the energy transitions, the climate changes and the rise of certain African countries, required a review of the way in which KZN charts its future growth and development trajectory. At the local level the rise of unemployment and poverty means that KZN has to redirect its growth and development path towards job creation and to share out the benefits of growth.

## 2 The Strategic Analysis

The Provincial Planning Commission has formulated a “Situational Overview Report” which details the status quo regarding each of the growth and development sectors. This section summarises and discusses the key elements of sector reports in relation to their critical growth and development issues.

Suffice it to note that the PGDS responds to and focuses on a growth and development strategy to include, in particular:

- How and where we create sustainable jobs that build on our growing integration into southern Africa, Africa and the world?
- How do we create a productive and equitable society?
- How and where we create sustainable jobs that help build a more prosperous province and support our growing integration into southern Africa, Africa and the rest of the world?
- How do we improve support to the smaller economic actors such as informal traders, informal manufacturers, co-operatives and small businesses so that a more entrepreneurial culture firmly takes shape in our province?
- How do we ensure that government plays its full role with regards to unlocking localisation opportunities and to expanding value addition through increased beneficiation?
- How do we ensure that our people, and in particular our youth and women that are economically marginalised, have the education and skills to take up new job and business opportunities?
- How do we address social ills and restore pride in communities that are prepared to work hard at improving their quality of life?
- How do we reduce crime, violence, corruption and the cost of doing business?

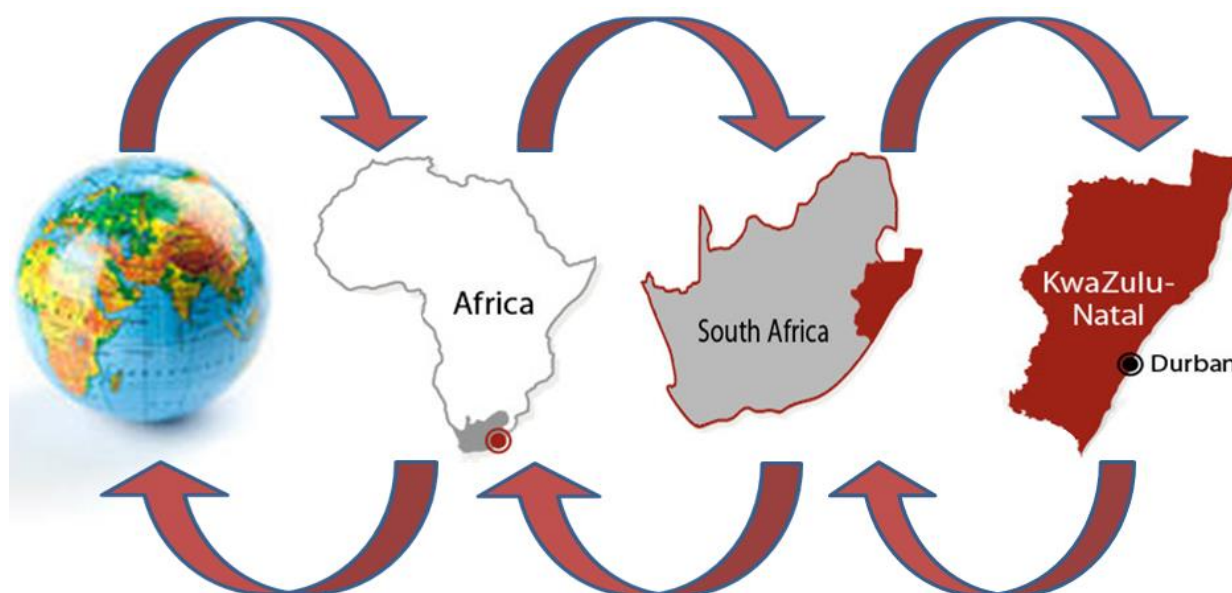


- How do we ensure that government is capacitated to deliver more with its current financial and human resources?
- How do we optimise use of land for agricultural and other development while maintaining ecosystem services and ensuring that the resilience of natural systems to climate change is not undermined?
- How do we improve the health status of people and entrench healthy lifestyles?
- How do we utilise the natural resource base and the land still available for agricultural and other development, while ensuring a stronger commitment to environmentally sustainable planning and development?
- How do we address the backlogs in delivery of basic services to those who do not yet have them, whilst also investing in maintenance of our infrastructure, improving the quality of service delivered and expanding opportunities where there is economic potential?
- How do we improve the way that Government works so that there are much higher levels of integration and collaboration between the departments, institutions and agencies in the national, provincial, district and local municipal spheres, and simultaneously achieve lower levels of corruption?
- How do we address rural transformation and further support the development of rural areas as well as sustainable agricultural production further?
- How do we fully resolve issues of food security in both rural and urban areas?
- How do we meet national and international commitments and respond to the short, medium and long-term challenges posed by climate change, and grow participation in the green economy?
- How do we develop more community-empowering ways of planning and working as Government and social partners, so that the strategies to eradicate poverty and inequality are owned and championed by its' people, and that are not seen, merely, as Government initiatives?
- How do we manage the growth and development process in a way that builds stronger and more meaningful partnerships – between spheres of Government, institutions of traditional leadership, implementation agencies, support institutions and social partners of the private sector, organised labour and the community sector?

The answers to these questions must be based on a thorough understanding of the facts regarding the state of KwaZulu-Natal – the natural resource base, the environmental landscape, the economic make-up and opportunities, the social challenges, the infrastructure and spatial landscape and the institutional and governance status.

## 2.1 KwaZulu-Natal in the South/Southern African and Global Context

Figure 4: KZN in the South/Southern African and Global Context



The global economy has undergone significant changes in the past decade. New technological production processes and tighter global trading markets, shifting economic and financial systems, as well as the impact of climate change, have shaped economic prospects and how countries have fared with regards to their growth.

Global production markets continue to be driven by the development of new production processes, new markets, and sophisticated – albeit increasingly internationalized - supply chains. A number of changes are further framed by climate change challenges, commitments and related opportunities moreover.

South Africa, and specifically KwaZulu-Natal, is not keeping pace with these global changes, which affects their relative competitive position in the international context. This is due to a number of factors but include: the fact that the production base has not expanded markedly; that investment (domestic and foreign) which has progressively become unlocked was lacking for a long period of time and was temporarily on halt when the global financial crisis peaked before resuming again; and the fact that skills and education levels are still relatively low. The latter means that large productivity improvements are still not happening and that investment into new technology, equipment and machinery are still lagging behind.

In addition, there have been important shifts in economic power, including towards emerging Asian economies. High levels of growth and production achieved by countries such as China have placed pressure on countries that seek to compete in international markets, even if wages are currently increasing in that trade partner. Additionally, many countries in the world, including the large developed markets have had to reduce and rebalance government spending towards new areas in a context of jobless growth and high levels of public debt. Another challenge has also emerged in that

a number of emerging economies are now displaying vulnerability in their political, social and economic spheres. These shifts have had a major impact in that it has curtailed the momentum as well as some the full benefits to be derived from relatively new but important partnerships such as those of the BRICSA (Brazil, Russia, India, China and South Africa) agreement. In parallel, a number of trade and investment partners have put into place new protectionist instruments and engaged, domestically, with supporting particular industries and sectors that are important for job creation in their home markets.

Still, as some economies - a number of which are located on the African Continent – are growing significantly faster than South Africa and as the Tripartite trade arrangement is being activated on the ground, there remain important opportunities outside the province and South Africa. The opportunities are the Southern African region as well as beyond. Also, foreign direct investment from China has been significantly growing in the recent past. There are, as such, new prospects for export to and for investment from other markets that offer important job retention and creation potential. The Province must ensure that the correct fundamentals are in place to take advantage of this and other global economic shifts.

Climate change has altered the way in which countries view economic growth, in that nations are increasingly being held accountable for their carbon emissions and thus must explore cleaner sources of energy and modes of moving goods to and from other markets. This has caused a shift towards new 'green' production processes and modes of transport as well as renewable energy generation, and a new way of thinking with regards to economic growth and development planning. The relevance for South Africa and KwaZulu-Natal lies in the need to invest in new renewable energy sources and in less carbon intensive modes of (public) transport and to attract investment that applies green principles and employs 'green' technologies. This also has major implications for the Province in that food security as not yet been attained. Sustainable resource management has and will continue to have an ever-increasing role to play on this as well. Efforts into the preservation of natural resources can be financially rewarding through international carbon credit trading moreover. There are gains to be The Province needs to position itself to take advantage of the opportunities presented by moving towards a green economy.

The Presidential Infrastructure Co-ordinating Commission (PICC) continues to co-ordinate the infrastructure development programme encompassing a wide range of transport, utilities, social and ICT infrastructure including targets for localization. The PICC also champions the African Union's road and rail infrastructure programme beyond SA borders.

KwaZulu-Natal's role is set to grow further in the broader integration of South Africa into the African and global economy. This is largely due to the Province's location, ports and infrastructure that position KZN as a gateway to southern Africa. This position has been strengthened through further developments such as the Dube Trade Port Aerotropolis and other critical industrial projects that push linkages between areas and activities (such as the industrial economic hubs). Therefore, in its long-term development planning, KwaZulu-Natal must actively consider and plan for both, the impact of and the opportunities for growing linkages with southern Africa and Africa as a whole.

In terms of the global economy, the National Planning Commission reports that in the short term, the impact of the recent international downturn will continue to affect South Africa's large trading partners in Europe and North America. In the longer term, however, it is likely that a substantial shift

in global economic power will continue and that growth will remain high (or fully resume to high levels where it is currently sluggish) in Brazil, Russia, India and China and in other middle-income or emerging countries. These changes will continue to have significant direct implications for South Africa's economy as well as for the wider African region.

It is noted that Sub-Saharan Africa has posted strong rates of economic growth in recent years, although much of this growth is off a low base. Noting that declining commodity prices have put a dent in that region's prospects and that the political context remains fragile in many countries on the Continent, if current trends continue, South Africa's regional dominance could be significantly reduced over the planning period. Already, competing sub-regional development poles are emerging in Nigeria, Angola, Ethiopia, and parts of the East African community and Mozambique has also been growing well recently, even if inconsistently.



The diagram above illustrates the KZN PGDS alignment with the Africa Union Agenda 2063.

KwaZulu-Natal's development strategy over the next 20 years must therefore carefully select the economic and development drivers which will enhance the benefits of growing integration into Africa and the global economy. Trade and tourism will remain the lead instruments of this integration process, but many new areas of opportunity must also be fully explored and developed. As a major manufacturing hub, KZN business has an advantage in terms of opportunities into Africa. Some of the leading sectors in the local economy, such as the automotive, agro-processing (food and beverages), and wood and paper, are highly integrated into the global economy, and need to stay or become more globally competitive. Many further opportunities for new global integration remain for the commercial sector, for the information and communication technology sector, and for many sectors related to human and community development. Some large opportunities remain in the area of the green economy moreover. This new context provides challenges but more importantly new opportunities. Africa, as an emerging and still growing economic block, and as a voice for development

and greater global equity, is set to rise. KwaZulu-Natal, as a leading province of South Africa, must rise too. That is one of the key challenges of the new KwaZulu-Natal growth and development strategy.

In order to benefit from the anticipated global economic shifts, South Africa must concentrate its mind on the development of its people in order that they can participate in this 'new' economy. It is widely accepted that human resources development can lead to the improvement of quality of life of citizens and contributes to the increase in productivity, competitiveness and supports economic growth. In other words, the kind of economic growth anticipated in the future that does not only rely on commodities, will need a broad range of skills for its sustainability.

## 2.2 The Physical and Environmental Landscape

KwaZulu-Natal can be described as a province of contrasts. The topography differs from mountains and hills to a coastal plain which broadens considerably to the north and contains important wetlands such as the St Lucia System, Lake Sibaya and the Kosi Bay System. The vegetation varies from alpine veld in the high-lying areas of the Drakensberg on the border with Lesotho to subtropical coastal forests along the Indian Ocean. A very prominent characteristic of this province is the deeply cut parallel valleys and ridges formed by a large number of short, fast-flowing rivers which can be seen as the result of a large variation in altitude over a very short distance: from Mont-aux-Sources (3,282 meters), on the border with Lesotho and the Free State to sea level over a distance of just 200 kilometers.

Much of the landscape of KwaZulu-Natal is characterised by dispersed rural settlements in terrain where infrastructure service delivery is particularly challenging. 32% of the land within province falls under the custodianship of the Ingonyama Trust Board (ITB) (Ingonyama Trust Board, 2012) and as such accommodates a large portion of the population of the province, mainly in the form of rural and communal villages. The Province has the highest number of agricultural households (28.2% involved in agricultural activities), the majority being livestock farmers (Statistics South Africa, 2012). Overall, 51% of the population of KwaZulu-Natal is classified as “rural” (refer to Demographics section for further details), combined with the large-scale poverty experienced (the poverty rate has dropped to around 45% from 48.4% in 2012) as well as the acknowledged vulnerability of rural communities to variable economic conditions, service delivery and climate variability, suggests that any spatial planning and growth and development interventions will have a significant focus on rural development. The rural development focus should extend beyond development planning and include practical interventions such as facilitating the transition from non-sustainable traditional agricultural methods towards more sustainable methods within a sustainable livelihoods approach.

The topography has shaped the scattered nature of settlements and production practices impacts on the cost-effectiveness of infrastructure development in certain areas and contributes to the vulnerability of communities as a result.

The agricultural sector is recognised as key to addressing poverty in the province since the poorest people in KZN live in the rural areas. In spatially locating areas of agricultural potential in the province emphasis is placed on the need to release latent potential which exists in the lands under custodianship of the Ingonyama Trust Board, and the resolution of the land reform initiatives in the province. The NDP has outlined the need for an inclusive rural economy where rural areas are spatially, socially and economically well integrated and coordinated, where residents are economically active and food secure as a result of successful agrarian transformation and rural infrastructure development programmes, and having improved access to quality education and health care and basic services. Agricultural policy in the Province is shaped by the NDP, the 2013 Rural Development Framework and the Agricultural Policy Action Plan (APAP). The implementation of the Agrarian Transformation Strategy is anticipated to promote food security, create new jobs in the rural areas, and grow the agricultural sectors contribution to the GDP of the Province, in partnership with interested and affected stakeholders in the rural areas of KZN. One of the aims of Operation Phakisa is to revitalise agriculture and the agro-processing value chain.

The commercial agriculture sector is the major employer in the majority of municipalities and forms the economic anchor of these municipalities. Subsistence agriculture is by far the most important source of sustenance for rural households. In order to achieve a reduction of unemployment and poverty the challenge is twofold: to grow and transform the commercial agricultural sector by assisting the development of emerging commercial farmers and to stimulate the development of subsistence agriculture towards more sustainable practices thereby increasing food security.

High value agricultural land is being lost at a rate of almost 1% per annum, due to urban or industrial development and lack of planning. Agricultural land cannot be replaced and the Province needs to secure this land to provide for food security, particularly in the light of the uncertainties around climate change and the impact on agricultural productivity in the Province. Measures are required to prevent further loss of productive agricultural land in the province, particularly in light of the effects of climate change, through implementing and enforcing CARA legislation, through Land Care, and a network of land use planners and Extension Recovery Program (ERP) officers. This will reduce future costs of land restoration and disaster management and ensure food security. The provincial agricultural potential land categories report was completed by DARD and DAFF in 2013 (updated 6-monthly), which is aimed at planning and providing information to districts and local municipalities for inclusion in SDFs but further work is needed at municipal level to accurately identify and secure this land (agricultural sector plans are one means of achieving this). A policy gap exists in terms of enhancing sustainability of land reform and restitution projects in rural areas and this must be addressed.

Recent fracking proposals in KZN have highlighted the need for provincial fracking guidelines. According to recent media reports, there is potential oil drilling and gas fracking on nearly 40 percent of the land surface area of KZN (40% of KZN surface fracking, oil drilling targets, 2016). The need for cheaper sources of renewable energy must be carefully weighed against the potential impacts on biodiversity, water resources and community health and safety.

Growing water demands of the energy, mining and agriculture sectors, increasing urbanisation and industrialisation place enormous pressure on limited water resources in terms of management and allocation. The current drought situation in parts of KZN, brought on by the worst El Nino event experienced since 1980s and exacerbated by late rains, have resulted in certain parts of the province being declared disaster areas and receiving funding for specific drought mitigation measures. Water conservation and water demand management measures will have multiple benefits in terms of the postponement of infrastructure augmentation, mitigation against climate change, support to economic growth and ensuring that adequate water is available for equitable allocation.

There are wide disparities in the distribution of MAR per quaternary catchment across the Province. Strategic Water Source Areas (SWSAs) (CSIR, 2013) are those areas that supply a disproportionately high amount of the country's mean annual runoff, in relation to their surface area, here defined as those areas that contribute more than 50% of the country's MAR. Importantly is the need to carefully manage land use planning in SWSAs. Setting aside land under formal conservation is one approach and there is a low percentage of formal conservation areas. The reporting on land use change and trends in these areas is imperative to manage the impacts on water quality and quantity.

National Freshwater Ecosystem priority Areas, or FEPAs, are based on sub-quaternary catchment units and are required to be maintained in order to conserve freshwater ecosystems and protect water resources for human use i.e. are high value water resources in terms of provision of ecosystem services. These are the “low-hanging fruit” in terms of provincial priorities for conservation of water resources in that these areas achieve:

- 20% biodiversity target for river, wetland and estuarine ecosystem types across the country;
- 20% biodiversity target for significant wetland clusters embedded in natural landscapes, within each wetland vegetation group;
- Population targets for threatened freshwater fish species indigenous to SA;
- Alignment with all remaining free-flowing rivers;
- Alignment with priority estuaries identified in the National Biodiversity Assessment 2010; and
- Alignment with existing protected areas and focus areas for protected area expansion.

High value agricultural and biodiversity areas in the Province, including FEPAs, have been mapped (see the Spatial Equity section) and must be protected in order to safeguard critical ecosystem services.

In order to meet international commitments towards reduction of greenhouse gas emissions and shift towards a Green Economy, the KZN Renewable Energy Working Group is working to improve synergies between government departments as well as between government and business in renewable energy related projects and initiatives. Progress towards implementing green economy initiatives must be measured. There are opportunities to incentivise and increase the number of provincial hydro-electric power, wind power, solar power and biomass projects as well as Carbon Capture and Storage, to reduce reliance on non-renewables and to allow for decentralised electricity generation. The removal of traditional regulatory barriers, through the 2015 EIA guideline for Renewable Energy projects, will require greater coordination between regulatory authorities. Mechanisms to unlock green economy opportunities exist through the Green Economy Technical Assistance Fund and Green Work/ Groen Sebenza funded by National Treasury.

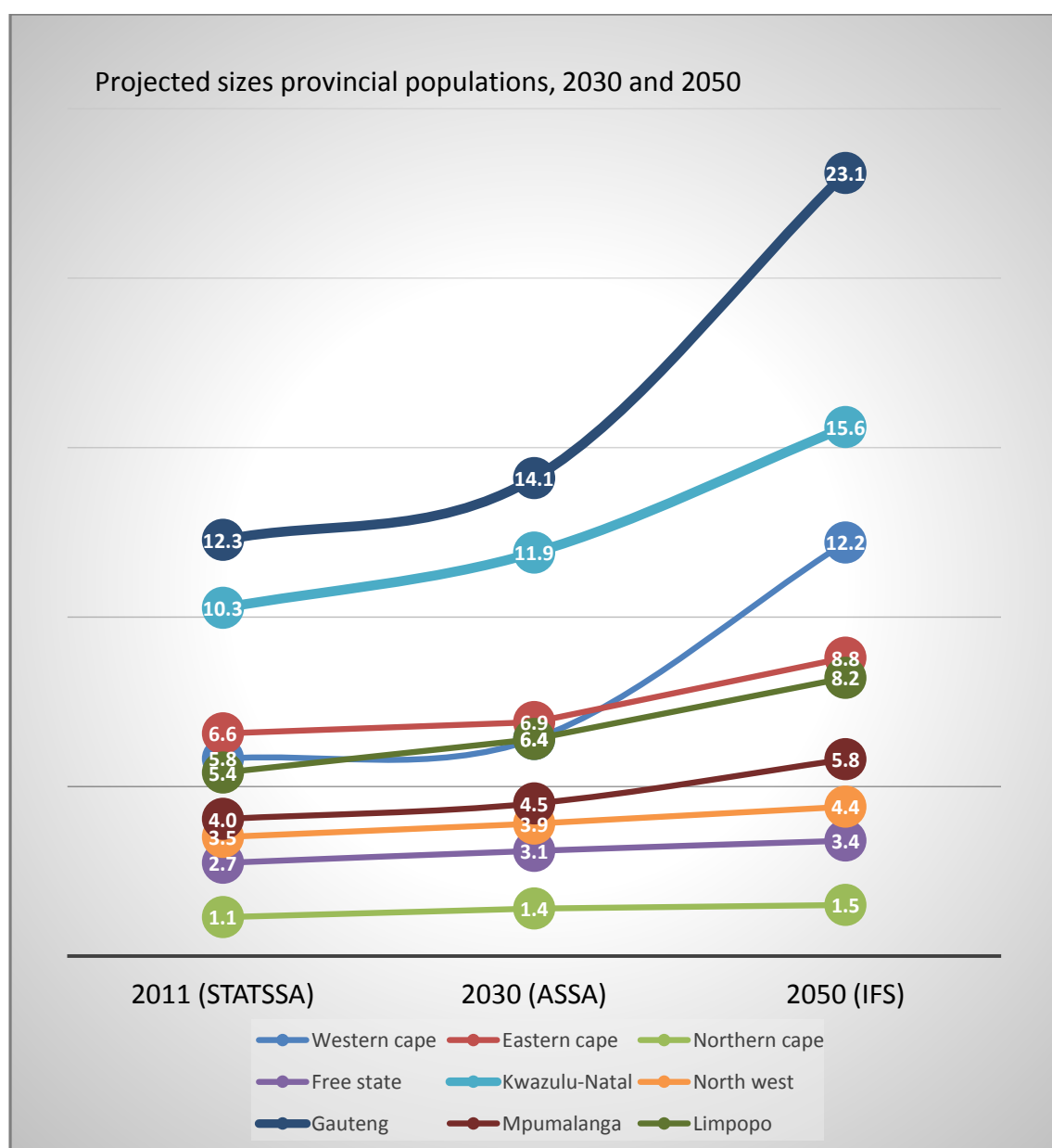


## 2.3 The Demographic Landscape

### Population size, growth and distribution

The population of KwaZulu-Natal grew gradually from 9.58 million in 2001 to 10.27 million in 2011. Statistics South Africa estimated a mid-year population of 10.92 million for the Province in 2015. Its share of the national population declined slightly from 21.1% in 1996 to 19.9% in 2015, making KwaZulu-Natal the second most populous province in the country in 2015. Its overall share of the national population in the foreseeable future will depend on different demographic and other factors.

Figure 5 Provincial population projections



Ethekewini metropolitan district had an estimated population of 3.6 million, or 33% of the provincial population in 2015. Other districts with significant shares of the provincial population are UMgungundlovu (1.1million), Uthungulu (0.98 million), Zululand (0.86 million and Ugu (0.77 million). Sisonke had the smallest estimated share (just about half a million) of the population in 2015.

Figure 6 District population estimates

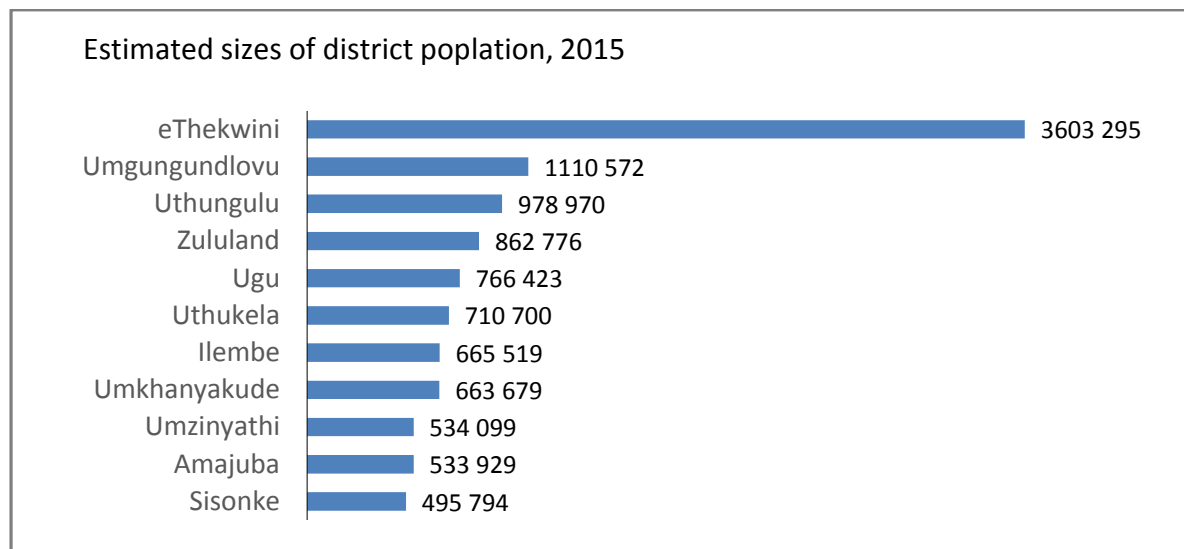
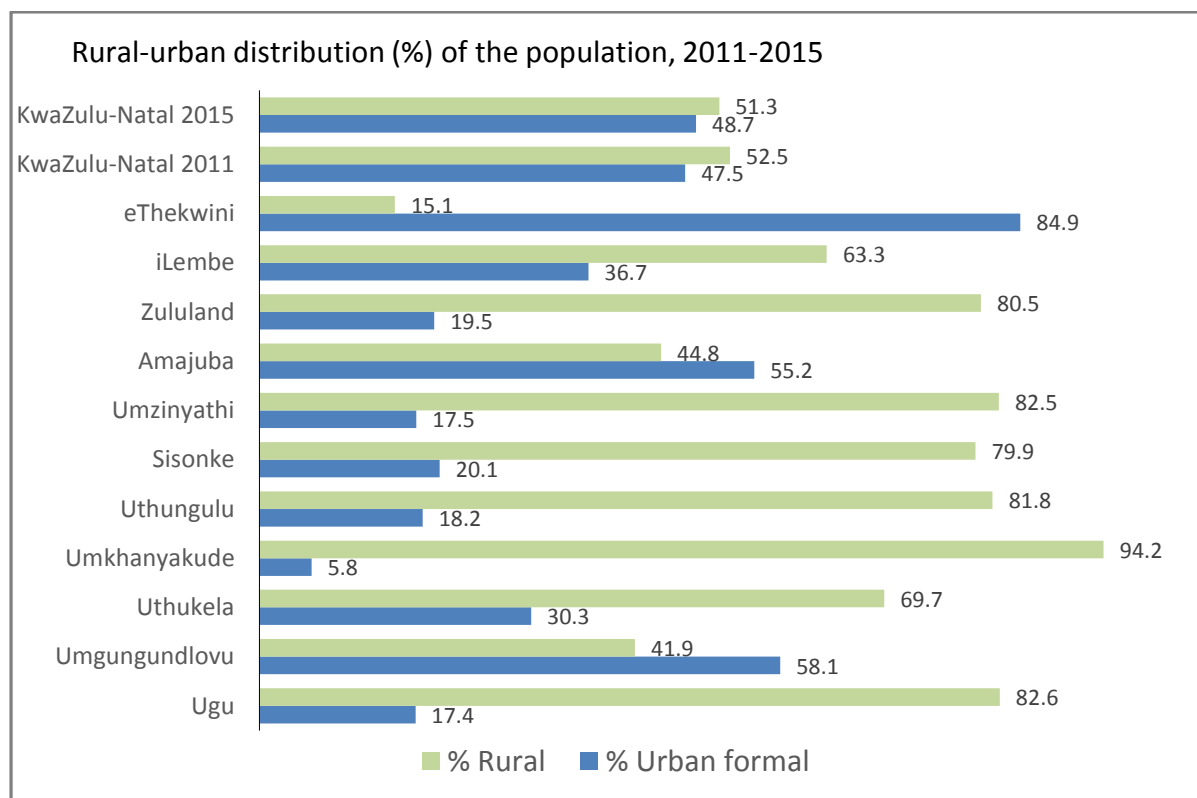


Figure 7 Estimated growth rates and population density

Estimated growth rates and population density, 2011-2015		
District	Growth rate	Density (pop per km2)
Ugu	1.2	151
UMgungundlovu	1.0	112
Uthukela	0.9	62
Umkhanyakude	1.3	48
Uthungulu	0.9	116
Sisonke	1.8	48
Umzinyathi	0.9	62
Amajuba	1.4	77
Zululand	0.9	57
iLembe	2.0	204
eThekwini	1.4	1611
KwaZulu-Natal	1.3	116

KwaZulu-Natal remains one of the three provinces in South Africa where the rural population outnumbers the urban population, though with a decreasing margin. Fifty-three percent of people in the province lived in rural areas in 2011. The estimated number for the 2014-2015 period is fifty-one percent. Figure above shows that greater proportions of the population of eThekwini (85%), uMgungundlovu (58.1%) and Amajuba (55.2%) lived in urban areas in 2011.

Figure 8 Rural-urban population distribution



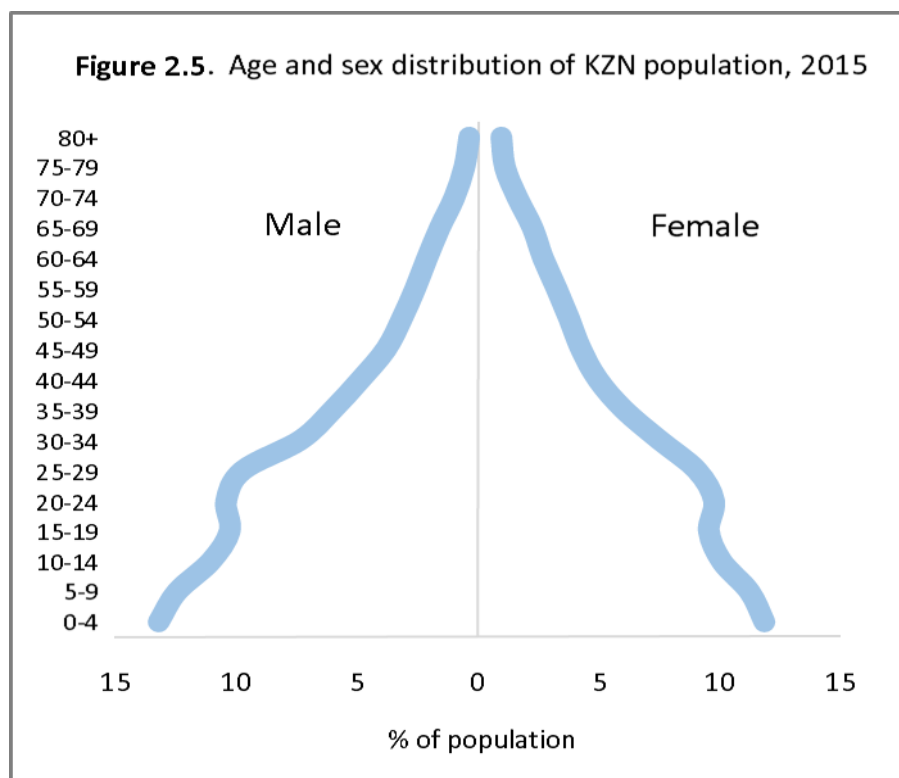
The population of the province is characterized by a gradual reduction in the percent of people under the age of 5 and gradual increase in the population in youthful and older age groups.

Figure 9 Age distribution of population

Age distribution of the population, 2015		
Age group	Number	%
0-4	1 363 182	12.5
5-14	2 438 513	22.3
15-64	6 600 663	60.5
65+	516 719	4.7
All	10 919 077	100

- Women outnumber men in KwaZulu-Natal all adult ages.

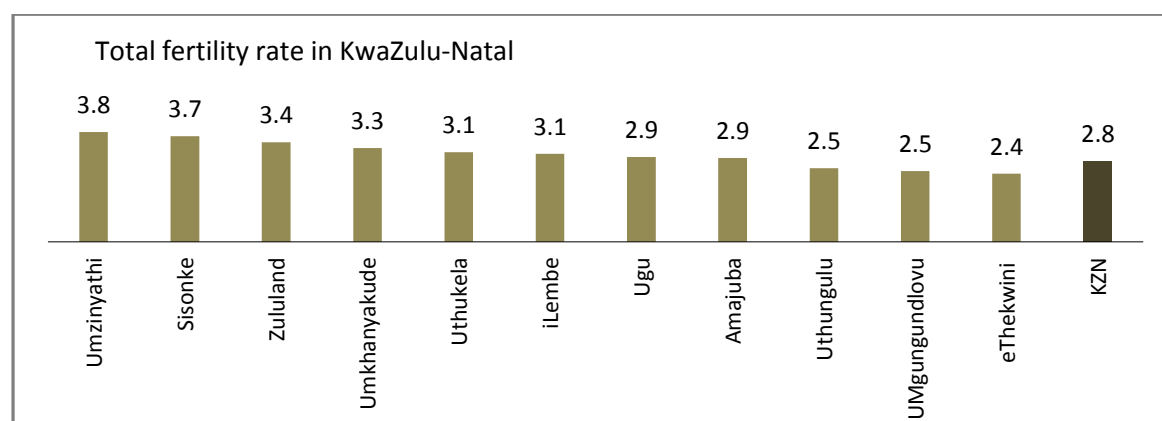
Figure 10 Age and gender distribution KZN



## Fertility

The most recent estimate of total fertility rate for KwaZulu-Natal is 2.8. Available data indicate that the total fertility rate is higher in Umzinyathi, Sisonke and Zululand, than in other districts. Available estimates also show higher total fertility rates among the African population, in rural areas, among those with no more than primary education and non-working women.

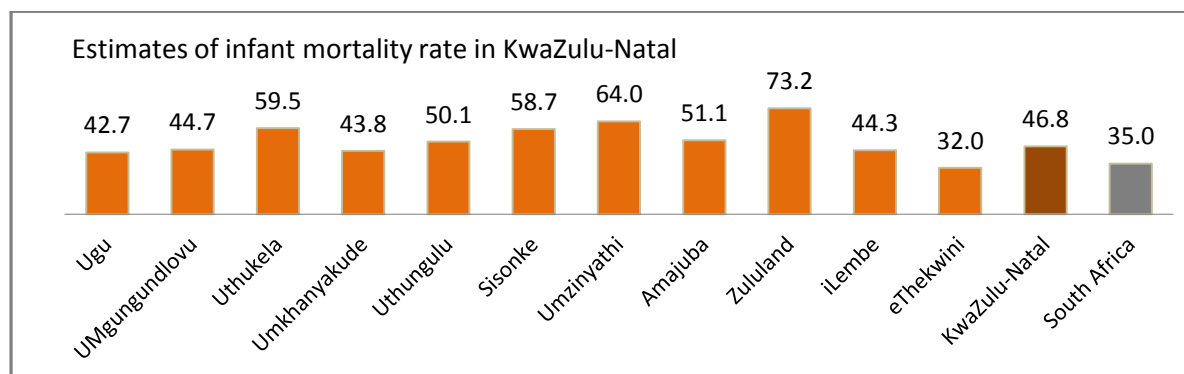
Figure 11 KZN fertility rates



## Mortality

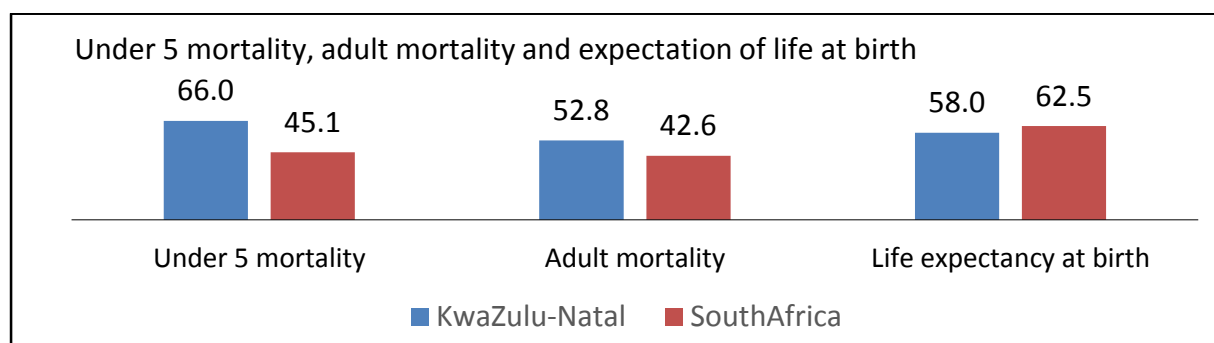
Recent official statistics estimated an infant mortality rate of 46.8 for KwaZulu-Natal, a level that is higher than the national average of 35. Estimates of infant mortality for more than half of the districts in the province are higher than fifty. These districts with high rates of infant mortality rates include Zululand (73.2), Umzinyathi (64.0), Uthukela (59.5), Sisonke (58.5), Amajuba (51.1) and Uthungulu (50.8). The lowest estimate of infant mortality rate (32) was estimated for eThekweni. A child mortality rate of 66.0 estimated for the province is also significantly higher than the national estimate of 51.8.

Figure 12 Infant mortality rates estimates KZN



The most recent adult mortality rate of 52.8 per thousand for KwaZulu-Natal is higher than a national average of 42.6 per thousand (Figure 2.20). The expectation of life at birth which was estimated to be 46 years in 2005, increased to 58 years with a slightly longer life span for women (59 years) than for men (57 years) in the province.

Figure 13 Under 5 and adult mortality



## Migration

Recent statistics show that KwaZulu-Natal is a net exporter of people to other parts of the country. Of the total population in 2011, 9.4 million were non-migrants, 74 168 were immigrants, 282175 moved into KwaZulu-Natal from other parts of the country. A little more than this number (306 121) left KwaZulu-Natal for other parts of the country. These movements gave rise to a negative net migration number. The number of people who left the province between 2006 and 2011 is estimated to be 23 946 more than those who moved into the province.

Figure 14 Migration status estimates

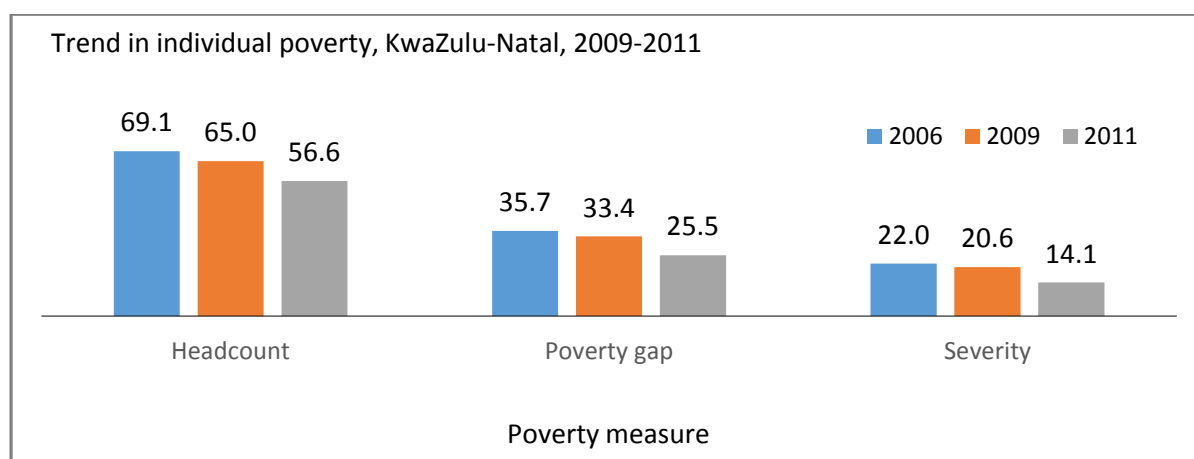
Estimated migration status of KZN population, 2011-2016	
Migration status	Number: 2011-2016
Non-migrants (born in KZN, still in KZN)	9 400 702
Immigrants (from outside South Africa)	74 168
In-migrants (moved into KZN from other parts of South Africa)	282 175
Out-migrants (moved from KZN to other parts of South Africa)	306 121

## 2.4 The Social Landscape

### Poverty

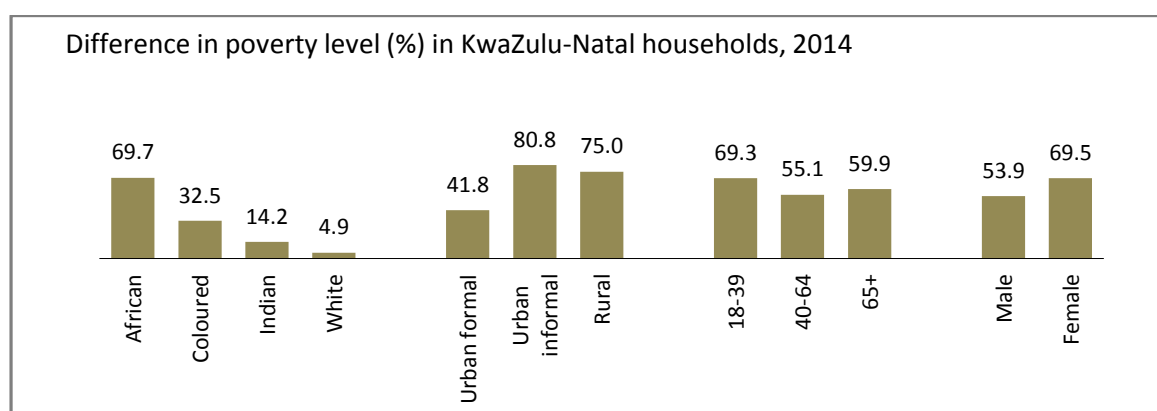
- KwaZulu-Natal had a 26.3% share of the poor in South Africa in 2011. The percent of individuals in poverty in KwaZulu-Natal declined from 69.1% in 2006 to 56.6% in 2011. The poverty gap, also declined from 35.7 in 2006 to 25.5 in 2011, and the severity of individual poverty declined from 22 in 2006 to 14.1 in 2011.

Figure 15 Poverty trends KZN



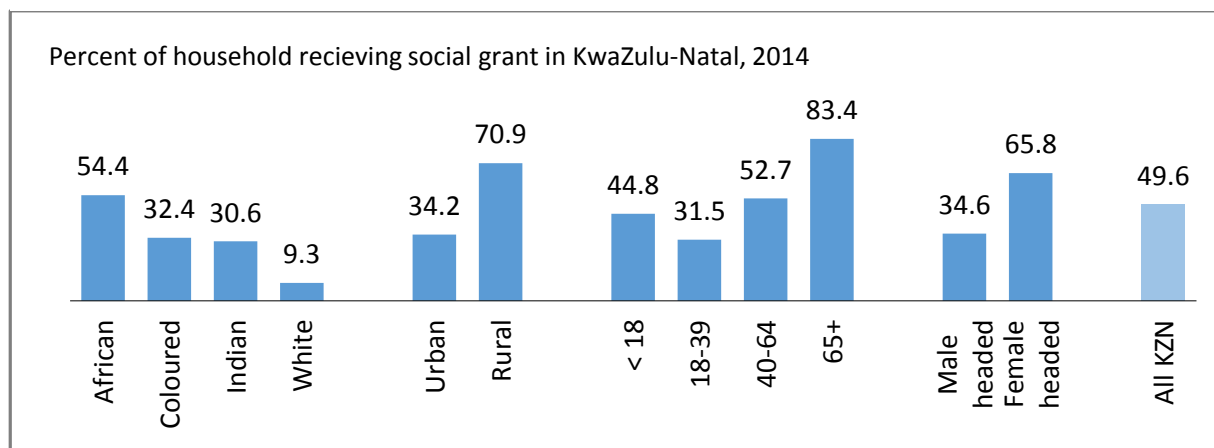
- Based on on monthly household expenditure levels lower than R2500 (Figure 2.15), seventy percent of African households in KwaZulu-Natal were poor in 2014, compared to five percent of the White population. The level of household poverty was higher in urban informal and rural households than in formal urban households. Households headed by females, and those headed by people aged 18-39 years were poorer than others in 2014.

Figure 16 Poverty trends - households



- About half of all households in KwaZulu-Natal reported that they received at least a social grant in 2014 (Figure 2.16). These proportions are slightly higher than the national averages of forty-five percent. These statistics highlight categories of households that are more materially vulnerable than others, and for that reason, more dependent on state support. Rural households, those headed by Africans, women and people older than sixty-four years received social grants more than others.

Figure 17 Social grant recipients 2014



### Household food security

- Recent statistics show that twenty-three percent of households with children reported that children seldom or sometimes experienced insufficient food. For six percent of households with children, insufficient food for children was a regular experience. The highest proportions of households experiencing insufficient food for children in 2014 were in rural areas, among those headed by people in the 18-39 age group, and also among female-headed and African households.

Figure 18 Food insufficiency 2014

Percent experiencing insufficient food for children, 2014				
Characteristic		% experiencing insufficient food for children		
		Never	Seldom/sometimes	Often/always
Population group	African	69.1	24.8	6.1
	Coloured	92.8	7.2	0.0
	Indian	95.7	3.0	1.4
	White	98.3	1.7	0.0
	Urban formal	83.2	12.4	4.5



Place of residence	Urban informal	77.9	19.8	2.4
	Rural	62.9	30.1	7.1
Age of household head	18-39	70.7	22.8	6.5
	40-64	72.8	21.6	5.6
	65+	69.3	26.4	4.3
Gender of head	Male	78.2	16.9	4.9
	Female	66.9	27.0	6.1
All	KZN	71.6	22.8	5.6

- Available statistics show a remarkable decline in the incidence of underweight for age among children under the age of five in the past few years. Other household food related indicators that show significant declines in the province are dietary deficiency index (from 60 in 2011 to 49.4 by 2015, and hunger episodes (from 35% in 2011 to 28% by 2015).

## Health

- Majority of people KwaZulu-Natal are healthy. In 2014, half of the population reported that they were in excellent or very good health, and thirty-eight percent reported that their health was in good condition.
- Figure 2.17 shows that only 9.7% reported that their health was in a fair condition. Reports of poor health are slightly higher in rural area, and among the African population group. A significantly higher percent of people aged 65 years or older (15.2%) reported poor health in 2014.
- An estimated number of 926 345 people reported a disability in the Province in 2014. The incidence of reported disability in KwaZulu-Natal was 8.8% in 2014, compared to a national average of 10.4%. Table 2.3 shows that the incidence of disability in the province is positively associated with age; less than ten percent of people under the age of 15 years reported a disability, compared to thirty-eight percent among those aged sixty-five years or older. The Coloured group reported slightly higher percent of disability than others in the active working age range of 15-64 years. Also in this age range, rural residents reported a higher level of disability (7%) than all others (5.3%).
- Tuberculosis (11.2%), cerebrovascular diseases (6.2%), HIV (6.2%), diabetes mellitus (6.2%) and other forms of heart disease (4.8%) were the five leading causes of death in KwaZulu-Natal in 2014 (Table 2.4). These causes also were the five leading causes of death separately for males and females, though in a slightly modified order. HIV was reported as the second leading cause of death for males, but as the fourth leading cause of deaths for females, following diabetes mellitus and cerebrovascular diseases.

- More than eight in every ten households in the province used public health facilities in 2014 (Figure 2.18). Only 17.1% of households made use of private health facilities in that year. Most households in all sub-categories who used a health facility reported that they were satisfied with the services they received. Only 14% of people in the Province had medical cover in 2014 (Figure 2.19). Within the province, factors that are highly associated with access to medical cover include population group, type of place of residence, education and work status. The White group, urban dwellers, educated and working people had more access to medical cover than others in 2014.

Figure 19 Selected health indicators

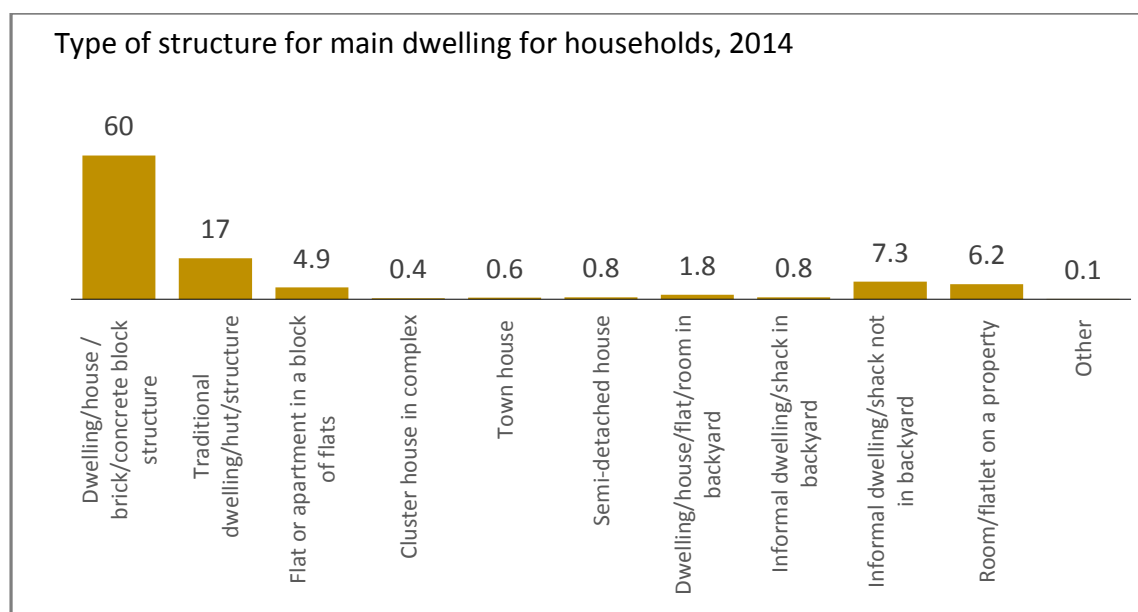
Summary of Selected indicators of health				
Indicator	Baseline	AWG10	Targets	
		latest	2015	2020
Life expectancy at birth (in yrs) (2013) (males)	49.1	57.0	56.4	58.4
Life expectancy at birth (in yrs) (2013) (Females)	50.2	58.4	60.7	62.7
Percentage of Primary Health Care facilities scoring above 80% on the Ideal Clinic Dashboard (2014)	6.25	10.1	20%	100
Maternal mortality in facility ratio (annualised) (per 100 000 live births) (2010).	195	118.7	120	100
Infant mortality rate (per 1000 live births) 2010	32.1	31.4	30.5	29.0
Under-5 mortality rate (per 1000 live births). 2010	43.4	42.6	42	40.0
HIV prevalence and incidence among 15-24 year old pregnant women (pregnant women) Baseline: (2012)	25.8%	?	25.5	25.0
TB incidence and prevalence (per 100 000 population). 2010 Baseline: 1 161 per 100 000	1161	808	700	200
Professional Nurses per 100 000 population (per 100 000) 2010	130	138.4	141.3	147
Medical Officers per 100 000 population (per 100 000) 2010	24	21.2	33.9	36
Dietary diversity index: % percentage of households consuming fewer than the 15 major food categories in the previous month.(AWG8)	60	49.4	54.0	46.0
Hunger episodes: % of household member gone hungry at least sometimes in the preceding 12 months (2012)	35	28.3	32.0	24.0

## Human Settlement

- The estimated number of households living in brick houses in the province increased from 624 437 in 1995 to more than 2.66 million in 2014. Six in ten households in KwaZulu-Natal lived in brick houses, and 17% lived in traditional dwellings in 2014 (Figure 2.20). Informal dwelling accommodated eight percent of households, with the majority of these in shacks that are not

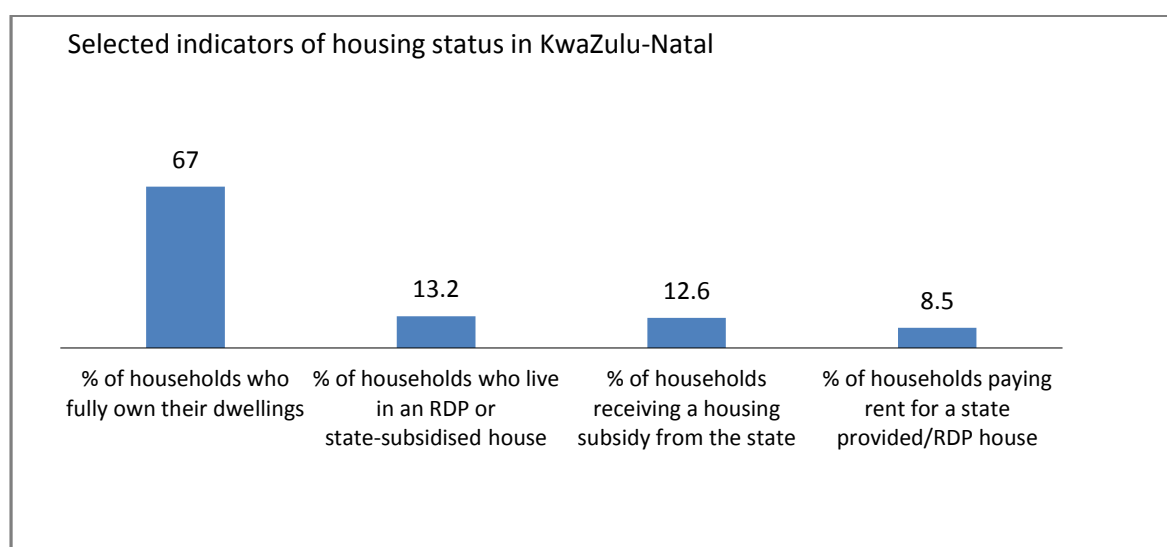
in backyards. Only 6.2% of households in the province lived in rooms/flatlets on a property in 2014.

Figure 20 Households – types of structures



- Sixty-seven percent of all households in KwaZulu-Natal owned their dwelling units in 2014, and 13% lived in state-subsidized houses (Figure 2.21). Other statistics that indicate improved access to housing include an increase in the number of households with registrable forms of tenure, and an increase in social housing and rental opportunities in state-subsidised housing programmes.

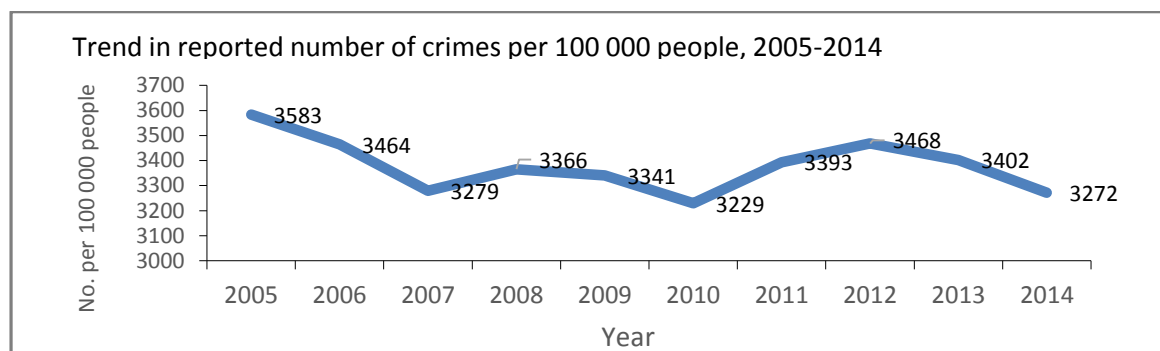
Figure 21 Housing status KZN



## Safety and security

- More than two hundred and eight-three thousand crimes were reported in KwaZulu-Natal in 2014-2015.
- The crime rate declined from 3585 per 100 000 in 2005 to 3272 per 100 000 people in 2014. The statistics suggest that the crime rate declined from 2005 to 2007, increased slightly in 2008/2009 and declined in 2010. This was followed by an increase in 2011 and 2012, and a downward trend in 2013 and 2014.

Figure 22 Number of crimes reported - trends



- Three thousand, eight hundred and ten murders were reported in the Province in 2014/15 (Table 2.5). The reported numbers of murder, attempted murder, stock theft, shoplifting, truck hijacking and robbery at non-residential premises recorded an increase from the previous year. Robbery of cash in transit was reduced by more than half of the number in the previous year, and truck hijacking was reduced by 37%. No bank robbery was reported in KwaZulu-Natal in 2014-2015. The number of sexual offences reported in 2014/2015 year in the Province is 9079.

Figure 23 Number of crimes reported 2014/2015

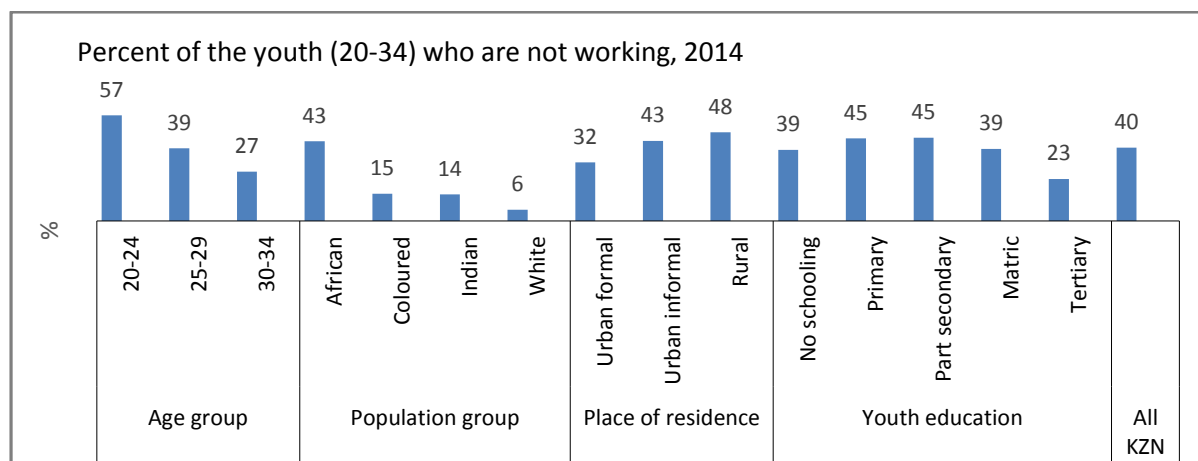
Reported number of crimes in KZN, 2014-2015				
Crime type		Number	% of national	Rank (national)
1	Murder	3810	21.4	1
2	Total sexual offences	9079	16.9	3
3	Attempted murder	3918	22.3	2
4	Assault with intent for bodily harm	29291	16.0	2
5	Common assault	24011	14.9	3
6	Common robbery	7857	14.3	3
7	Robbery with aggravating circumstances	20881	16.2	3
8	Arson	857	16.7	2
9	Malicious damage to property	14605	12.1	3
10	Burglary at non-residential premises	11032	14.8	3
11	Burglary at residential premises	43274	17.1	3
12	Theft of motor vehicle and motorcycle	8404	15.3	3

13	Theft out fo ro from motor vehicle	18148	12.5	3
14	Stock-theft	5956	23.9	2
15	All theft not mentioned elsewhere	47622	13.2	3
16	Commercial crime	11227	16.6	2
17	Shoplifting	14118	19.8	3
18	Car hijacking	2190	17.1	2
19	Truck hijacking	63	4.9	4
20	Robbery of cash in transit	18	15.4	2
21	Bank robbery	0	0.0	9
22	Robbery at residential premises	3958	19.5	2
23	Robbery at non-residential premises	2750	14.3	2
	Total	283069		

## Youth development

- There were 2.9 million people, or 26.9% of the estimated population in 2015 in the age group of 15-34 years. Many aspects of youth issues centre around their education and skills levels, their health status and economic opportunities accessible to them as well-equipped and healthy members of the society. One of major human capital development problems in the Province is inequality in access to tertiary education among young people in different sub-groups of the population.
- Slightly more than half of all young people aged 20-34 years reported excellent or very good status, and thirty-nine percent reported to be in good health in 2014. HIV and AIDS-related chronic illnesses ranked highest (reported by 4.2%), followed by flu or acute respiratory tract infections (4%). Other illnesses that featured in the top five of this scale include asthma-chronic illnesses, tuberculous-illnesses and diarrhoea.
- As many as 40% of people aged 20-34 years were unemployed in in 2014. The unemployment rate was as high as 57% among young people in their early twenties. African youth, those in rural areas, and young people with primary or incomplete secondary education also had relatively high rates of unemployment. Economic exclusion is positively associated with a wide range of other problems in families and communities, including high rates of substance abuse, crimes, teenage pregnancy and sexual violence.

Figure 24 Percentage youth not working 2014



### Gender and the empowerment of women

- An estimated number of 5.6 million women lived in KwaZulu-Natal in 2015. This is more than half of the estimated population of 10.9 million for the province. Visible constitutional and legal progress in gender equity has been recorded in many areas. Unfortunately, this progress does not always reflect in practical experiences of many women in the Province. Gender disparity in access to employment is not in favour of women.
- In KwaZulu-Natal, women are less likely to be employed than men at the same level of educational qualifications. Among the youth, slightly more women had secondary and tertiary education than men in 2014. However, this marginal educational advantage by women does not translate into gender equity in employment prospects. In 2014, higher levels of unemployment persisted among women in all ages and population groups, and also in both rural and urban areas.
- In many families, rural and traditional communities, gender relations raise issues of equity and equality at a close range. In such contexts, entrenched gender norms and attitudes fight to override or erode gains in gender equity.

### Social cohesion

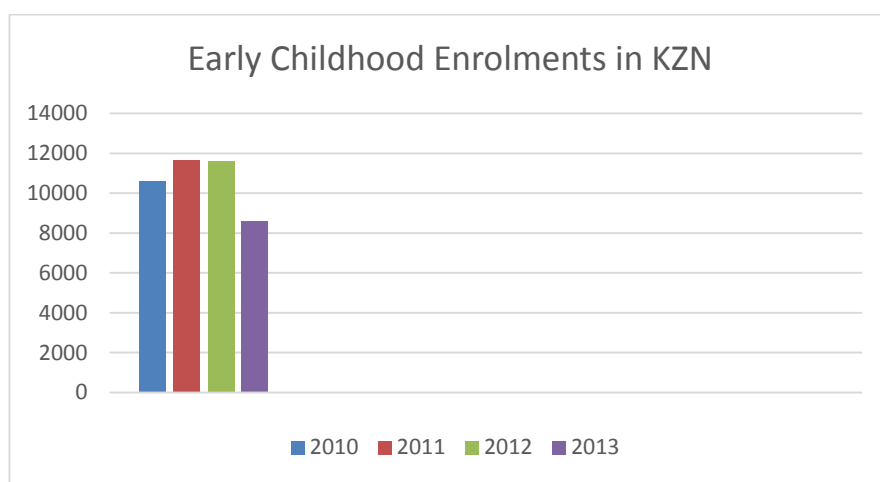
- Threats raised for social cohesion at the national level are active in KwaZulu-Natal. On some issues such as economic inequality, racial tension and migration, recent experiences of the Province call for escalated and multi-sector interventions that promote models of social cohesion which expand strategic engagement with social networks and reduce the potential for conflicts among different sub-groups of the provincial population.

## 2.5 Human Resource Development Landscape

### 1. Early Childhood Development

There are more 0-4 year olds in Traditional area and yet more children are enrolled in ECD programmes in urban areas. Overall, ECD enrolments have been declining over the years. It is not clear whether this is due to declining child births or non-funded ECD centres are closing down.

Figure 25 Early childhood enrolments

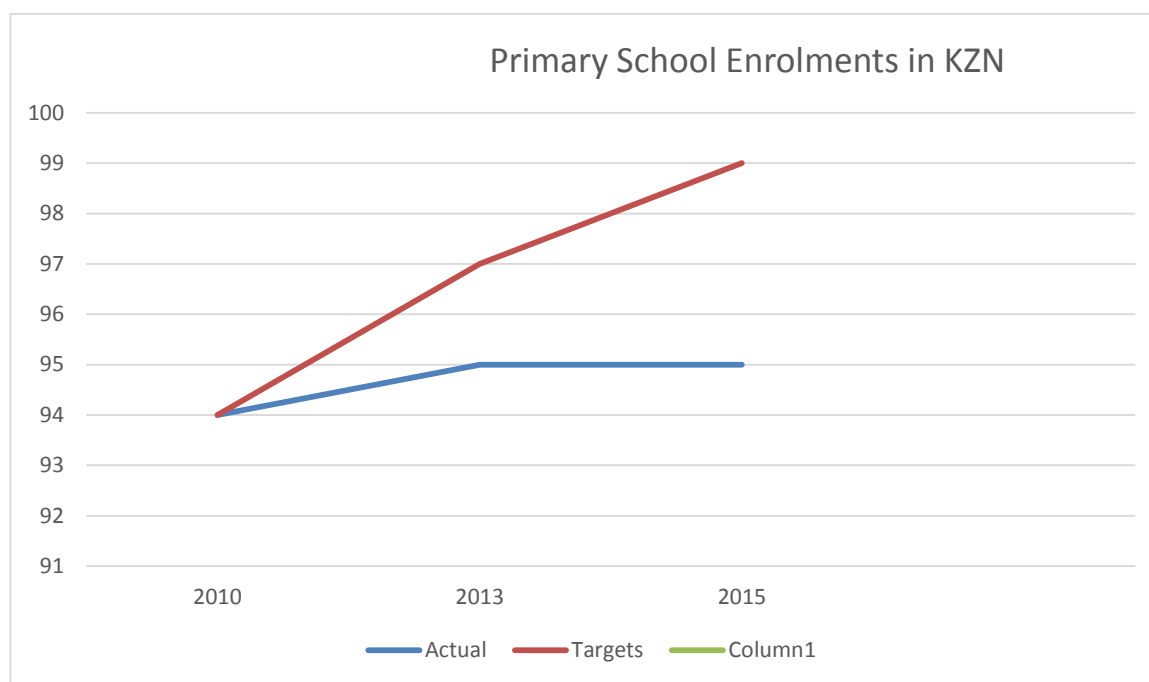


Since there are no Norms and Standards as well as Monitoring and Evaluation of ECD provision, the quality of the programmes remain an unknown entity. However, the number of children enrolled in Grade R has increased significantly since this component has been incorporated in public schools

### 2. Primary School Education

The set enrolment targets for primary schooling has been achieved and exceeded

Figure 26 Primary school enrolments



It is the performance of students in KZN primary schools that remains a challenge. According to the ANA results, performance in earlier grades is good and has been improving. In general, performance in higher grades has been poorer. In Mathematics, poor performance is noted from Grade 4-9 where it is consistently under 40%. In language, the poorest performance is noted in Grade 9.

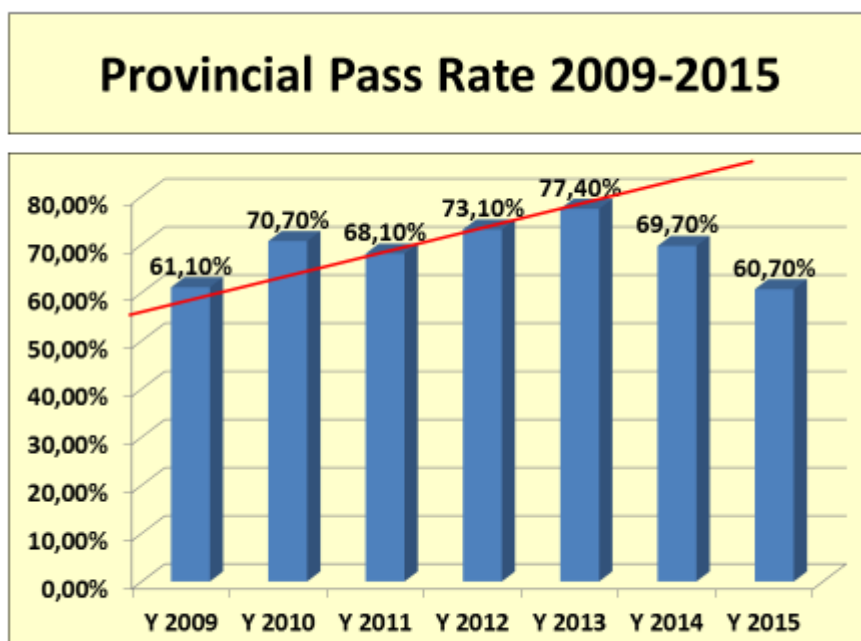
### 3. Secondary School Education

The Secondary school education phase in the nation and the province is still plagued by non-completion. Non-completion is characterized by drop-outs as well as failures at the end of Grade 12. Drop-outs contribute significantly to non-completion of secondary school education and are significant in Grades 10 and 11.

Also, failure rates in Grade 12 contribute to non-completion of secondary education. National Senior Certificate pass rates in the province have been declining in the last 2 years.

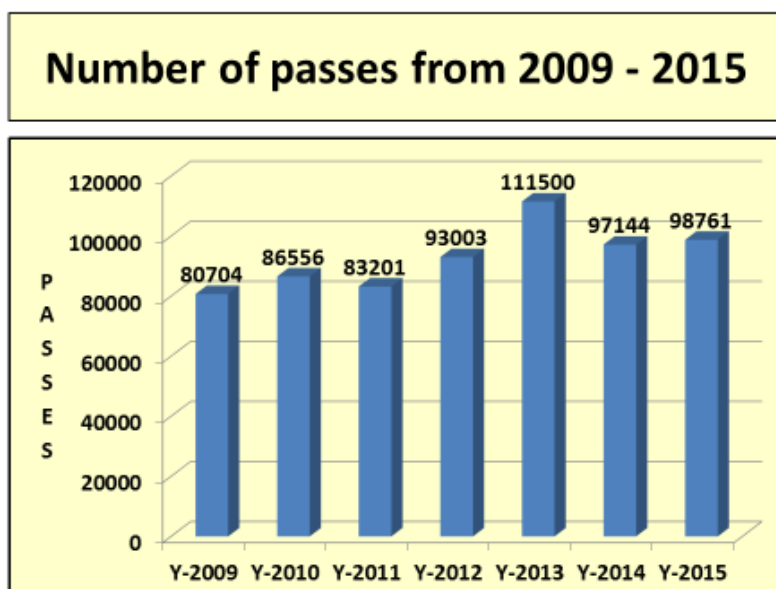


Figure 27 Provincial pass rates 2009 - 2015



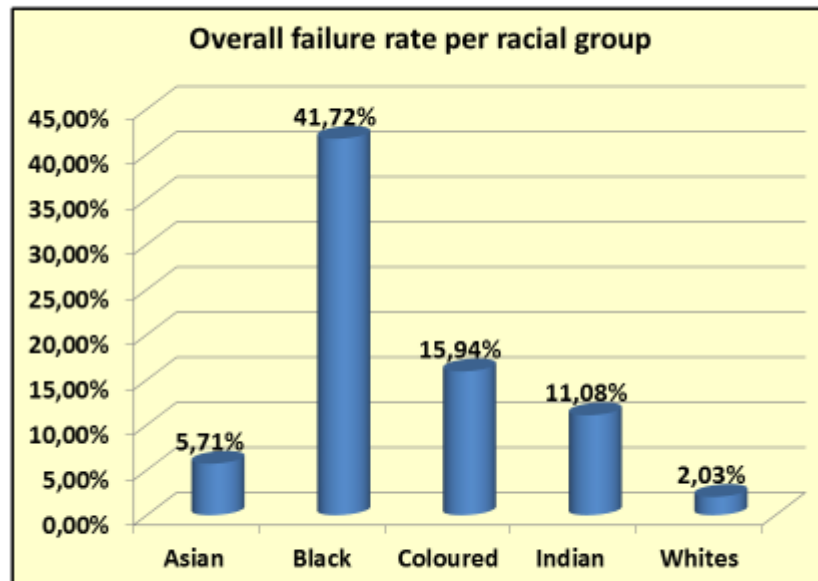
The actual numbers of students who pass the NSC examinations have been increasing, pointing to a possibility of repeaters and progressed learners in the system

Figure 28 Number of passes



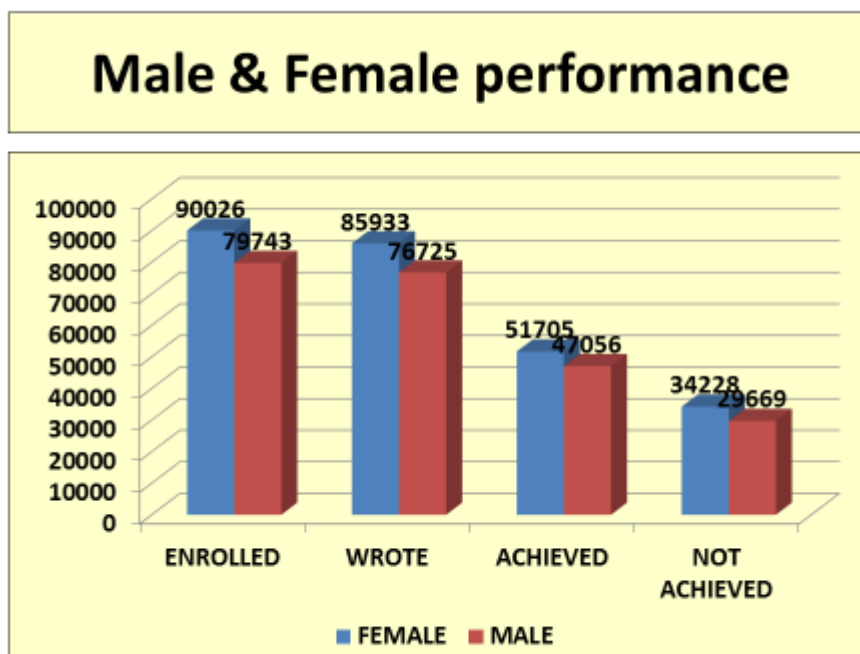
Many black schools are still not doing well in the NSC examination and contribute the largest numbers of failures in the system.

Figure 29 Failure rate per racial group



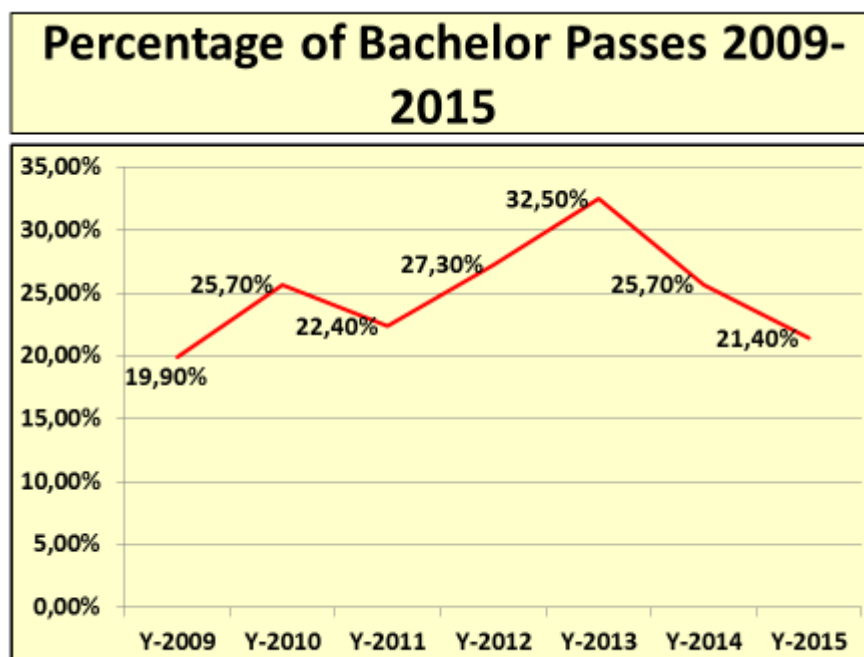
In 2015, girls enrolled higher numbers for the NSC and also performed slightly better than boys in the examination

Figure 30 Male and female performance



However, the quality of passes in the province is decreasing

Figure 31 Percentage Bachelor passes



Mathematics is still posing as the biggest challenge in the province, contributing to the high failure rate in the NSC examination. This is worth noting as the province fields the largest percentage of candidates for this subject in the country, and yet comes last in the Mathematics pass rankings.

#### **School infrastructure:**

The province has recently compiled a register of needs for its schooling system infrastructure. The need is high, but sanitation remains the single biggest challenge of all of them.

#### **Post-school training and education**

Two issues are worth noting in this section, namely the skills planning and the functionality of the TVET colleges.

Skills planning is still a young concept in the country and therefore it can be expected that the province is also still lagging behind in its initiatives towards acquiring competences in this function. But it is important that the province monitors closely the developments and start building its capacity

The functionality of the TVET colleges as the major technical and vocational education training institutions is mediocre at best. The institutions have been growing, with the smaller institutions almost doubling their enrolments. Programmes offered are largely limited to the Ministerial programmes and therefore constraining these institutions in their ability to respond directly to the local economy and communities. Overall the certification rate in the TVET colleges remains poor.

**Youth Skills Development and Life-long learning**

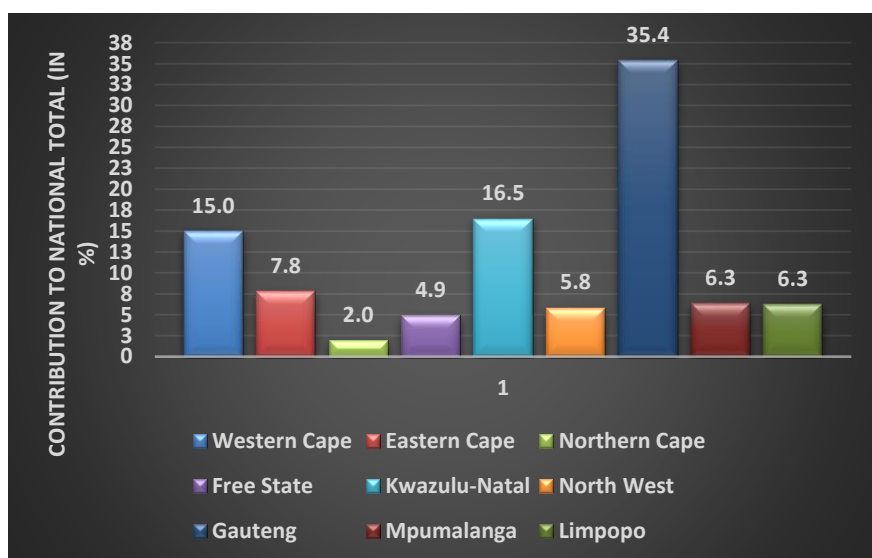
It is difficult to quantify the progress made on improvements in the provision of Skills development for young people because there is no reliable data that can be analysed. However, there are shifts that are noticeable in the labour market in terms of economic sectors and occupations where young people are participating. Their training is not necessarily linked to where the changes in the labour market.

On the other hand, Adult Education has historically catered for adults and not for youth who have some education. This approach has ignored the needs of young people who have to be introduced to a system of life-long learning in a context of a diversified curriculum. However, the province has been doing relatively better than all provinces even in this limited range of provision.

## 2.6 The Economic Landscape

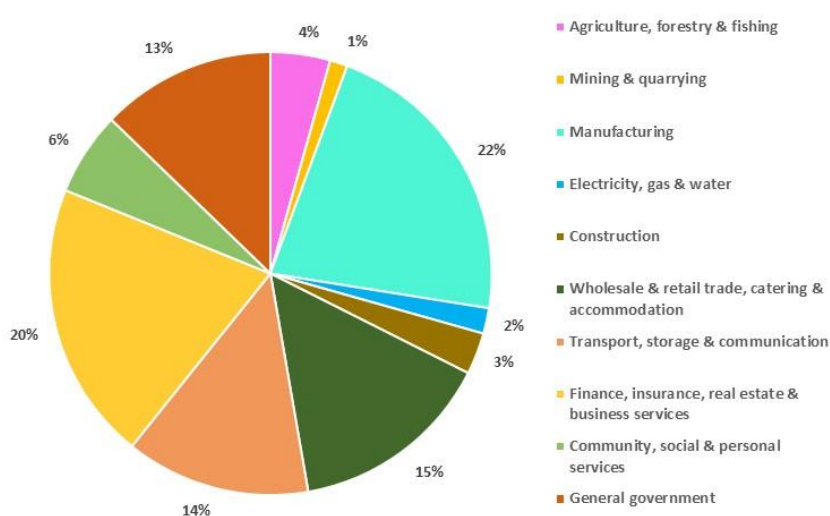
Figure 32 KZN relative to SA provinces

The economy of KwaZulu-Natal is the second largest within South Africa, contributing approximately 16.5% to national Gross Value Added (GVA).



The economic base within the Province is diverse, with the provincial economy being driven largely by the manufacturing sector (22%), and supported by tertiary services such as tourism, finance and insurance, transport and storage, and other business services.

Figure 33 : KZN Economic Composition



Noting this background, the province of KZN has confronted large challenges in the post-global financial crisis period. A number of challenges remain but a number of positive developments have emerged. A particularly positive

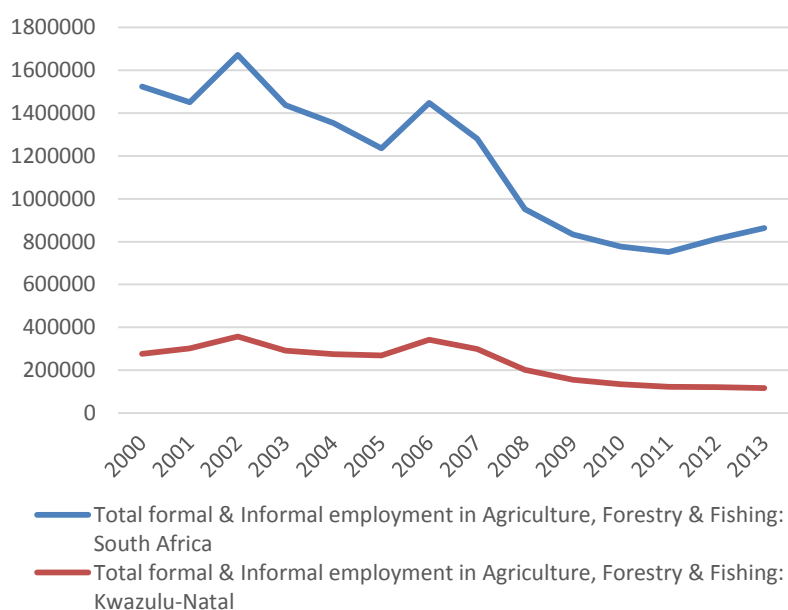
development to emphasise for KZN is growth having resumed, at least for the period for which data is available and noting that many indicators looked at for the situational analysis are not available post 2013.

- In terms of challenges, the main challenge is with serious **threats arising on the labour market front**.

KZN is seeing a growing number of youngsters joining the labour force while the labour absorption has remained low. Women are particularly vulnerable in the job markets and constitute a large group in the unemployed. Moreover, those that are unemployed are increasingly unemployed for a long time, particularly if they were previously engaged with manufacturing. All in all, jobs are scarce, particularly in some growth-inducing sectors such as manufacturing. This is in a context in which national demand for goods and services is low; this low national demand base is observed not only through regular downward GDP revisions for South Africa but through the fact that the Province has been, post-crisis, growing faster than South Africa as a whole. Internationally, the economic context is not particularly buoyant and adverse developments are emerging in many countries; the value of world exports has been stagnant for a number of years and has, more recently, been decreasing though it is set to grow again soon.

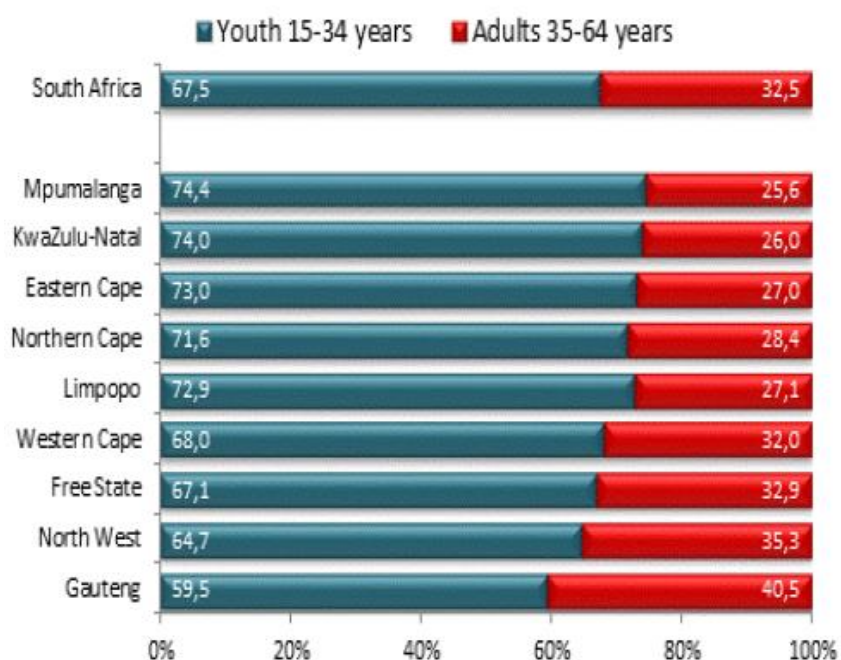
A key concern is that while enhancing labour absorption in the economy is a central aspect of the NGP, a number of sectors that are labour intensive, such as textiles and clothing and furniture appear to be stagnant. Also, some sectors, such as agriculture and forestry that have experienced a growth in the total value of activities have either shed labour or not grown their workforce.

**Figure 34 KZN's Declining Agricultural Sector: Formal and Informal Employment in Agriculture in South Africa and in KZN**



There is a serious threat in these developments as poverty has been progressively reduced in the province. Going forward, attention will need to be paid to the fact that unemployment increases the vulnerability of households to further economic shocks. Also, of note is that a high proportion of the poor are young, less than 25 years of age. It is harder for a youngster with only secondary education to obtain a job now than before moreover. And the longer a person is without a job, the longer this person remains unemployed.

Figure 35: Provincial Distribution of Total Unemployment by Age-group (2014, %)



Growing unemployment means that those that are employed are also becoming more vulnerable. On this, data shows that the number of those in informal employment is growing rapidly in the province, faster than in the whole of South Africa. Although what is informal employment is complex, this would also indicate, amongst other, strong cost-controlling pressures inside the firms that are currently operating from the province. This comes after the period for which the NPC identified that high wages for new labour market entrants curbed the demand for such employees. In other words, getting youngsters to be employed is much harder now than before. Women are also badly placed in terms of their probability of finding employment again while unemployed, particular African women.

Generally there are indications that the KZN production platform is fragile and needs to be reinforced as well as supported. Strategically addressing this problem area requires a further push around private sector development. This is critical as the private sector is a major source of *sustainable* rather than temporary new jobs and for the retention of existing jobs. Job loss associated with firm closure, in turn, means a reduction of productive capabilities with the eventual threat of the complete disappearance of some economic sub-sectors from the province and, in the long term, from South Africa (e.g. electrical).

Investment has to be expanded more markedly than is currently the case. Investment also has to be in labour-intensive sectors and areas; a number of small green economy sectors and various green economy projects are relevant for this and need to be supported or developed accordingly. The pattern of growth of domestic investment that is taking place in the province together with the pattern

of sectoral growth would suggest that firms are turning to a mix of capital and labour rather than to more markedly to labour for production, particularly in manufacturing.

In turn, a stronger expansion of rural development as it is currently set out and pushed by the Province is required. Cooperatives and small scale agricultural projects have a key role to play in supporting the development of rural communities and in further reducing food insecurity. There is, however, limited information on the total scale and sustainability of the projects in this particular area though a great number of projects have been put into place and are being expanded in the rural parts of the province. New ideas are still being tested and it is too early to see the impacts of a number of these. But, presently social cohesion in some rural communities is relatively fragile with some rural areas exhibiting high crime levels and troublesome relations between different types of agricultural actors.

Although tourism offers benefits to a large number of people, international tourist numbers have dropped recently. Although the spending by each foreign tourist is relatively high and benefit many people in the province, tourism facilities are vulnerable to strong fluctuations in revenues (e.g. hotels and catering establishments). Positively, domestic tourists' spent has increased and domestic tourist numbers are good; but, these tourists tend to locate around beach/coastal areas rather than penetrate the less developed parts of the Province (e.g. the Battlefield Route). Of interest is however the fact that tourists are diversifying their product demand in such a way so as to benefit a larger number of people than 5 years ago. Tourism demand is also becoming increasingly turned to what rural and peripheral urban areas have to offer.

Beyond sectoral efforts are particular efforts to develop SMMEs (including cooperatives), particularly small youth- and female-owned enterprises. Financial literacy is a major obstacle in the growth of smaller businesses together with access to finance. From a policy intervention perspective, the scale of efforts (financial and in terms of human resource development) to help new small business properly take off is rather enormous. This needs to be properly recognized for progress in this area. However, what is currently curbing the growth of *all* firms and what is curtailing employment growth as a whole also needs to be properly considered when helping businesses, including new businesses.

A second challenge which the province confronts is in terms of **growing the value of economic activities** further. Relatively small increases of the value of economic activities per capita undermines development efforts and future growth prospects. It also limits efforts to reduce inequality outside redistribution through welfare schemes.

The data also suggests that economic activities with high returns have not yet noticeably set up in KZN. Despite the fact that economic activities appear to be growing faster than the number of people in the province, there are no clear cut sign of *significant* value addition increase happening across economic sectors.

It is difficult to understand the bottlenecks that might be in place that constrain a notable increase in value addition and of economic activities in general, besides low local, provincial and national demand. Possibly, another issue on this is that the very large infrastructure investments that are being unlocked in the Province have not yet had their full impact. In turn, while the skills base of the province appears relatively similar to that of South Africa, the skills might not be the right skills require to jump



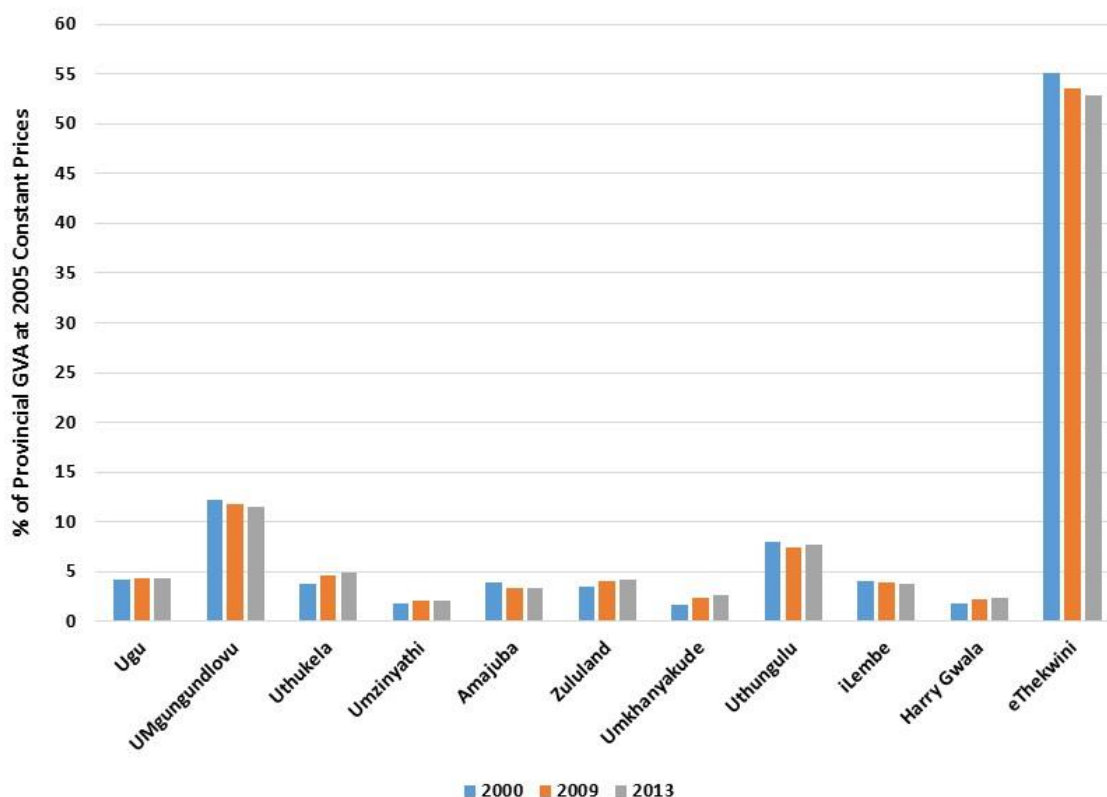
start a higher value added growth path in the Province. Also, investments in machinery and equipment in KZN have grown slightly less rapidly than in South Africa as a whole. Foreign investment would continue to play a role on this going forward together with attracting particular types of innovating firms in the province. However, foreign investment is observed to be, internationally, increasingly towards services. And, for investors to come, world class business support services as well as world class facilities have to be provided. *Cost of Doing Business* indicators suggest that more can be done on this in South Africa. Moreover, there are still issues in terms of land use and in terms of public service provision and administered prices in the province.

In parallel, the Province is still under-performing relatively to its asset base. This is seen through the gap between the province's contribution to national economic activities and its population and its low GVA per capita position when compared to other provinces. KZN is increasingly displaced by Gauteng.

A third problem area is in terms of the fact that **economic activities are still concentrated in the three main economic hubs of the Province**. Notably, there has been little shift in the aggregate in the last five years in favour of the smaller economic regions of the province. But, whereas shifts have happened, they are relatively uneven and small in scale with the exception of a few District Municipalities. They are moreover around the tertiary and primary sectors rather than around manufacturing.

This means that, whereas the district municipalities of KZN appear to develop along their own growth path, they are still unable to either notably attract new economic players or to get existing economic players expand more notably than is currently the case, particularly in industry. Nevertheless, the fact that there is growth in the districts of KZN is positive news and means that development is taking place in the smaller areas of the province.

Figure 36 District Contribution to Provincial GVA (2010)



The data still shows that a few District Municipalities appear to be experiencing some economic weaknesses: Uthungulu has seen a contraction of its primary sector activities; Umzinyathi is not performing notably well for its small economic base; iLembe's manufacturing performance has been relative lacklustre between 2009 and 2013; Amajuba, which has been the smallest contributor to agricultural production in KZN, might need attention to help boost its agricultural production further. A few District Municipalities in KZN also see general government services dominate their economic activities. This is worrying for a future growth of economic activities which rely on private sector taking over the economic space.

A fourth problem area that could undermine future growth prospects is in a **stagnation of economic activities in electricity and water** - at least according to main data source consulted for the analysis of economic activities. KZN has about one-fifth of electricity available nationally but the sector has grown little in the last five years when investments are badly needed following long period of under-investment; economic activities in water have stagnated while water is critical for agriculture and other human activities in a water-scarce country and province. Investments in water and electricity have grown very little since the crisis moreover. There are nevertheless, on this, signs that investment in the sector has increased recently in South Africa, at least in the Renewable Energy sector and driven by private investors.

A number of notably positive developments are worth noting for the province for the last 5 years.

- ✓ Firstly, KZN has been growing faster than South Africa as a whole. Between 2009 and 2013, the province grew more rapidly than the Western Cape.
- ✓ Secondly, KZN has performed well on its growth across main economic sectors, with the exception noted above of water and electricity. (It is in a first or second position in South Africa in terms of the rate at which the main economic sectors have been growing.) Notably, agriculture and forestry is a sector that is growing steadily, even though this growth is from a relatively small base. With employment being shed in the sector, this would suggest that productivity gains are being reaped around better production processes and input use, at least by the larger commercial farmers.
- ✓ Thirdly, investment has grown in a number of sectors. Investment in manufacturing is expanding again, but has only recently caught up with its pre-crisis level.
- ✓ Fourthly, innovative approaches and strategies are now advancing to grow economic activities in the districts and to connect the District Municipalities through production linkages. These need to be accelerate going forward so that the momentum of development efforts is not lost and to help maintain business and consumer confidence.

The Situational Overview report further identified a range of sectoral opportunities. It also lays out a range of constraints. Nevertheless, notable for all sectors is that provincial and local government has engaged with a great number of initiatives / programmes / projects. How successful these are on the ground in their impact and how co-ordination problems are overcome when a number of stakeholders are involved with the initiatives is less clear however. A risk for the province is one of fragmentation with many small projects yielding small rather than large scale meaningful impacts.

The summary which we set out above for developments that have taken place in the Province highlights that there are a number of remaining issues that need to be addressed in the province. Whilst priority needs to remain with strengthening the key sectors of manufacturing, agriculture, tourism, and transport and logistics, as well as continuing support of emerging key sectors such as ICT and green energy production and processes, a number of key constraints facing the Province are curtailing the expansion of the key primary and secondary sectors. These constraints include:

- High “cost of doing business” in a context of limited domestic demand;
- The rising cost of capital and other major key input costs (i.e. machinery, electricity and highly skilled and skilled labour);
- Skills shortages; and
- Weak partnerships in place with business, labour and the youth for the purpose of further unlocking job-creation opportunities. Fragile partnerships remain with rural actors moreover.
- Government-led job creation efforts do not fully incorporate the importance and number of localisation opportunities. Particular types of small businesses (e.g. Youth, female-owned and township enterprises) are still weakly and comprehensively supported.

- *Ad hoc* business retention interventions rather than fully institutionalised and operational Business Retention and Expansion programmes in place across KZN Municipalities due to lack of awareness on support available in this area.
- Finally, government is still to show the way in terms of green practices and to unlock opportunities in the area of green procurement. The range of green economy opportunities has to be acknowledged in this regards but this requires government to be properly capacitated in this area.

Although there are still problems in the area of rural development, these and the general failure of land reform programmes as previously conceived have been acknowledged. New legislation has been passed that is set to markedly unlock agricultural production and rural development further. Moreover, new models of partnership between traditional authorities and local government have been unpacked. These, together with the recent identification of the principles underlying agrarian transformation in KZN and the initiation of a range of key initiatives in agriculture areas and value chains are likely to lead to better quality of life of those in the rural areas. Attention will need to be given to the momentum of these initiatives going forward. Agro-processing value chains will need to also be strongly supported however in this regard.

In parallel delays in infrastructure projects, and in fully serviced and zoned industrial land in some parts of KZN are also to be acknowledged though these simply add to the aforementioned problem of high cost of doing business.

These challenges need to be addressed as a matter of urgency to ensure that the Province has the right economic fundamentals. At a time when investors are susceptible to the business climate, support to existing business needs to be properly in place and communicated. Efforts have to be deployed to put in place all the elements necessary for a more conducive business environment in the province.

In terms of provincial development planning, the Province has realised the importance of such a issues and of the platform needed to coordinate development. A number of policies and strategies have been set in motion or finalized. These strategies are aimed at creating a more conducive business environment within the Province in order to encourage expansion of existing business, new domestic and foreign investment, SMME growth and development, and the expansion of export potential but areas are still to be unpacked further - for instance the policy for the informal economy in a context of rising informal employment.

The 2011 PGDS has provided an overarching framework for the Province to coordinate the implementation of strategic recommendations for each of the strategies identified 5 years ago to ensure that the fundamentals are in place to support, promote and enhance economic activities ranging from informal sector business activities to the activities of large multi-nationals. The 2015 PGDS framework takes into account that progress is still required in a number of these areas.

## **2.7 The Infrastructure Landscape**

Several key strategic infrastructure projects that are changing the spatial patterns of the Province have a high demand for co-ordinated implementation of infrastructure. These projects are Aerotropolis, which stretches from King Shaka International Airport the 30km radius stretches from Stanger in the north to the City Centre in the south and the 15km radius from Ballito in the north to Umhlanga in the

south, Special Economic Zone: Dube Trade Port will require land incrementally to be available over the next 10 to 15 years to meet the growing demand for housing, business parks and offices, logistics, education and training facilities among other support services, the two key Strategic Infrastructure Projects (SIP 1 and 2) have the potential to integrate the marginalised rural production centers surrounding the respective corridors that are currently isolated from the main logistic systems. They are central to the enhance connectivity provincially as well as nationally to improve road and rail connectivity from respective harbors and ports. In addition, the Industrial Development Zones' feasibility studies are finalised and several of these are considered feasible. The Department of Economic development and Tourism has also initiated several projects that will see the development of these within the next few years.

If all of the above are to be realized and the province is to address consumption backlogs, then the required infrastructure services like reliable energy supply must be assured. Government in response to the crisis has implemented a multi-pronged approach to energy conservation using a combination of on and off grid supply. These include, among other coal, gas and diesel, hydropower and co-generation.

In addition, a number of bulk infrastructure projects are being implemented by Eskom in the FY 2015/16 which range from MV Line upgrades to the construction of new substations. The total value of these projects is R 519 million.

A reliable water supply is essential to realisation of the above projects and domestic consumption. The most drought-stricken regions in the 2015/2016 were uMkhanyakude, uThungulu, ILembe, Zululand, uMgungundlovu, Harry Gwala, uMzinyathi and uThukela. All of them had received rainfall well below normal and this had affected water levels in various catchments areas. The preliminary assessment of the extent of damage to the Province, especially to livestock and crops, stood at above R400 million at the time.

The response to the drought has also been a multi-pronged approach with investigations into tankering of water, borehole investigations, water restrictions, enhancing maintenance programs of Water Service Authorities on existing infrastructure. In addition, the DWSA has also continued to implement key bulk water infrastructure projects which would contribute approximately 314<sup>m3</sup> of water to province.

The Durban and Richards Bay port expansion programs will continue to be accelerated with capital expenditure within the next seven years estimated at R9,7 billion to R2,9 billion respectively.

Road and Rail expenditure during this review has been significant with approximately 17 000 jobs being created within this review. The rail authority has invested over 200 billion over the next seven years to accelerate the road to rail ratio. In KZN as elsewhere in South Africa, the public transportation system is dominated by the mini-bus taxi operators and suffers from the lack of an integrated, multi-modal public transport plan which addresses road congestion.

Key to positioning the Province as South Africa's opening to the world for export and import is Information and Communications Technology (ICT). Areas with poor ICT availability are considered less favourable for economic investment, thereby limiting growth and development. A significant retarding factor has been the high cost of bandwidth in Africa. In addition, we need to improve the

information technology skills set within this sector to ensure maintenance of existing infrastructure is carried out as well as advance skills set to deliver on innovation and new technology.

Waste management in urban centers and in rural areas is an area of need. In rural contexts and in small towns, waste management becomes especially important in light of health and tourism development. Waste collection and recycling present opportunities for income generation, inclusive of small-scale electricity generation.

The continued delivery of the above infrastructure will be hampered by poor economic performance which will impact on government's expenditure. Funding strategy for infrastructure will need to be considered by the province if the pace at which the above capital projects as well as growing consumption demands is to be met.

As the world undergoes rapid urbanisation and as greater numbers of people in developing countries move to the cities, the need to improve basic services and infrastructure such as drinking water, waste disposal, transportation infrastructure and access to electricity has reached a critical point.

## 2.8 Governance Landscape

It was generally agreed during the 2011 PGDS formulation process, that the most relevant and accurate indicator of how Government and its partners were fairing in the governance and institutional landscape would be the "KZN Citizens Satisfaction Survey". This survey was undertaken by Statistics SA in October 2015, and the first set of results were published on the 4<sup>th</sup> February 2016.

### Key findings

- General Level of Satisfaction with Government performance
  - Findings: 36% dissatisfied, 31% partially satisfied and 33% satisfied
- Local Government Performance
  - 49% ☹ dissatisfied                      26% ☺ partly satisfied                      25% ☺ satisfied
  - In 6 of the 11 districts ...and 35 of 51 local municipalities – majority (+51%) of the respondents were dissatisfied.
- Rating of Provincial government on selected service delivery areas

Figure 37 Rating of KZN performance on selected service delivery areas

<b>Rating of KZN performance on selected areas</b>	<b>Poor</b>	<b>Fair</b>	<b>Good/Very good/excellent</b>
<i>Provision of basic education</i>	16%	22%	63%
<i>Provision of health care</i>	21%	30%	49%
<i>Maintenance of provincial roads</i>	25%	52%	52%
<i>Eradicating poverty and improving social welfare</i>	27%	35%	38%
<i>Promoting agriculture</i>	29%	30%	41%
<i>Improving household food security</i>	32%	37%	31%
<i>Provision of safety and security</i>	33%	34%	33%
<i>Promoting accountable government</i>	35%	33%	32%
<i>Enhancing entrepreneurship and SMMEs</i>	36%	34%	30%
<i>Eradicating fraud and corruption</i>	49%	29%	22%

- Rating of Government's implementation of "Batho Pele" principles

The Batho Pele initiative, ("*Batho Pele*" meaning "*Putting people first*"), launched by Government, nationally and provincially in 1997, was meant to get public servants committed to serving people. The survey found the following:

Figure 38 Rating on Batho Pele principles

<b>Whether [or not] KZN provincial government implements Batho Pele Principles</b>	<b>Agree</b>	<b>Disagree</b>
<i>Consultation</i>	59%	41%
<i>Service standards</i>	59%	41%
<i>Equal access</i>	45%	55%
<i>Value for money</i>	34%	66%

- Citizens' view of top priorities

The survey revealed that the issue of "**job creation**" was by far the most important priority that the province should focus on, whilst "provision of housing" was the second most important. Whilst "job creation" was the number one priority amongst all population groups, there were differences amongst these groups as regards the second and third priorities as shown below.

Figure 39 Citizen's view of top priorities

	<b>Priority 1</b>	<b>Priority 2</b>	<b>Priority 3</b>
African	Job creation	Provision of housing	Provision of housing
Coloured	Job creation	Education & skills development	Poverty eradication
Indian/ Asian	Job creation	Crime prevention	Fighting corruption
White	Job creation	Education & skills development	Fighting corruption

It is also interesting to note that although there are variations in the second and third priorities, citizens in every single municipal area of the province, as well as across all household income levels, ranked "job creation" as the number one priority.

- Assessing policy coherence and optimising conditions for achieving PGDS Goals

Government has made great strides forward in prioritising coordination, in particular through :

- (a) requiring all spheres of Government and all departments and public entities to use the 12 national priority outcomes declared in 2010 as the starting point for their strategic planning; and
- (b) adopting the detailed National Development Plan in 2012, and again requiring all components of Government to use the NDP as a primary reference point in strategy and planning.

However there is still a need for much more effective coordination within Government, as the Citizens Satisfaction Survey shows that the test of good coordination is ultimately much improved service delivery and public sector performance.

- Assessing the effectiveness of the inter-governmental relations (IGR) system within Government

The 20-Year Review undertaken in 2014 by the National Department of Planning, Monitoring and Evaluation, as well as the documents of the National Planning Commission have already discussed this question in great detail. In KZN, the recent formulation of the District Growth and Development Plans by each district in the Province, show that there is still a long way to go to achieve good levels of coordination and collaboration between the various components of Government. The Office of the Premier has drafted a new Inter-governmental relations Strategy for the Province, but it is yet to go through intensive consultative processes, before it can be passed and implemented. This itself is evidence of the need for IGR to be raised as a priority matter within the public sector. The indicators and targets for improved IGR in the Province will need close scrutiny and defining so that the social partners of Government, and civil society in general become party to exerting pressure on Government institutions, leaders and officials to drive better IGR as a leading tool for accelerated development.

- Assessing Government capacity to deliver on its service delivery and developmental responsibilities

The NDP and the background papers informing the 20-Year Review of Government have discussed this matter in detail, pointing out that there is no quick fix to the challenges of Government capacity. In KZN Government has started to invest in increased training and skills development for public servants in the Province, as shown in the progress being made through the KZN Public Service Academy. However, again the 2015 KZN Citizens Satisfaction Survey shows that the gap between the current capacity and what is needed and expected by citizens is great. This area will need much more focused attention in the PGDS review in terms of developing indicators which more closely correspond to outcomes of service delivery improvement than numbers of people trained.



- Assessing levels of good governance within Government, especially as regards levels of fraud and corruption

Over the last five years within the public sector great emphasis has been placed on the reports of the Auditor General as indicators of improving governance and clean administration, and in this regard the Province of KZN has shown major improvement, with the number of municipalities receiving clean audits increasing from 5 in 2011, to 22 in 2015. These statistics however conflict with the general impression amongst the citizenry that Government is performing poorly in combatting fraud and corruption (as measured through the KZN Citizens Satisfaction Survey and media reports. Again the National Planning Commission and the 20 Year Review reports point to the fight against fraud and corruption as one of the most critical challenges facing the public sector, and more accurate and reliable measures of the incidence and levels of fraud and corruption need to be developed and factored into the reviewed PGDS.

- Assessing participative governance and social partnerships

Over the past 5 years, Government has attempted to improve dialogue with its key social partners regarding the development strategies being pursued. Where there have been formal forums or structures in place, some success has been achieved, the most notable of these being the KZN Economic Council, which has managed to formalise three chapters of the KZN Social Accord since 2011. The success in implementation of these agreements remains to be fully assessed. There has arguably been less progress in developing action-oriented partnerships in the other key social partnership for a which are operational, these being:

- The KZN Council on Climate Change and Sustainable Development
- The Provincial AIDS Council, and
- The KZN Human Resources Development Council.

In 2011 the CGE completed a national study on gender mainstreaming in the water sector.<sup>1</sup> where eThekweni Metropolitan municipality (urban) and Sisonke District municipality (rural), as well as Umgeni Water Board were selected as case studies. The challenges surfaced were prevalent in all provinces, but of specific relevance to KZN province was the finding that the communities did not see the benefits of participating in IDP processes, as their needs and expressed preferences and priorities were usually ignored by their municipality. For the participants from KwaXimba, the participants could hardly recall participating in IDP processes. This lack of communication was highlighted by the participants, suggesting that either communities are not included in such important processes of planning for the provision

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<sup>1</sup> Commission for Gender Equality, "Gender Mainstreaming in the Water Sector: Evaluating Progress by Municipalities and Provincial Water Boards, a National Report", p.25-26, 2011.

of services in their municipalities, or that such planning processes are driven by other priorities and not those of citizens.

In addition, representatives of civil society have argued for the formation of better structures for engagement and partnership around social development issues. In particular there are strong concerns that space is not created to allow the voices and interests of women, youth and people with disabilities into the policy and strategy development processes. These issues will be further discussed in the PGDS review process.

### **Strategic Issues for consideration**

- Continued need for collaboration and co-ordination

The need for better collaboration and coordination remains a central and relevant theme in KZN's governance and policy landscape today, as evidenced in post-2011 research about citizen's perceptions of service delivery.

- Executive Council Cluster System Effectiveness

Although there has not been any independent or objective study of the efficacy of the Cabinet Cluster system in Provincial Government, one is able to use the "scorecard" of Government in terms of the achievement of the 2015 targets of the Provincial Growth and Development Plan (PGDP) as a measure of the extent to which the Executive Council Cluster system is working successfully, since this system was meant to be the "engine room" for driving the implementation of the Plan. This report card shows that whilst there have been some areas of success, there are still many areas of under-performance. There will thus need to be some reflection on whether improvements in the Executive Council Cluster system can contribute to addressing performance levels of PGDP implementation.

- Coordination between Provincial and Local Government

Many provincial departments have increased their presence and levels of activity in programme implementation at municipal level since 2011. This is evident in the increase in the number of physical offices of provincial departments at local level. However a cursory review of the *district growth and development plans* of the various districts suggests that there is still much to be done to ensure a high level of alignment between:

- (a) The PGDP and District Growth And Development Plans; and
- (b) The service delivery plans of provincial government departments (and their respective public entities), and the IDPs and annual implementation plans of district and local municipalities.

Even with the big cities of Ethekwini, Msunduzi and uMhlatuze, there are inconsistent processes of coordinated planning and implementation, where some departments work very closely with the local leadership and others not. The proposed *KZN Inter-governmental Relations Strategy* can be a key

instrument for bringing more meaningful coordination which is measured and reported on in a systematic way through the PGDP process.

- Local Government Capacity

The South African Local Government Association (SALGA) has identified several key factors affecting how well municipalities perform in the area of service delivery. These include the ability to attract and retain skilled staff; the existence of appropriate IT, financial and other systems; inculcating a culture of service delivery; and good working relationships between political and administrative leaderships with clear delineation of their respective roles.

- Collaboration between Government and Social Partners in KZN

Whilst the Province can boast of the existence of a number of partnership fora/institutions where Government and its social partners jointly discuss strategy and issues of common concern, the most notable of these being :

- The KZN Economic Council
- The KZN Council for Climate Change and Sustainable Development, and
- The KZN Human Resources Development Council,

There is still much to be done to embed a truly collaborative relationship amongst the social partners. Anecdotal evidence suggests that the agenda and tenor of discussions at these forums are dominated by Government and its programme of action, leading to the forums rather being consultative vehicles with little space available for the weaker, but important, partners to add real value and create innovative strategies or partnerships which reach more of the people and improve the participation of citizens in their own development.

- Role for Planning Commissions

As the Provincial Planning Commission has led the way with the facilitation of processes that led to the PGDS and PGDP, so there may be a role to be defined for “planning commissions” at a local level (district or local municipal level). Ethekwini has notably taken the lead in establishing its City Planning Commission and defining the scope of its support for the long-term planning, coordination and advisory body. The strategy review phase of the PGDS perhaps needs to look into whether this vehicle for facilitating better integrated planning and coordination should not be rolled out elsewhere in the Province, noting the warnings of the NPC that there are no institutional quick fixes, and no one-size-fits-all approach when it comes to strategies to accelerate development.

## 2.9 The Funding Landscape

It is important to articulate what determines the fiscal space within which funding can or cannot be made available. The main determinant is economic growth. In 2009, the US economy experienced a crash in the financial markets as a result of sub-prime lending practices. Since then, the global economic performance – measured in global domestic product (GDP) has remained sluggish. In 2006, the global economic growth rate was 5.3 percent. During the financial market crash in 2009 the growth rate shrunk to -0.7 percent. Since then, this rate has averaged 3 percent (*Index Mundi.com*). The financial crisis in the US spread across the financial markets worldwide like wildfire, and affected the productive side of economies, including South Africa's. Although South Africa showed some resilience to the effects of the crisis, registering a "not-so-bad" GDP growth rate of 3.2 percent in 2011, the effects of the crisis have now caught up with the domestic economy. In 2013, the economy registered 1.5 percent growth rate. In 2015, the economy grew by a mere 1 percent, and this is expected to decline further to 0.7 percent in 2016.

A lacklustre economic growth results in the reduction of tax receipts as corporate profits shrink, and consumer spending declines resulting in less VAT collection. This creates a significant public funding gap and increases the borrowing requirements. To reduce the funding gap, government has to reduce its spending plans, and that is what it has done in the 2016/17 MTEF. In total, R25 billion has been deducted from the entire baseline of government, and KZN has had a share of this deduction. This is elaborated further in the sections that follow as we discuss the fiscal consolidation programme currently underway in the country.

### 1. Changes in the (national) funding framework for provinces and KZN in particular since 2011

In terms of the vertical division of revenue, the share of nationally collected revenues which is allocated to provinces has shown a marginally declining trend since 2010/11. This is shown in Table 1 below where the share has declined from 43.6 per cent as shown in 2010/11 to 42.9 per cent in 2016/17, with this share expecting to increase slightly to 43.3 per cent in 2018/19. The share allocated to National departments and to the Local government sphere has shown an increase in the percentage shares over the same period.

**Figure 40 Division of revenue between spheres of government 2010/11 and 2018/19**

Percentage shares	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
National departments	48.2%	46.7%	47.9%	47.9%	48.2%	48.9%	48.1%	47.5%	47.4%
Provinces	43.6%	44.6%	43.4%	43.4%	43.2%	42.2%	42.9%	43.4%	43.3%
Local government	8.2%	8.7%	8.7%	8.7%	8.6%	8.9%	9.0%	9.1%	9.3%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

In terms of the horizontal division of revenue, where the share allocated to the provincial sphere is then divided among the 9 provinces, KZN has also seen a significant decline in the funding received while remaining the province that receives the highest share in aggregate, followed by Gauteng. This is discussed in more detail here.

The table below illustrates the weighted average share of the equitable share allocation received by provinces from the 2010/11 MTEF to the 2016/17 MTEF.

**Figure 41 Distribution of equitable share by Province 2010/11 MTEF to 2016/17 MTEF**

	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Eastern Cape	15.2%	15.1%	15.0%	14.2%	14.0%	14.0%	14.0%
Free State	6.0%	6.0%	5.8%	5.5%	5.6%	5.6%	5.6%
Gauteng	17.4%	17.8%	17.9%	19.4%	19.5%	19.5%	19.7%
<b>KwaZulu-Natal</b>	<b>22.0%</b>	<b>21.9%</b>	<b>22.0%</b>	<b>21.3%</b>	<b>21.3%</b>	<b>21.3%</b>	<b>21.2%</b>
Limpopo	12.6%	12.3%	12.5%	11.8%	11.8%	11.8%	11.8%
Mpumalanga	8.1%	8.0%	8.0%	8.2%	8.2%	8.2%	8.2%
Northern Cape	2.7%	2.7%	2.7%	2.7%	2.7%	2.7%	2.6%
North West	6.7%	6.8%	6.7%	6.9%	6.9%	6.9%	6.9%
Western Cape	9.3%	9.4%	9.4%	10.0%	10.0%	10.0%	10.0%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

As can be seen in the table, KZN's portion of the equitable share allocated to provinces remained fairly constant between 2010/11 to 2012/13 at around 22 per cent, before showing a significant decline in 2013/14 to 21.3 per cent. The 2013/14 MTEF's equitable share formula was updated using data from the 2011 Census which showed that KZN had a proportionately lower population, and this resulted in a significant shift in the equitable share allocation from KZN, with Gauteng and the Western Cape being the main recipients of the funding that KZN lost. This shift can be clearly seen in Table 2 when looking at the equitable share percentage for KZN, Gauteng and the Western Cape and particularly when comparing 2012/13 and 2013/14.

The impact of using the 2011 Census data to update the equitable share formula over the 2013/14 MTEF saw an unprecedented reduction in KZN's equitable share allocation and the effects of this is depicted in Table 3 below which shows the amounts that KZN's equitable share allocation was reduced by commencing from the 2013/14 MTEF. As can be seen in Line 1 of Table 3, the reductions amounted to R1.124 billion in 2013/14, R2.387 billion in 2014/15 and R3.261 billion in 2015/16. As this reduction informs the provincial baseline going forward, the reductions continue to affect the province in 2016/17, 2017/18 and beyond. Also depicted in the table is the fiscal consolidation strategy that National Treasury commenced with in 2013/14 by introducing 1, 2 and 3 per cent budget cuts over the 2013/14 MTEF, followed by National Treasury not funding any aspects of the shortfall of the 2014/15 above-budget wage agreement (not shown in table), as well as effecting further fiscal consolidation cuts over the 2015/16 MTEF (as shown in Line 6 of the table below).

Important to note is that National Treasury provided some buffer funding to those provinces who were severely negatively affected by the data update of the equitable share formula using the 2011 Census data and this is depicted in Lines 2 and 7 below. These funds were provided as it was clear that the fiscal shock of such significant reductions could severely destabilise the provinces affected by these cuts.

**Figure 42 Equitable share allocation cuts since 2013/14 MTEF**

	2013/14	2014/15	2015/16	2016/17	2017/18	TOTAL
1. Census data cuts	(1 123 908)	(2 387 435)	(3 260 935)	(3 410 938)	(3 567 841)	(13 751 057)
2. Provision to buffer the impact of the 2011 Census	289 915	656 600	1 224 143	1 280 454	1 339 354	4 790 466
3. KZN's baseline reductions after buffer	(833 993)	(1 730 835)	(2 036 792)	(2 130 484)	(2 228 487)	(8 960 591)
4. 1%, 2% and 3% cuts	(170 703)	(358 424)	(554 928)	(580 455)	(607 156)	(2 271 665)
<b>5. Total Census data and 1%, 2% and 3% cuts</b>	<b>(1 004 696)</b>	<b>(2 089 259)</b>	<b>(2 591 720)</b>	<b>(2 710 939)</b>	<b>(2 835 642)</b>	<b>(11 232 256)</b>
6. Equitable share cut (Fiscal Consolidation by NT)	-	-	(561 725)	(843 789)	-	(1 405 514)
7. Buffer funding received for further year from NT	-	-	-	321 958	-	321 958
<b>8. Total cuts of KZN's ES since 2013/14</b>	<b>(1 004 696)</b>	<b>(2 089 259)</b>	<b>(3 153 445)</b>	<b>(3 232 770)</b>	<b>(2 835 642)</b>	<b>(12 315 812)</b>

National Treasury has continued with its fiscal consolidation province over the 2016/17 MTEF with the intention being to cut government expenditure by R25 billion over the 2016/17 MTEF across all three spheres of government. In addition, provinces were requested to protect the provincial Departments of Health from the effects that the declining Rand will have on the procurement of medicines and medical supplies, which are largely imported.

The table below shows the effects of the fiscal consolidation cuts implemented by National Treasury, the updates of the data that informs the equitable share formula which once again resulted in a decline for the province, updates in the provincial own revenue, the exchange rate pressures, as well as a few provincial priorities which required funding over the 2016/17 MTEF. These funds were sourced by cutting the baselines of all departments, with the exception of the Departments of Education and Health which were protected in this process.

**Figure 43 Total funding requirement over the 2016/17 MTEF**

R thousand	2016/17	2017/18	2018/19
1. ES and OR updates	(654 413)	1 732 211	2 247 515
2. Round 1 and 2 cuts	(319 107)	(1 231 825)	(1 611 422)
<b>3. Total ES impact</b>	<b>(973 520)</b>	<b>500 386</b>	<b>636 093</b>
4. Vote 7 - NHLS shortfall	(310 495)	(329 124)	(348 872)
5. Vote 7 - Exchange rate pressures	(785 696)	(1 640 311)	(1 648 372)
6. Vote 7 - Hospital linen	(80 000)	-	-
7. Drought relief - Agric and COGTA	(200 000)	-	-
<b>8. Total provincial priorities requiring funding</b>	<b>(1 376 191)</b>	<b>(1 969 435)</b>	<b>(1 997 244)</b>
<b>9. Total funding requirement over the 2016/17 MTEF</b>	<b>(2 349 711)</b>	<b>(1 469 049)</b>	<b>(1 361 151)</b>

Besides the equitable share allocation received from National Treasury, the province also receives conditional grant funding. This funding is allocated to provinces for specific purposes as detailed in the annual Division of Revenue Act. Some funding is also sourced through provincial own revenue collections and this is discussed in more detail later in this document. The table above shows the equitable share allocation received by the province, as well as the conditional grant funding and the provincial own revenue.

The equitable share allocation is the largest revenue source for the province at 81.1 per cent in 2016/17, followed by the conditional grant allocation at 16.1 per cent, with the provincial own revenue only contributing 2.8 per cent. The equitable share and the provincial own revenue sources show negative real growth of 0.1 per cent and 2.4 per cent, respectively from 2015/16 to 2018/19 while the conditional grant allocation shows marginal real growth of 0.6 per cent over the same period.

## 2. Deployment of financial resources

Here we look at shifts in the way that the province of KZN has deployed its financial resources i.e. capital vs recurrent expenditure, split among the different functions and departments, and what the rationale for these shifts is.

The table below provides an analysis of the allocation of the provincial budget to the three social sector departments, namely Education, Health and Social Development with all other departments' budgets summarised under the category Other Functions.

**Figure 44 Analysis of payments and estimates by major vote**

	Audited Outcome			Adjusted Appropriation	Medium-term Estimates			Average Annual Growth	
	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2012/13-2015/16	2015/16-2018/19
<b>R thousand</b>									
Education	34 556 731	37 156 042	39 146 083	43 162 870	45 464 373	47 528 559	50 249 078		
Health	27 390 533	29 531 410	31 245 510	33 969 992	36 578 637	39 541 537	42 183 873		
Social Development	1 985 386	2 329 906	2 487 432	2 713 250	2 778 162	3 004 633	3 174 108		
Other Functions	20 678 033	22 593 732	23 967 382	24 845 797	24 184 869	25 639 733	27 102 155		
<b>Total expenditure</b>	<b>84 610 682</b>	<b>91 611 090</b>	<b>96 846 407</b>	<b>104 691 909</b>	<b>109 006 041</b>	<b>115 714 462</b>	<b>122 709 214</b>		
<b>% of total expenditure</b>									
Education	40.8	40.6	40.4	41.2	41.7	41.1	40.9		
Health	32.4	32.2	32.3	32.4	33.6	34.2	34.4		
Social Development	2.3	2.5	2.6	2.6	2.5	2.6	2.6		
Other Functions	24.4	24.7	24.7	23.7	22.2	22.2	22.1		

From this table it is clear that the province has increased its focus over the 2016/17 MTEF towards protecting the baseline of the social sector departments despite the fiscal consolidation plan implemented by National Treasury.

Education's share of the provincial funding increased from 41.2 per cent in 2015/16 to 41.7 per cent in 2016/17 while Health's share increased from 32.4 per cent in 2015/16 to 33.6 per cent in 2016/17. The Other Functions have shown a decline from 23.7 per cent in 2015/16 to 22.2 per cent in 2016/17. The stance taken by the provincial government when the next phase of National Treasury's fiscal consolidation plan was implemented was to ensure the protection of the social sector departments as these are at the forefront of providing services to the poor. Any decreases in the budget would have severely impacted these services.

When the Census data updates were effected, as discussed in paragraph 4.3, these cuts were proportionately effected across all provincial departments. The decision at the time, though, was to assist only Education and Health by funding part of the shortfall related to the above-budget wage agreement. When the 2016/17 MTEF fiscal consolidation cuts were effected, Education and Health were not cut and, in addition, funds were added to Health to assist with the exchange rate pressures

emanating from the deteriorating Rand and the impact this has had on the procurement of medicines and medical supplies.

In view of the uncertainty experienced with regard to KZN's funding in view of the equitable share being negatively affected by the data updates that inform the equitable share formula, as well as the fiscal consolidation plan currently being implemented, any additional funding given to departments over the past few MTEF periods has largely been for projects and programmes which required once-off funding. Programmes or projects which have carry-through costs have not been funded through the provision of additional funding, largely because of the decline in the province's funding stream. Having said this, though, departments and public entities were able to fund projects and programmes through reprioritisation of their existing baselines.

The focus of the province has also been for departments, as far as possible, to not effect any of their budget cuts against their capital or infrastructure budget allocation. There were instances where departments were left with little choice but to effect the cuts against the capital budgets, but this was not encouraged. The focus was to effect the cuts on consumption spending and, since the 2016/17 MTEF, to limit growth in expenditure on *Compensation of employees*.

The rationale behind the protection of the capital budgets is that investment in capital lays the foundation for economic development and growth, which then has a positive impact on revenue collection for the country as a whole. Infrastructure projects are also useful in terms of job creation and thereby help a society increase its wealth and its citizens' standard of living.

While the drive by government has been for departments to protect their infrastructure budgets from the budget cuts, the ever-increasing wage bill, fuelled by unsustainable wage increments, has started crowding out other expenditure areas, including capital expenditure.

The table below indicates how the province's capital budget has declined from 10.1 per cent in 2012/13 to a projected 6.6 per cent in 2018/19, with this category showing negative real growth of 5.5 per cent from 2015/16 to 2018/19. It is for precisely this reason that government has taken a very firm stance with regard to controlling the personnel numbers in the public service. In KZN, all vacant posts have been frozen, with only critical posts permitted to be filled, with a submission in this regard having to be made by the Executive Authority to the Premier and the MEC for Finance before a post may be filled. This also applies to attrition posts. Some categories in Education and Health have been excluded from this process to ensure that there is no interruption to essential services at a classroom and health care level.



Figure 45 Analysis of payments and estimates by economic classification

	Audited Outcome			Adjusted Appropriation	Medium-term Estimates			Average Annual Growth	
	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2012/13-2015/16	2015/16-2018/19
<b>R thousand</b>									
Current	66 314 557	71 965 078	76 555 901	84 512 797	90 254 597	95 682 631	101 911 632		
Transfers	9 764 582	11 420 899	12 054 854	11 986 342	10 820 225	12 004 799	12 667 527		
Capital	8 520 531	8 186 603	8 229 669	8 034 729	7 771 970	7 887 531	8 129 804		
Financial assets	11 012	38 511	5 983	158 041	159 249	139 501	252		
Compensation	49 323 014	54 093 872	57 993 392	63 476 315	67 877 302	72 186 659	76 633 071		
Non-compensation	35 287 668	37 517 219	38 853 015	41 215 594	41 128 739	43 527 803	46 076 143		
Non-compensation (excl. transfers)	25 523 086	26 096 320	26 798 161	29 229 252	30 308 514	31 523 004	33 408 616		
Non-compensation non-capital (NCNC)	26 767 137	29 330 616	30 623 346	33 180 865	33 356 769	35 640 272	37 946 339		
NCNC (excl. transfers)	17 002 555	17 909 718	18 568 492	21 194 523	22 536 544	23 635 473	25 278 812		
<b>Total expenditure</b>	<b>84 610 682</b>	<b>91 611 090</b>	<b>96 846 407</b>	<b>104 691 909</b>	<b>109 006 041</b>	<b>115 714 462</b>	<b>122 709 214</b>		
<b>% of total expenditure</b>									
Current	78.4	78.6	79.0	80.7	82.8	82.7	83.1		
Transfers	11.5	12.5	12.4	11.4	9.9	10.4	10.3		
Capital	10.1	8.9	8.5	7.7	7.1	6.8	6.6		
Financial assets	0.0	0.0	0.0	0.2	0.1	0.1	0.0		
Compensation	58.3	59.0	59.9	60.6	62.3	62.4	62.5		
Non-compensation	41.7	41.0	40.1	39.4	37.7	37.6	37.5		
Non-compensation (excl. transfers)	30.2	28.5	27.7	27.9	27.8	27.2	27.2		
Non-compensation non-capital (NCNC)	31.6	32.0	31.6	31.7	30.6	30.8	30.9		
NCNC (excl. transfers)	20.1	19.5	19.2	20.2	20.7	20.4	20.6		
<b>Nominal growth (%)</b>									
Current		8.5	6.4	10.4	6.8	6.0	6.5	8.4	6.4
Transfers		17.0	5.6	(0.6)	(9.7)	10.9	5.5	7.1	1.9
Capital		(3.9)	0.5	(2.4)	(3.3)	1.5	3.1	(1.9)	0.4
Financial assets		249.7	(84.5)	2 541.5	0.8	(12.4)	(99.8)	143.0	(88.3)
Compensation		9.7	7.2	9.5	6.9	6.3	6.2	8.8	6.5
Non-compensation		6.3	3.6	6.1	(0.2)	5.8	5.9	5.3	3.8
Non-compensation (excl. transfers)		2.2	2.7	9.1	3.7	4.0	6.0	4.6	4.6
Non-compensation non-capital (NCNC)		9.6	4.4	8.4	0.5	6.8	6.5	7.4	4.6
NCNC (excl. transfers)		5.3	3.7	14.1	6.3	4.9	7.0	7.6	6.1
<b>Real growth (%)</b>									
Current		2.6	0.7	4.8	0.1	(0.1)	0.5	2.7	0.2
Transfers		10.5	(0.1)	(5.6)	(15.4)	4.5	(0.4)	1.4	(4.1)
Capital		(9.2)	(4.8)	(7.3)	(9.3)	(4.4)	(2.7)	(7.1)	(5.5)
Financial assets		230.5	(85.3)	2 407.0	(5.5)	(17.5)	(99.8)	130.1	(89.0)
Compensation		3.7	1.5	3.9	0.3	0.2	0.2	3.0	0.2
Non-compensation		0.5	(1.9)	0.7	(6.4)	(0.3)	(0.1)	(0.3)	(2.3)
Non-compensation (excl. transfers)		(3.4)	(2.8)	3.5	(2.8)	(2.0)	0.0	(0.9)	(1.6)
Non-compensation non-capital (NCNC)		3.6	(1.1)	2.8	(5.7)	0.6	0.5	1.7	(1.6)
NCNC (excl. transfers)		(0.4)	(1.8)	8.3	(0.3)	(1.2)	1.0	1.9	(0.2)

### 3. Changes since 2011 in the extent and type of funding of infrastructure in KZN – economic vs social infrastructure, etc.

The infrastructure budget remains fairly steady at between R11 billion and R12.8 billion. The departments with the largest infrastructure budgets are Education (for the provision of school infrastructure), Health (for the provision of health facilities) and Transport (for the maintenance and expansion of the road infrastructure).

Figure 46 Summary of infrastructure payments and estimates by vote

R thousand	Audited Outcome			Adjusted Appropriation	Medium-term Estimates			% share
	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2016/17
1. Office of the Premier	16 271	24 272	10 049	10 779	3 108	2 916	2 275	0.0
2. Provincial Legislature	4 796	11 338	8 587	6 400	4 490	5 110	4 995	0.0
3. Agriculture and Rural Development	176 722	162 293	209 013	184 687	162 844	138 563	146 504	1.1
4. EDTEA	415 613	559 655	540 775	632 186	463 691	493 524	530 513	4.1
<b>5. Education</b>	<b>2 716 925</b>	<b>2 553 784</b>	<b>2 212 374</b>	<b>2 485 931</b>	<b>2 452 129</b>	<b>2 120 705</b>	<b>2 194 343</b>	<b>17.1</b>
6. Provincial Treasury	28 012	21 085	31 665	10 280	-	-	-	0.0
<b>7. Health</b>	<b>2 349 724</b>	<b>1 976 758</b>	<b>1 654 845</b>	<b>1 510 747</b>	<b>1 536 515</b>	<b>1 773 683</b>	<b>1 873 537</b>	<b>14.6</b>
8. Human Settlements	133 693	66 334	144 922	182 631	138 531	112 473	113 714	0.9
9. Community Safety and Liaison	-	312	-	500	-	-	-	0.0
10. Sport and Recreation	33 835	50 466	62 375	54 964	59 609	60 130	50 787	0.4
11. COGTA	24 225	39 069	41 689	76 601	76 596	61 674	71 450	0.6
<b>12. Transport</b>	<b>5 567 450</b>	<b>5 805 930</b>	<b>6 506 106</b>	<b>6 509 069</b>	<b>6 771 540</b>	<b>7 063 395</b>	<b>7 497 775</b>	<b>58.5</b>
13. Social Development	173 546	203 739	152 152	159 139	137 701	152 751	161 364	1.3
14. Public Works	87 999	84 143	108 762	77 373	72 618	70 625	70 225	0.5
15. Arts and Culture	53 636	42 825	56 466	129 335	99 000	133 030	102 952	0.8
<b>Total</b>	<b>11 782 447</b>	<b>11 602 003</b>	<b>11 739 780</b>	<b>12 030 622</b>	<b>11 978 372</b>	<b>12 188 579</b>	<b>12 820 434</b>	<b>100.0</b>

Education has seen a decline in the budget allocated to infrastructure by this department. As mentioned, the growing Compensation of employees bill has had a crowding-out effect on this category of expenditure and this is especially evident between the 2012/13 and 2014/15 financial years. The decline from 2016/17 to 2017/18 is because the Education Infrastructure grant has become an incentive-based grant and the incentives are allocated to provinces on an annual basis after departments have submitted the required information to National Treasury and the information has been assessed.

The decline in Health's budget from 2012/13 to 2015/16 was due to the effects of the Census data budget cuts. The department's budget shows growth over the 2016/17 MTEF.

Transport's infrastructure budget shows growth over the entire period.

The table below shows that the majority of the budget is allocated to *Existing infrastructure assets* over the entire period. This category includes *Maintenance and repair, Upgrades and additions and Rehabilitation and refurbishment* of the province's existing infrastructure asset base. The allocation towards *New infrastructure assets* declines from 2012/13 to 2015/16, and remains fairly steady thereafter. This indicates the intention to improve existing infrastructure to prevent deterioration of the existing asset base, as this can lead to more costly interventions at a later stage.

Figure 47 Summary of infrastructure payments and estimates by category

R thousand	Audited Outcome			Adjusted Appropriation	Medium-term Estimates		
	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
<b>Existing infrastructure assets</b>	<b>8 741 114</b>	<b>9 049 188</b>	<b>9 425 207</b>	<b>9 421 057</b>	<b>9 603 629</b>	<b>9 692 172</b>	<b>10 245 453</b>
Maintenance and repair: Current	3 413 945	3 290 201	3 445 411	3 907 822	4 361 572	4 368 136	4 778 594
Upgrades and additions: Capital	3 815 037	4 088 100	4 258 895	3 535 396	3 071 705	3 312 909	3 443 307
Refurbishment and rehabilitation: Capital	1 512 132	1 670 887	1 720 900	1 977 839	2 170 352	2 011 127	2 023 551
<b>New infrastructure assets: Capital</b>	<b>2 408 248</b>	<b>1 865 053</b>	<b>1 638 042</b>	<b>1 744 519</b>	<b>1 776 975</b>	<b>1 863 510</b>	<b>1 913 843</b>
<b>Infrastructure transfers</b>	<b>615 401</b>	<b>668 611</b>	<b>656 531</b>	<b>843 657</b>	<b>576 483</b>	<b>610 596</b>	<b>637 597</b>
Infrastructure transfers: Current	4 950	3 322	3 300	2 450	2 000	1 650	1 650
Infrastructure transfers: Capital	610 451	665 289	653 231	841 207	574 483	608 946	635 947
<b>Infrastructure: Leases</b>	<b>17 684</b>	<b>19 151</b>	<b>20 000</b>	<b>21 390</b>	<b>21 285</b>	<b>22 301</b>	<b>23 542</b>
<b>Total</b>	<b>11 782 447</b>	<b>11 602 003</b>	<b>11 739 780</b>	<b>12 030 622</b>	<b>11 978 372</b>	<b>12 188 579</b>	<b>12 820 434</b>
<i>Capital infrastructure</i>	<i>8 345 868</i>	<i>8 289 329</i>	<i>8 271 068</i>	<i>8 098 960</i>	<i>7 593 515</i>	<i>7 796 492</i>	<i>8 016 648</i>
<i>Current infrastructure</i>	<i>3 436 579</i>	<i>3 312 674</i>	<i>3 468 711</i>	<i>3 931 662</i>	<i>4 384 857</i>	<i>4 392 087</i>	<i>4 803 786</i>

#### 4. Development in terms of the province's revenue generation strategies and outcomes over the last 5 years

The province has focussed on various revenue enhancement strategies over the past few years, and some of these are detailed below:

##### 4.1. Revenue forums

Provincial Treasury introduced revenue forums that serve as a platform for revenue practitioners to share best practices. These forums are held by Provincial Treasury and are attended by the CFOs and Revenue units from the various departments and are used as a platform to brainstorm new revenue sources and to learn from best practices.

##### 4.2. Assist the Department of Health (DOH) in the development of a Revenue Enhancement Strategy (RES)

In the past, DOH showed sub-optimal revenue collection trends, which pointed to a myriad of challenges troubling its institutions. These challenges, *inter-alia*, included the following:

- Poor integration of revenue functions among subdivisions of the department.
- Poor IT systems for patient administration and billing, and for lodging timely claims to debtors such as medical aid schemes.
- Lack of adequate senior management support of the revenue function.
- Insufficient human resources in the revenue units.

#### 4.3. Outcomes of the RES

Some of the benefits of the RES are as follows:

- The department has since turned the corner and in the 2015/16 financial year benefitted from the Provincial Treasury initiative to incentivise more revenue collection. This initiative saw DOH surpass its Patients fees budget which resulted in PT allowing them to retain R30.479 million to be spent on revenue enhancement activities within Health.
- DOH has appointed a service provider to assist in the recovery of Road Accident Fund (RAF) claims.
- Improved revenue audit outcomes for the department.
- In general, the RES managed to cultivate a business ethic and appreciation of the benefits of revenue generation across the department.

#### 4.4. Revenue Retention Incentive Strategy

This strategy sought to incentivise departments to generate more revenue as they would be allowed to retain a portion of the over-collection. Provincial Treasury piloted this strategy with DOH, and the department benefitted in receiving R30.479 million of the over-collection, as mentioned above. DOH has committed these funds to purchasing Patient verification and Billing systems, among others, which are in-line with the RES. By making the billing system less manual, it is anticipated that revenue collection should show a further upward trend. In future, Provincial Treasury envisages rolling out this strategy to other departments and entities.

#### 4.5. Amendment of the KZN Gaming and Betting Tax Act

In 2012, Provincial Treasury amended the KZN Gaming and Betting Tax Act by introducing tax bands. The new tax regime saw a marked increase in revenue. The new tax rates for a given gross gaming revenue band, make it sensitive to business cycles. In a booming economy, the Casino licensees pay more while their tax obligation is reduced in a depressed environment.

In recent years, *Casino taxes* and *Horse racing taxes* have been under-performing due to the depressed global economic conditions. On the contrary, a relatively new category, namely sports betting taxes, is on the rise due to increased growth in the sector. Provincial Treasury continues to work closely with the board in order to seek innovative ways to increase their revenue generation capacity.

#### 4.6. Amendment KZN Liquor Licensing Act

In February 2014, the KZN Liquor Licensing Amendment Act, together with the Regulations, was promulgated. This resulted in higher revenue collection due to the higher tariffs and revised licence types in the amended framework. Provincial Treasury continues to work closely with the Liquor Authority to ensure that it achieves its revenue targets.

#### 4.7. Standardisation Motor Vehicle Licence (MVL) fees

Due to the disparities in the motor vehicle licence fees across provinces, KZN has seen many of its motorists registering their vehicles in neighbouring and much cheaper provinces. KZN continues to lobby for the standardisation of MVL fees throughout the country to prevent further loss of potential revenue.

**4.8. Introduction of tender documents fees**

In the past, not all departments charged for tender documents. Since July 2013, all departments in KZN are charging tender document fees thus increasing revenue collection for the province.

**5. How the Province is approaching the funding needs of the different streams of development in KZN e.g. funding needs of economic zones/estates/assets**

In view of the Census data budget cuts, the ability for the provincial fiscus to add further funding to the development of special economic zones has been severely compromised. Having said this, though, the fiscus was able to allocate funds to both the Dube TradePort Corporation (DTPC) and the Richards Bay Industrial Development Zone (RBIDZ) over previous MTEF periods. This, together with the parent department reprioritising funds towards these two entities, has resulted in the baseline over the 2016/17 MTEF for DTPC amounting to R384.223 million in 2016/17, R415.167 million in 2017/18 and R452.905 million in 2018/19. The RBIDZ receives R126.370 million, R127.605 million and R129.530 million over the same period.

The province's expenditure and budget for these projects from 2003/04 to 2018/19 is R7.659 billion for DTPC and R1.132 billion for RBIDZ.

**6. Potential for more extensive use of private sector funding of development and/or PPPs**

PPPs will remain an alternative funding source in the province. Currently however, there is only one project that is funded through a PPP model in the province, and that is Inkosi Albert Luthuli Hospital. The province is considering financing the proposed government precinct via this model.

### 3 The 2016 KZN PGDS Strategic Framework

#### 3.1 Vision statement to 2035

*“By 2035 KwaZulu-Natal will be a prosperous Province with a healthy, secure and skilled population, acting as a gateway to Africa and the World”*

***By 2035, the PROVINCE OF KWAZULU-NATAL should have maximized its position as a GATEWAY to South and Southern Africa, as well as its human and natural resources so creating a safe, healthy and sustainable living environment.***

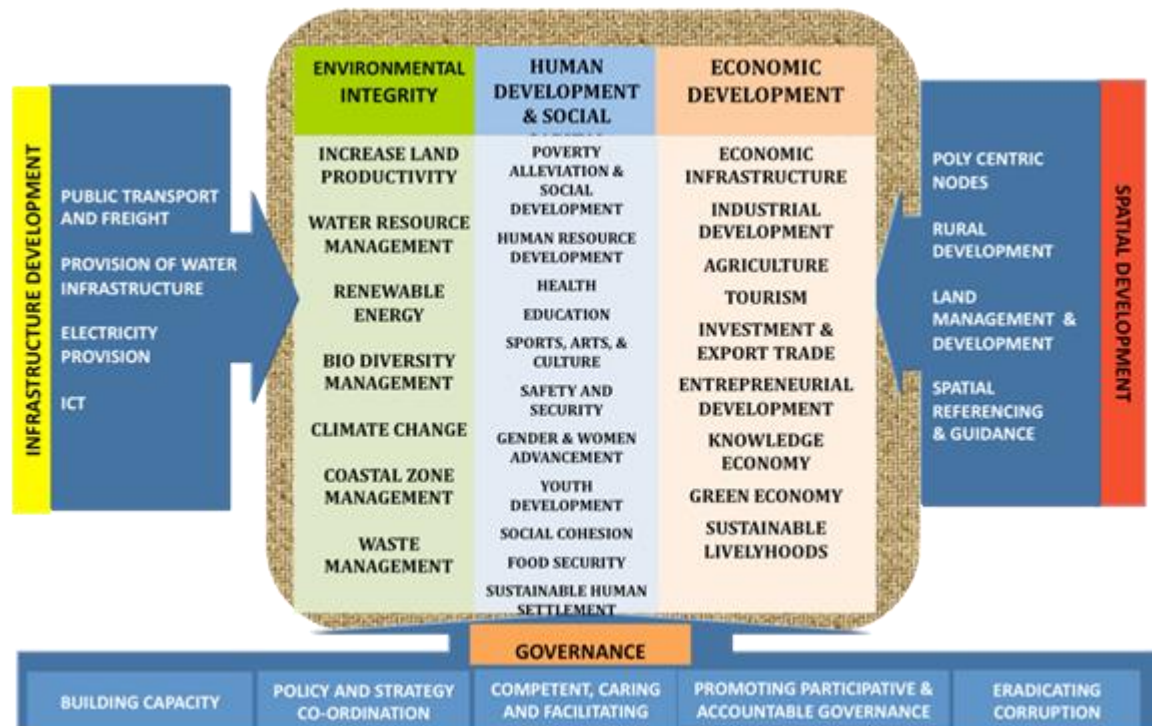
***Abject poverty, inequality, unemployment and current disease burden should be history, basic services must have reached all its' people, domestic and foreign investors are attracted by world class infrastructure and a skilled labour force.***

***The people shall have options on where and how they opt to live, work and play, where the principle of putting people first and where leadership, partnership and prosperity in action has become a normal way of life.***

In the context of the PGDS defining 'growth' and 'development' includes 'growing the economy for the development and the improvement of the quality of life of all people living in the Province of KwaZulu-Natal'.

### 3.2 The PGDS Sustainability Approach

### Figure 48: PGDS Sustainability Approach



A Growth and Development Strategy must respond to given the challenges and opportunities the Province faces. A sustainability approach governs the development of the KZN strategic framework, namely the inter-related nature of the environmental, human and social development and the economic landscape, supported by the strategic and spatial pillars with the governance and policy being the foundation, as depicted in the diagram above.

The inter-related complexities of poverty illustrates that all economic and societal formations rest on factors of human and social capital. Poverty is a leading indicator of lack of resources and lack of access to resources. Poor provision of social services, especially health and education services are debilitating. A growing reliance on welfare programmes is noted. The backlogs in access to water, sanitation, electricity and transport / roads in rural areas is an ongoing cause for concern. Divided, fragmented communities are described in which crime and violence is rife.

From this analysis, the themes emerging for strategy formulation point sharply to the requirement that human, social, spatial and economic measures require serious effort in integration. A crosscutting multi-departmental approach is asserted which includes the rationalisation and alignment of the community development approach to social welfare practice. An emerging theme in the social sector overview points to the pervasiveness of social welfare programmes and practices and even suggests the central role this department could play in implementation of the numerous socially-directed programmes.

### **3.3. The 2016 Revised PGDS Strategic Framework**



Figure 49: PGDS Strategic Framework

LISTING OF STRATEGIC GOALS and OBJECTIVES		
STRATEGIC GOAL	No	STRATEGIC OBJECTIVE 2016
<b>1</b> INCLUSIVE ECONOMIC GROWTH	1.1	Develop and promote the agricultural potential of KZN
	1.2	Enhance sectoral development through business retention and through trade and investment
	1.3	Enhance spatial economic development
	1.4	Improve the efficiency, innovation and variety of government-led-job creation programmes
	1.5	Promote SMME and entrepreneurial development
	1.6	Enhance the Knowledge Economy
<b>2</b> HUMAN RESOURCE DEVELOPMENT	2.1	Improve early childhood development, primary and secondary education
	2.2	Support skills development to economic growth
	2.3	Enhance youth and adult skills development and life-long learning
<b>3</b> HUMAN AND COMMUNITY DEVELOPMENT	3.1	Eradicate poverty and improve social welfare services
	3.2	Enhance health of communities and citizens
	3.3	Safeguard and enhance sustainable livelihoods and food security
	3.4	Promote sustainable human settlements
	3.5	Enhance safety and security
	3.6	Advance social cohesion and social capital
	3.7	Promote youth, gender and disability advocacy and the advancement of women
<b>4</b> STRATEGIC INFRASTRUCTURE	4.1	Development of seaports and airports
	4.2	Develop road and rail networks
	4.3	Develop ICT infrastructure
	4.4	Ensure availability and sustainable management of water and sanitation for all
	4.5	Ensure access to affordable, reliable, sustainable and modern energy for all
	4.6	Enhance KZN waste management capacity
<b>5</b> ENVIRONMENTAL SUSTAINABILITY	5.1	Enhance resilience of ecosystem services
	5.2	Unlock the green economy
	5.3	Adapt and respond to climate change
<b>6</b> GOVERNANCE AND POLICY	6.1	Strengthen policy, strategy coordination and IGR
	6.2	Build government capacity
	6.3	Eradicate fraud and corruption
	6.4	Promote participative, facilitative and accountable governance
<b>7</b> SPATIAL EQUITY	7.1	Enhance the resilience of new and existing cities, towns and rural nodes, ensuring equitable access to resources, social and economic opportunities
	7.2	Ensure integrated land management use across the Province, ensuring equitable access to goods and services, attracting social and financial investment

The following sections include a detailed description of each of the 7 strategic goals and their related strategic objectives, including the relevant indicators.

A detailed Implementation Framework exists in the PGD Plan, inclusive of description of each intervention, related key performance indicators, baseline indicators, target/s, timeframes, the identification of the primary responsible Provincial Department and supporting partners.

### 3.4. Strategic Goal 1: Inclusive Economic Growth

#### National Outcome 4: Decent employment through inclusive economic growth

This Strategic Goal is aligned to the National Outcome 4 which focuses on more labour absorbing growth; increased competitiveness to grow the production base, to withstand international competition, to raise net exports, to grow trade as a share of world trade, and to improve its composition; improved support to a variety of businesses - including small businesses – including by reducing the costs of doing business.

Additional efforts are needed to align provincial support with available national support programmes and measures; further improve the performance, scale and impact of the Expanded Public Works (EPWP) and of the Community Work (CWP) programmes; and to expand the range of opportunities available to the youth and other marginalized groups, including by reducing the costs of bringing such groups into the productive sphere.

#### Goal Indicators

- Percentage growth in the whole provincial economy
- Increase in KZN's GDP per capita ratio
- Percentage increase in the employment rate in KZN
- Percentage increase of youth (15-34) amongst economically active in employment

Unemployment remains one of the major structural constraints within the Province and contributes to high levels of poverty and income inequality, and deteriorates the overall quality of life of and the socio-economic prospects available to the people of the Province.

High unemployment results in high dependency ratios, with many more people relying on fewer wage earners. This has resulted in the phenomenon of a large numbers of working households living near or below the poverty line. Currently an unequally large proportion of the population of KZN relies on grants and related forms of welfare as a source of income; additional income pressure on the household related to job losses appear in signs that discouraged workers are going back to look for jobs again.

The number of those employed in the province is now slightly above its pre-crisis level but those that are employed remain vulnerable. There are, in parallel, enormous threats in the future for KZN that lie in the situation of those that are unemployed: the province has seen an expansion of those informally employed and some groups in the population still cannot find many employment opportunities - South Africa and the Province notably have very high proportions of youngsters (those between the age of 15 and 34 years) unemployed. There is, moreover, an under-representation of women amongst those employed, including in top positions.

The current pattern of employment and of unemployment means that the current growth path of KZN is still not far from being inclusive. There are also problems toward the objective of enhancing decent employment given the work conditions of those in informal employment. Concomitantly, sluggish growth brings upfront issues of skills and how to best boost labour demand. Significantly more needs to be done to alter as well as to accelerate economic growth in KZN so as to boost demand from the labour-intensive sectors, to protect existing employment and to create new quality jobs. This is critical to ensure that the progress that has been made in KZN in reducing poverty are not rapidly eroded and reversed. This will also help address inequality.

Job creation in this PGDS remains a primary result of inclusive growth and structural transformation; distributing the benefits of growth more widely and consequently reducing dependency on the welfare system by broadening economic participation is one of the central dimension of inclusive economic growth. The pattern and pace of growth need to be changed in this regards. This continues to require investment and interventions by both the public and private sectors to ensure that a good environment is in place to further stimulate the generation of employment opportunities and inclusive economic growth. With increasingly limited financial and human resources relative to what is required to put the Province on a trajectory of notable inclusive economic growth, government will have become increasingly efficient and innovative in this regard.

Key strategic objectives and interventions proposed in the PGDS 2011 to stimulate economic growth and create jobs remain highly relevant though they have been fine-tuned to take into account the fact that some important constraints remain and that new constraints have emerged. The objective is still one of unlocking the full range of opportunities that is around existing and new industries for emerging participants in the economy and for those that have been able to continue participate in economic activities. Creating meaningful as well as decent employment is a major crosscutting issue, and is vital in achieving the vision of the Province. A number of cross-cutting transversal interventions helps support strengthen each aspect of the PGDS that is relevant for inclusive growth – education and skills development, the preservation of the assets of the province in a sustainable manner, the unlocking of development opportunities through a strong platform of public goods are elements that support all sectors of the PGDS.

The Province must continue to focus on the creation of employment through: the proper realisation of the agricultural potential; enhancing industrial development through investment into the key productive sectors of manufacturing, tourism, transport and logistics, the maritime sector, the green economy and services sectors and assisted through the use of a Provincial Business Retention and Expansion (BR&E) programme and of the full range of industrial policy support programmes and measures available to firms; expansion of government-led job creation programmes like the Expanded Public Works Programme (EPWP) and Community Work Programme (CWP) whilst being more efficient in the funding available for such jobs and in terms of these programmes fully having their intended impacts in this regard; promoting entrepreneurship, the empowerment of those currently marginalised, including the youth and women as large categories of the marginalised; and enhancing the knowledge economy further.

### *Strategic Objective 1.1: Develop and Promote the Agricultural Potential of KZN*

The agricultural sector is of key strategic importance given the comparative advantages that KZN possesses with regard to its land and labour resources and other natural assets. As a primary sector, agriculture contributes about 4.4% to provincial GVA. However, KwaZulu-Natal produces almost 30% of national agricultural output and hence contributes significantly towards creating formal and informal employment, while providing food security in South Africa. Further, the sector has strong linkages with a number of manufacturing sectors such as ‘food, beverages and tobacco’, and ‘wood and paper’ industries that are very important for the provincial economy through employment and export activities. Additionally, there are numerous inputs into the agricultural production chain that contribute to economic growth, including through the local procurement capital equipment, consumables and services required by the sector. Agriculture also offers critical prospects for particular renewable energy projects, notably those that use biomass.

Agriculture has exhibited signs of good growth in the last five years, suggesting that the agricultural potential is slowly being unlocked though it is likely that the growth of the sector reflects adjustments and changes of production methods by the commercial farmers specifically at present, signalling that there is scope to grow the sector further in parallel to substantial imports of agricultural produces by the Province.

At present, the primary agricultural sector contributes 7% to total employment within all districts besides eThekweni and Amajuba, specifically contributing just over 9% to total employment in uMzinyathi and Harry Gwala, almost 8% in iLembe, and around 7% in Ugu, Zululand, uMkhanyakude, and uThungulu.

In essence, the agricultural sector in KZN, if appropriately harnessed, has the potential to create a substantially higher number of jobs in a short (but also long) time frame, thereby further contributing to rural development. Over the short to medium term agricultural value chains can support labour-intensive absorbing activities generating large-scale employment. This in turn contributes towards addressing food security and enabling sustainable livelihoods besides the fact that the province has specific initiatives and schemes to directly reduce food insecurity. Also, there is new legislation and a new model of rural transformation in place; a number of model-case land transfers have also happened in the province in the recent past which shows that land redistribution can work and benefit all parties. A range of initiatives has been set in motion to help expand sustainable agricultural production; and the revitalisation of agriculture and of the agro-processing value chain as a whole is a priority of the Nine—Point Growth Plan.

Notwithstanding the above, this sector currently faces severe constraints that have resulted in the stagnation (and even in a number of cases decline) in the production of some agricultural produces and have contributed towards growing job losses. These constraints include: inadequate access to funding for infrastructure and backlogs in the maintenance and development of the water infrastructure required by agriculture; inadequate land- and water-use practices; a small agri-industrial base; limited linking of graduates to commercial farms; increased competition due to subsidisation of international farming; and still relatively slow land reform progress besides issues of communication between the provincial agricultural and rural development agencies and Traditional Authorities in efforts to develop agricultural production. Additionally, the scientific base

within the agricultural sector is reported not to have grown significantly causing the Province to remain under-capacitated to undertake scientific research; this is a worrying development given that agriculture in the Province is a sector that has important research and development commercialisation potentials.

Strategic interventions have been identified specifically to address the constraints identified so as to unlock the agricultural sector, resulting in greater production and more effective as well as sustainable utilisation of the resources, particularly of high agricultural productivity land. Yet, in order for the province to improve its prospects for the agricultural potential to be realized, the entire sector needs to be diversified further and expanded, which will create a substantial amount of jobs directly and the agricultural sector and around the sector. Beneficiation of commodity produces need to also be unlocked. This requires an adequate irrigation and water infrastructure and the implementation and evaluation of the new rural transformation model that sets, amongst others, detailed strategies for the expansion of emerging commercial farmers. In addition, agricultural land needs to be protected to ensure that there are sufficient resources to sustain the sector in the long run, while rehabilitation efforts are required to prepare land for agricultural production. In addition, agri-villages, by playing an important role in catalyzing agricultural production, by offering new employment opportunities to the youth and women in rural areas, and by contributing to social cohesion need to be properly thought out and supported. Agri-parks have a critical role to play in alleviating poverty and in jump starting new agricultural value chains in the province. Agri-parks are a critical element of the growth of agriculture in South Africa in the Nine-Point Growth Plan.

**Objective Indicators:**

- Increase in the value of agricultural contribution to the provincial economy.
- Increase employment within the agricultural sector
- Net gain in new emerging commercial farmers
- Increase in sustainable agricultural production, including increasing the productivity of high potential agricultural land.

The above indicators emphasise that insufficient progress has been made, to date, towards increasing the contribution of commercial agriculture to inclusive economic growth. The objective indicators take into account the critical role which agriculture plays in rural development as well as the role the sector has in non-rural development through agri-parks. Of concern however in the further development and promotion of agriculture is the need to ensure that future generations are able to secure optimum and continued benefits from the sector. This relies on the implementation of sustainable land use methods and practises; spatially, agri-villages have an important role to play for this by helping manage the human settlements in rural areas with high quality land as well as by supporting social cohesion. However, for agriculture to be effectively developed and promoted requires a good infrastructure network.

The following four interventions are proposed to further the development and promotion of the agricultural potential in KZN:

- Diversification of agricultural production & markets (niche markets and agri-processing) and revitalization of the agro-processing value chain, including through the beneficiation of particular agricultural products as defined by the Industrial and Agricultural Policy Action Plans;
- Strengthening institutional capacity and capabilities to support the development of emerging commercial farmers and the setting up and rolling out of models of partnership that promote commercial agricultural ventures, as motivated in the *2016 Agrarian Radical Socio-economic Transformation Model*;
- Support, monitor and evaluate progress on agri-parks and infrastructure requirements around these for these to deliver their intended impacts;
- Efficient maintenance and expansion of appropriately scaled irrigation schemes and protection of agricultural resources;

### ***Strategic Objective 1.2: Enhance Sectoral Development through Business Retention and through Trade and Investment***

Enhancement of industrial development remains fundamental to the creation of employment contributing to growth and development within the Province. Specifically, manufacturing remains important for sustainable growth and for meaningful employment, as emphasized in a strong national industrial policy and in particular aspects of such policy that are central elements of the Nine-Point Growth Plan Path – e.g. advancing beneficiation or adding value to South Africa’s mineral wealth and growing the ocean economy. Further, although more broadly, the Nine-Point Growth Plan Path specifically identifies a “more effective implementation of a higher impact Industrial Policy Action Plan” as a key measure to further rapidly boost growth and job creation.

Directly in the aftermath of the crisis many jobs were lost in KwaZulu-Natal generally as well as across a number of key growth sectors. Progress has been made in the area of job recovery but the unemployment rates in South Africa and in the Province are very high when set against international countries that are at similar levels of development.

Three main high-level approaches can be put into action to support a growth of employment:

- Firstly, the current production base around businesses that are weak but that have sound foundations and can become viable with further (contained) short-term support needs to be strengthened. Competitive forces mean that unproductive businesses need to exit. This is not, as such, about supporting all firms in difficulty. This is, instead, about supporting firms that are in key sectors in such a way so that they do not un-necessarily replace labour by machinery or close down simply because of an issue or a barrier that can be overcome by a simple intervention. The interventions that are possible are catered for in existing industrial policy support programmes and instruments. These are important as they have been conceived to help contain further job losses in South Africa as well to protect what are important production capabilities in the country.

- Secondly, new businesses need to emerge. This requires a dedicated programme of support to new or young businesses as they are more vulnerable than larger older established businesses to shocks and hard economic conditions.
- Thirdly, existing businesses need to expand. This requires an environment that is conducive to new investment, as well as new market opportunities. Of note on this is that encouraging private sector investment is one of the Nine-Point Growth Plan measures.

All the aforementioned elements are about enhancing development through industrial development. For the Province, the protection of existing jobs and new job creation can be achieved by ensuring an awareness of national policy support and measures and support to those that seek to access these. (A number of such measures are for industries and are designed and specified along particular sectoral lines.) This objective can also be achieved through a Business Retention and Expansion (BR&E) programme linked to an early warning system, and which utilises mechanisms such as the Jobs Fund and Distressed Fund. Generally, the Province must firmly commit to encourage the retention and expansion of existing business to ensure that the domestic market has the right capabilities and opportunities, which will stimulate economic activity, as well as sustainable and broad base job creation. However, BR&E programmes appear to be currently primarily undertaken on an *ad hoc* basis by district and local municipalities, and are not coordinated or integrated to provide a spatial picture of the current challenges and constraints faced by businesses in different locations across the Province. Stronger partnerships will be required to help move this forward. Nevertheless, opportunities are also about growing markets. This includes selling goods and services abroad and having access to foreign machinery, equipment and other inputs that are not available on the domestic market and that enable the provincial firms to remain internationally competitive. It also includes stronger relations between existing businesses, as envisaged by government, through the uptake of relevant support measures and programmes and growing value addition around the commodities that are available / extracted / produced in the Province.

Hence, the objective of enhancing industrial development is through business retention, trade and investment focusing on the key sectors of manufacturing as defined by the Industrial Policy Action Plan (e.g. automotive, maritime, etc.) or other sectors for which the Province has strong comparative advantages such as agriculture, transport and logistics and the green economy. Tourism has to have a special place in the list of key sectors given that KZN has important cultural and tourism assets that support the fast and inclusive growth of this labour-absorbing sector moreover.

All the aforementioned sectors have not only proven to be relatively labour-absorbent, but also have the potential to be expanded to strategically position KwaZulu-Natal as a lead investment destination and hence contributing to achieving the vision of KZN becoming a trade gateway within South and southern Africa. However, manufacturing still requires special attention given its strong linkages with and spillovers onto other sectors and on inclusive economic growth.



**Objective Indicators:**

- Growth in provincial exports;
- Growth in provincial investment (including in key sectors such as maritime economy, renewable energy and other parts of the green economy);
- Growth in employment in key manufacturing and service sectors
- Growth in value addition (beneficiation) of mineral products and of other commodities specified in IPAP
- Growth of the tourism sector (number of products, service providers and employment);
- Growth in the number of jobs of those employed in the Green Economy
- Increase in the number of businesses supported through BR&E interventions

In order to create employment through enhanced industrial development and through the growth of crucial labour-absorbing service sectors, a number of strategic interventions need to be accelerated to ensure that all job opportunities are in place. Particular attention needs to still be in place to ensure that these opportunities are in line with existing national priorities. To this end, the following four interventions are proposed to facilitate a process of enhancing industrial development through trade, investment and exports in KZN, namely;

- Ensure that the relevant provincial institutions/bodies are equipped to adequately support the private sector's expansion of investment and exports in the Province e.g. by the setting up a one-stop shop for investors and exporters;
- Raise awareness on key sectors and on support measures and programmes available in these sectors and in new sectors such as, presently, those of the green economy;
- Support the job creation and retention prospects of firms in key sectors e.g. by expanding the scale of the existing Provincial Business Retention & Expansion Programme;
- Ensure that relevant sector / sub-sector data is collected and made available to ensure that progress can be monitored around beneficiation and the growth of the green economy (as a set of sub-sectors) and evaluate province-specific barriers to beneficiation as relevant.

### ***Strategic Objective 1.3: Enhance Spatial Economic Development***

As emphasized above, enhancement of industrial development remains fundamental to the creation of employment contributing to growth and development within the Province. Special spatial projects are critical in this regard, including to help ensure that all the people across the Province have the possibility to participate in, as well as benefit from new growth opportunities, when these are in place as guided by area specific comparative advantages.

The Province has numerous key infrastructure projects being expanded to boost industrial development further. Whilst provincial key strategic assets such as the Durban and Richards Bay

Ports, the Richards Bay IDZ and the Dube Trade Port present a range of opportunities for the Province, their expansion is still constrained by the need to expand industrial capacity generally and throughout the Province. There is fast progress on this as new zones are on the point of becoming operational, such as some industrial economic hubs. However, further new investment to stimulate domestic trade, including exports, and notably exports that can command higher value per unit internationally (including beneficiated goods exported), are still constrained by skills shortages, by red-tape and bureaucracy in the area of public service provision and uncoordinated investment and export promotion. The high, and across District Municipalities' uneven, cost of water and electricity and high input costs are other constraints. A number of these projects will, going forward, confront notable funding limits while important financial resources are still needed for land acquisition and development and for further upfront infrastructure provision. This is essential for the Special Economic Zones (SEZs). A rethinking of sound and effective partnerships between the public and private sectors is needed to help advance this particular problem area although an analysis, internationally, of where public and private partnerships have worked / failed might also be required to help inform the best model for such partnerships on a case by case basis. The outcome of these partnerships will need to be acted upon urgently to, firstly fast-track the expansion of the SEZs to their optimum size and, secondly to ensure that other smaller industrial projects, such as the industrial economic hubs, are fully operational. The latter have a key role to play in ensuring that the benefits of growth are spatially sustainably shared.

Considered separately from the hubs and SEZs, quality zoned industrial land will need to be released in order to stimulate investment in areas of high demand and under-supply. This must be supplemented by supporting the right type of institutional arrangement/framework, such arrangement, which is still being investigated in the Province, needs to ensure that investment and the number of businesses in key spatial areas expand. However, co-ordination issues may emerge and will need to be addressed for the purpose of unlocking a more even pattern spatially and economically than is currently the case. Moreover, a duplication of structures is to be avoided in a context of scarce financial and human public resources. Information and communication has to flow across involved parties for co-ordination problems to be avoided, noting that a trade and investment promotion and facilitation agency is already in place in KZN, namely, TIKZN. Nevertheless, ensuring efficient and effective implementation of LED projects requires an integrated consolidated funding mechanism, which will streamline the process of accessing funds for strategic projects and stimulate growth and employment creation.

The KZN Investment Strategy provides clear guidelines on the functions of key agencies, on areas of responsibility and on the mechanism in place for investment projects that are of a large scale. It also specifies the broad role of municipalities with regard to investment. Still, municipalities need to be efficient in their service provision to businesses, particularly as smaller economic actors disproportionately bear the burden of poor and inefficient service provision. Charges and rates need to also be clear and transparent for businesses to understand the nature of administered prices, the increases of these prices and to properly internalize such increases. Government has to efficiently respond to the queries of investors and of exporters.

The strategic indicators below reflect the fundamental goal of attracting further, at times significantly more, investment in all key new spatial projects that are being set up in or that are planned for KZN.

As should be clear, such investments are required for the purpose of ensuring that these projects reach their main goal. However, also as emphasised above, it is quality spatial projects that will help the uptake of the new facilities provided and attention needs to be paid to ensuring that infrastructure supply is at least in line with demand. It is noted above that uneven and, at times, unclear pricing formulae and mechanisms remain a problem area in some parts of KZN. This might adversely influence private investment and set up decisions.

Objective Indicators
<ul style="list-style-type: none"> <li>▪ Decrease in the gaps in levels of poverty in different parts of the Province, due to rises in economic activity and earnings across all districts;</li> <li>▪ Level of expansion of investment in key new spatial projects and growth in value of economic activities and of employment</li> <li>▪ Level of alignment between Infrastructure provision and demand in all districts of the Province</li> </ul>

To this end, the following four interventions, albeit not exhaustive, are proposed to facilitate a process of enhancing industrial development through trade, investment and exports in KZN, namely;

- Improve the funding model to help expand key spatial zones in KZN optimally, including through assessment of the best public-private sector partnerships, options and evaluation of budgets and spending by municipalities in support of key new special projects;
- Evaluate and support the right institutional arrangements required to help unlock investment to the right level in key new special projects;
- Collect basic employment and total value of activities data from new key spatial projects tenants to help assess the performance of these projects;
- Release quality affordable zoned land with the right level of infrastructure and maintain good service provision when the sites are occupied;
- Establish a consolidated integrated provincial funding mechanism for LED;

### ***Strategic Objective 1.4: Improve the Efficiency, Innovation and Variety of Government-led Job Creation Programmes***

There is significant potential to create employment directly through improving the efficiency of government-led job creation programmes. In turn, more efficient government-led job creation programmes would help grow the scale of current as well as new programmes. There are, in addition, opportunities for government to shape job-creation in other areas. This takes place through improved support and management of the procurement process that involves particular economic actors and stakeholders and by actively supporting procurement that offers new sale opportunities to a variety of *local* producers through localisation. In turn, numerous jobs can be generated by engaging more actively and specifically in the procurement of goods that support the green economy as a new area that

is important to attain inclusive economic growth. This needs, however, to be supported with parallel efforts in raising awareness on prospects of green economy sectors that have large labour-absorption, as well as those that have large positive energy, water and food-security spinoffs. (This point has been emphasised in the discussion above of how to help that particular sector grow.)

Whilst generally government spending can lever new opportunities across a wide range of sectors, there is also more scope to significantly tap into a number of “Working for” sub-programmes of the Extended Public Works Programme (EPWP) e.g. Working for the Coast, Working for Water, Working for Waste, Working for Land, Working for Wetlands, Working on Fire, Youth Environmental Services, Youth Jobs in Waste, Groen Sebenza Jobs Fund Partnership, the Eco Furniture Programme, Working for Energy, Working for Ecosystems, Working for Forests, and People and Parks and growing the Community Work Programmes (CWP) further. There are important environmental, developmental and social benefits to be derived from the experience, the empowerment and fulfilment people obtain from being involved with a number of government led-programmes, however, efforts around government led-job creation are currently affected in some areas by relatively high costs per job created. Fuelling such cost is also the fact that there are important leakages between what is financially allocated for the purpose of creating a job and what is actually received by the beneficiaries. Some programmes do not have their full intended effects moreover.

Research by the Human Sciences Research Council indicates the need to significantly enhance the impact of the EPWP and the CWP, so as to achieve the full time equivalent (FTE) employment targets and skills enhancement opportunities for the beneficiaries of the programme. A revision of the EPWP and of the funding sources has been called for by HSRC. Attention needs to be paid to monitoring the scheme as the impact varies across sub-sectors to ensure that public funds are “efficiently turned into jobs”, in particular in the main EPWP sub-sector of infrastructure<sup>2</sup> Since infrastructure, a sector for which there is significant spending in South Africa and KZN tends to be a capital intensive sector, indirect employment opportunities need to also be considered for a full picture of the impact of what is happening in this sector and to growing employment around the production of goods and services directly required by infrastructure development projects as a focus of localisation programmes. In turn, infrastructure development by playing a key role in enhancing the competitiveness of businesses across areas, indirectly supports job creation across economic sectors as emphasised in the latest National Infrastructure Plan. However, jobs created through

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<sup>2</sup> Significantly more attention needs to also be put into place elsewhere with the National Youth Development Agency (the NYDA) and other youth representative agencies and bodies in the province. An opportunity also exists for the Province to assess the effectiveness of the Youth Employment Tax Incentive scheme directly with businesses as it is up for review. This scheme whilst boosting youth employment might displace other type of employment however. It also does not systematically translate into the youth transiting into firm job offers where there are currently employed. This is discussed under the theme of Human Resource Development although research currently suggests that the Youth Employment Tax Incentive scheme might have had no impact on youth employment.

infrastructure maintenance are to be scrutinised as it is in this area that long-term jobs emerge, as opposed to short term employment with new infrastructure projects. Maintenance further allows the infrastructure to continue to play its intended role over time.

Besides investment into labour-intensive programmes targeting infrastructure development, the provincial government is committed to creating sustainable employment opportunities in other areas such as food security, health and safety, social and community development, environmental protection and rehabilitation, development of sport and recreation and road maintenance.

Generally, government-led job creation can be considered to be directly associated with the following:

- Jobs created around the goods and services purchased by government for its activities. This is the domain of procurement;
- Jobs created through mandating new public goods and services to be provided. New infrastructure development projects but also new key spatial projects fall in this category;
- Jobs created from the maintenance of goods and services provided to the public.

Whilst government plays an important job creation role as it facilitates inclusive development by facilitating investment, by reducing the cost of doing business, through a sound governance, by addressing a range of market failures, etc., government needs to target the full range of local economic players when purchases are involved (and provincial or national economic actors when suppliers are not present locally). Government needs to also ensure that the correct level of social services and facilities are provided at the least cost. Furthermore, infrastructure needs to also be developed as well as maintained at the right level and in the right geographical areas to enhance the position of the marginalised people within the Province. Jobs created in the process must have a strong focus on the development and transfer of skills through training linked to development programmes, although government might have an extra role to play in helping those that have short term employment find longer term employment by working on potential placement schemes or to gain further skills.

The objective takes the above into account and also emphasises that government, as a large employer, also has a role to play in creating potential positions for the employment of youth as a priority group. Due to the large proportion of young people in KZN that are unemployed, added attention needs to be given to the youth in order to facilitate access to work and learning. On this, an under-utilised area is about placing competent / qualified youth directly to work on short term assignment with staff in the public sector. The list below reports the objective indicators for the strategic objective of improving efficiency, innovation and the variety of government-led job creation programmes.

**Objective Indicators:**

- Reduction in the cost per EPWP and CWP jobs;
- Growth in the number of new small contractors created through the Vukuzakhe Emerging Contractor Development Programme and CWP;
- Percentage of goods and services procured locally and provincially;
- Direct employment multipliers from infrastructure development and maintenance;
- Increase in the number of youth on mentorships / internships / learnerships in KZN government agencies

The following four interventions, albeit not exhaustive, are proposed to facilitate a process of Government-led job creation programmes in KZN, namely:

- Engage in cost per job and in impact analyses of all government led-job creation programmes, including monitoring and evaluating impact and cost per job of EPWP across all EPWP sub-programmes and of CWP and revising model and institutional framework arrangements as appropriate;
- Advertise opportunities for learnerships, apprenticeships, mentorships and internships within the public (in local and provincial government agencies) sector;
- Develop and implement a green public procurement policy to help support local green businesses

### ***Strategic Objective 1.5: Promote SMME and Entrepreneurial Development***

There is a low success rate of start-up entrepreneurial and SMME ventures within the Province, and few opportunities are being created to support the absorption of youth and of women into the labour market. Specifically youth-owned business are curtailed due to factors such as: risk-averse formal financial institutions; a lack of collateral; a lack of business management, financial and technical skills; incorrect targeting of markets; and a lack of economic opportunities within the Province. Women entrepreneurs and women in the informal economy are also affected by specific structural barriers that impede their access to particular opportunities and activities. In fact it is the very presence of particular barriers, together with a lack of economic alternatives, that push vulnerable economic actors into the informal economy, a sector that is critical for the survival of a growing number of people in the province. In parallel, however, as increasingly documented, informal activities are changing in the poorer parts of cities and in rural areas as larger retailers and more established traders are growing their operations in the townships and rural communities. As these enter with new business models and greater product variety, smaller economic actors cannot compete and exit, a process that fuels marginalisation and exclusion.

Generally, the Province needs to further and more systematically stimulate entrepreneurship as well as put in place activities and programmes that help strengthen economic participation. Focusing on

priority groups, youth, women and the disabled need to specifically be empowered to own businesses and to participate more actively in the whole range of economic activities for inclusive growth to emerge. .

The aim of this objective is to encourage a shift. Addressing the barriers to entrepreneurial activities contributes to the establishment of all types of SMMEs and within it the informal economy, described as “the second economy” by the South African government<sup>3</sup> and other entrepreneurial ventures in the lead sectors of the economy where entrepreneurial development helps enhance prospects and opportunities. Also, as smaller firms are important to generate new opportunities in specific parts of the Province, including in townships and in rural areas, a new model of small business development and of partnership needs to be pushed forward. Such partnership is important for business sustainability and for the emergence of business / management role models. It is, however, also important to improve social cohesion, particularly given the tensions that are at play between the poor South African people of KZN and the vulnerable foreigners that are located and have small businesses in townships and informal settlements in the Province. As strongly and very clearly emphasised in the Report of the Special Reference Group on Migration and Community Integration in KwaZulu-Natal, new dynamics are at play in townships and other areas that threaten, if not well managed, relations and stability. There are options on this and a growing number of studies identify that there are enormous opportunities for more township enterprises to emerge as these cater for a range of specific but to date unmet needs in townships. Rural enterprises also have a particular role to play for vibrant rural areas and a number of these involve women (e.g. brick making, wood and small repairs, small milling and craft operations, sewing, etc.)

However, the fact that the barriers to entry are high for youth and women, translate into these being large marginalized groups in KZN. Tackling these barriers is important to help engage these groups into economic activities and to become recognised development actors in a meaningful and proper manner. Of note, however, is that empowerment in the form of “the process of increasing the capacity of individuals or groups to make choices” is necessary to change decisions and thus actions and outcomes.<sup>4</sup>

There is good progress on many of the issues set out above. Also, an SMME Strategy and a Cooperatives Strategy are in place for KZN that guides how these small production entities are supported. However, the informal policy is still in draft form. Also, a strategy of entrepreneurship requires not only developing the capacity to set up and manage a business venture and to help reduce the risks around this, it also requires *altering* the willingness of those that are currently marginalised

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<sup>3</sup> The term is controversial and suggests that this economy operates separately from a first economy. In fact high interactions / linkages have been found between the two “types” of economy. The situational analysis uses the term “informal” given the main StatsSA’s definition and how this agency collects the relevant data. The term “informal” economy is used internationally and recognised by the ILO moreover.

<sup>4</sup> This objective, as such, also links closely with the Goal 2 where the importance of mentorship, learnership and apprenticeship programmes in creating sustainable small businesses is recognised. Also, human resource development enhances the prospects of unemployed youths to be part of the job market as entrepreneurs.

to set up business ventures. In parallel, central to the empowerment process are actions which not only build individual assets but also actions that build “collective assets, and improve the efficiency and fairness of the organizational and institutional context which govern the use of these assets.”<sup>5</sup> This is a difficult concept to operationalise. Below is the list of objective indicators for the strategic objectives;

**Objective Indicators:**

- Increase in the number of sustainable SMMEs, including small townships and rural enterprises and cooperatives;
- Increase in the number of jobs generated by SMMEs and Cooperatives;
- Increase in the number of informal economy actors supported

To this end, the following interventions are proposed to facilitate a process of promoting SMME and entrepreneurial development and the economic empowerment of the youth, women and the disabled in KZN, namely;

- Expand skill and capacity building and mentoring programmes for the SMMEs, Cooperatives and for those in the informal economy;
- Facilitate SMMEs’ (including informal businesses’) access to adequate trading facilities and infrastructure with linked services;
- Develop a progressive regulatory framework for the broader support of the informal economy;
- Support mutually beneficial platforms as solutions to help reduce tensions between South African and foreign small and informal traders;
- Reduce the bureaucratic and regulatory burden placed on small businesses;
- Improve awareness on public sector support available to marginalised priority groups who want to participate in the work and business sphere, including e.g. by disseminating information on relevant support measures and programmes; by engaging with business chambers that identify priority services for the marginalised priority groups; by establishing a KZN Women in Business Council;
- Investigate and monitor new partnerships between private sector partners that have enterprise development programmes dimensions and the uptake of social accords, including the Youth Employment Accord;
- Monitor use of government set-asides (that is the 30% of appropriate categories of state procurement set aside for SMMEs and co-operatives).

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<sup>5</sup> World Bank’s approach to empowerment.



### *Strategic Objective 1.6: Enhance the Knowledge Economy*

There are numerous institutions, organisations, and firms undertaking research into new market opportunities and product development across the Province. However, whilst the Province currently has a substantial knowledge economy, coordination amongst stakeholders is still weak and fragmented, constraining the potential to further enhance and expand knowledge sectors within the Province. Further, the relationship between the public sector, private sector and tertiary institutions undertaking research is still thin and uneven. Although there is a growing number of successful initiatives created through partnerships between the private sector and tertiary institutions, which have led to productive operations being established, there is a lack of acknowledgement and evaluation of these initiatives to identify employment and other opportunities created. In addition, the four techno-hubs currently planned in the Province are at various stages of developments.<sup>6</sup>

It remains that, for the provincial economy to continue to develop and properly tap into its comparative advantages and for the Province to see its regional and international position enhanced further, KZN requires additional efforts towards increasing its knowledge and information base. In particular, knowledge has been found to be a critical driver of productivity and of economic growth in a large number of countries, including those that are emerging.

Although issues of inclusiveness (through threats to employment by generating a shift of labour demand in favour of those that are skilled and highly skilled) are frequently linked to innovation and technological advances, thereby the views that the rise of the knowledge economy contains a number of critical threats, knowledge favours new modes and models of production, new and innovative ways of doing business and provides greater resilience to external shocks, including through new roles for information, technology as well as learning, all of which accelerate economic performance. Moreover, the knowledge economy allows new areas, such as those of the green economy, to be properly developed and tapped into; a knowledge economy allows better and higher value products to be produced and exported, and offers a greater range of capabilities, thereby the potential for the production of a greater range of products (greater product variety).

Noting that there are short-term versus medium and long-term trade-offs and adjustments in a knowledge-based growth that require proper investigation, the benefits of such growth tend to be seen as outweighing the costs. The aim of this objective is, therefore, to continue the efforts required for an expansion of the knowledge economy through strengthening mechanisms between key stakeholders, as well as tapping on the specialised knowledge base that is already in place in the Province. Positively, the Province is now well marketed as an African tertiary institution destination. This helps to attract skilled individuals into KZN as well as new investment into the information, communication, and technology (ICT) sectors and research and development (R&D).

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<sup>6</sup> These are affected by issues of project funds possibly being insufficient for these to attract both, the right number and type of investors and of tenants. Infrastructure development issues are also a problem for a number of these hubs. These problems are similar to those established for other key new spatial projects and that are dealt with under Strategic Objective 1.3.

However, skilled South Africans in a number of key scientific sectors remain in short supply, causing important as well as growing wage differences between those that are skilled and those that are not. As such, the knowledge economy requires that the skills platform of KZN be enhanced, as discussed in the Human Resource Development part of the Strategy.

Below is the list of objective indicators to enhance the knowledge economy platform in KZN.

**Objective Indicators:**

- Contribution of Research & Development to GVA in KZN;
- Increase of GVA of all main products produced in KZN;
- Growth of existing research institutes and institutions (through existing indicators on number of staff, budgets, etc.);
- All planned technology hubs are operational.

To this end, the following five interventions are proposed to enhance the Knowledge Economy in KZN, namely;

- Evaluate the provincial system of innovation and identify where the province has currently a strong R&D platform or strong potential or prospect (e.g. some agricultural sub-sectors, traditional medicine);
- Establish mechanisms to further strengthen the partnerships between the relevant institutions (R&D) and the provincial system of innovation, particularly where there are new commercialisation of R&D prospects;
- Improve the funding model for the planned technology hubs where appropriate;
- Strengthen the marketing of KZN as an African Tertiary Education destination.

### 3.5. Strategic Goal 2: Human Resource Development

#### Goal Indicators

- The human resource capacity of the Province is adequate, relevant and responsive to growth and development needs;
- Gross enrolment and graduation rates for primary and secondary schools, TVET Colleges and higher education institutions;
- Adult literacy rate;
- The proportion of the unemployed who are unable to find employment or self-employment due to their not having the appropriate education and / or skills.

The acquisition of knowledge and skills needed by a robust and forward looking economy will take place throughout the value chain of the education and training system. For example, the basic education sector must feed the human resource chain to ensure good linkages between economic growth and people development. Basic education is one of the elements that contribute towards the distribution of opportunity, especially in unequal societies like South Africa. Access to opportunity works as a leverage for levelling the playing-field as it provides tools for social mobility.

Currently, challenges being experienced in basic education are evident as indicated by low ECD enrolments; poor performance in literacy and numeracy at primary school level, as well as persistent poor Grade 12 results. The issue of access to quality education in basic education is of critical importance. The disparities observed between education provision in rural areas and education in urban areas (including between urban settings) must be addressed.

Post-school education that accommodates those who have completed and those who have not completed the 12 years of schooling is the next necessary step to this opportunity giving continuum. The provision of post-school education to all young people in the Province cannot be seen as an option but an essential intervention. It is important that young people, once they leave school, are absorbed into, for example, TVET and CET colleges where they will be given a second chance education and their skills enhanced; learnerships and apprenticeships to learn job-related skills; and higher education in order to improve the knowledge-base of the Province. It is suggested that the Province must consider their contribution to the expansion of the physical facilities of both the TVET and CET colleges in order to accommodate the growing number of those who are Not in Education, Employment or Training (NEET). As much as the Province has numbers on the finger tips about enrolments in basic school education, it is equally important for the Province to have enrolments of its young citizens in all post-school institutions. The social mobility that post-school education will provide these groups should in turn translate into many benefits for the society, namely a political democracy where most individuals have a stake and also increased industrialisation with a more educated and skilled workforce.

Further challenges relate to the availability and spread of specific professions throughout the Province. A close analysis of how professions and skills link with gender in various parts of the Province is needed in order to establish the extent to which gains can be pronounced in setting gendered quotas for school enrolment.

The professional, managerial and political coordination within municipalities often poses challenges. Some of the challenges relate to continued provision of certain skills within certain employment terrains or sectors. This is not an issue in relation to sharpening skills at a higher level but there are still challenges in providing education and training for adults whether they are employed or not. This challenge also stretches to communities who have traditionally not had any education and training support for individuals and groups.

Therefore, the strategic goal related to human resource development within the PGDS highlights the need to look at the whole education continuum i.e. early childhood development, school education, artisan and technical skills, community education and training, and professional education rendered at University level. The linkages in relation to this continuum must be emphasised.

Strategic thinking must also be deployed towards incentives to attract professionals to different parts of the Province to support quality and equity issues. Nodal enhancement must be undertaken so that small towns are made attractive to potential professionals, so that rural schools, hospitals, municipalities and businesses are able to benefit from their quality expertise. Institutions of higher learning must be engaged in producing professionals ready for the social context of the Province. This means quality education related to the professional focus as well as social skills relevant to working with various communities in the Province.

The strategic objectives towards the goal of Human Resource Development are the following:

- Improve early childhood development, primary and secondary education
- Support skills alignment to economic growth
- Enhance youth and adult skills development and life-long learning

### ***Strategic Objective 2.1: Improve Early Childhood Development, Primary and Secondary Education***

Serious strategic intervention should be directed to the educational challenges of both the low quantitative gains in the educational achievement of the youth who finish school successfully and to articulate issues of the poor quality of education. These challenges must be tackled simultaneously because they are interrelated. Education is fundamental to the Province in relation to growth and development. The business as usual approach must be reviewed and specific challenges must receive direct attention. Interventions must be directed towards: the varying quality of education depending on the location of schools in rural areas, townships and urban areas; the challenges relating to the logistical provision of educational materials in the form of books and laboratory material; and inequitable access to remedial and specialised attention to learners with specific challenges.

Both community and family related aspects of life influence educational performance. Thus, under-resourced schools affect school performance. Services such as water, sanitation and electricity, must be provided to schools. The quality of teacher education must also be addressed directly and capacity development programmes for teachers who are currently employed must be designed. The quality of management and school governance must also be enhanced in order for schools to set targets and be able to achieve the best from their learners through local support and enhancement of learner effort.

The KZN HRD Strategy is in alignment with this objective. The HRD Strategy Pillar 1 refers to a sound foundation in education for all, giving children a flying start and has a comprehensive set of interventions and activities for enhancing achievement and success in education, supported by in-depth analysis.

The indicators reflect concern with decreasing performance at NSC level and with the inordinately low numbers of 0-4 year olds enrolled in ECD and related ECD provision. There is concern about the disparity in performance and provision depending on location / whether the school is in a well-resourced area or not, and strategic focus on a neglected area, that of provision for special needs and at risk children.

The strategic interventions identified seek to impact on provision and focus on educators, governance and logistical support for equipment and books. The area of vocational guidance has a focus as well because it is extremely under-provided for and has a bearing on skills alignment to economic growth, as recorded in the HRD Strategy, the aim is for “employment literacy to make sound choices about post school opportunities and successfully manage the challenges of the post school environment”.

**Objective Indicators:**

- Percentage of learners performing at the required levels in all grades in the Annual National Assessments;
- Percentage of NSC pass rate (70% across KZN should be the minimum requirement for the Province);
- Percentage of children in lower quintiles who succeed in primary and secondary school;
- Percentage of children with special needs (disability, giftedness) and “at risk” children whose needs are being adequately met by the education system;
- Provincial coverage of ECD provision.

The following are the intervention strategies, albeit not exhaustive, that are part of Early Childhood Development and Basic Education (Grades 1-12):

- Review and resource teacher education and capacity development programmes;
- Develop and implement schools water, sanitation and electricity programmes;
- Develop and implement programme to enhance logistical support to facilities (books and equipment);
- Improve school and educational district management;
- Support effective governance at schools and develop governance capacity;
- Performance management of educators;
- Counselling and career guidance to be provided in all schools.

***Strategic Objective 2.2: Support skills alignment to economic growth***

One of the key undertakings of the Province must be to identify the skills shortage and to work with different stakeholders to find solutions to the brain drain of critical skills in the Province. Each district within the Province must be made aware of its economic potential and identify short, medium and long-term advancement of optimal economic performance. The Province must also identify lead sectors in terms of employment so that district planning may link with these identified sectors in a bid to advance skills and penetrate economic opportunities. The educational continuum must support the identified strengths of the economy which must also be as area-specific as possible. Schools and providers of career counselling must, therefore, be equipped with all the information to guide children towards different professions and be acutely aware of the economic potential of the Province and its districts.

The KZN HRD Strategy Pillar 2 aligns to this strategic objective which aims to build the foundations for employment and entrepreneurship. The pillar of educational foundation for employment has 3 major components: general educational foundations for employment; formal education for employment

through TVETs, skills centres, apprenticeships, learnerships and higher education institutions; and workplace learning for employee development, thus the KZN HRD Strategy supports this objective comprehensively.

The institutions through which this objective lives are the severely compromised TVET sector colleges and the as yet, non-existent Community Education and Training Colleges. This objective (as does the HRD Strategy Pillar 2) relies on the approach of linking skills development with economic sectors. This is a frequently discussed topic but has proved difficult to pin down in terms of curricula, private-sector partnerships and accessible courses. The TVET Colleges are generally under-staffed, with educators who have no orientation to pedagogy and the colleges are ill-equipped even in terms of the practical subjects they offer. The indicator focusses on artisan training, not to deny the value of other types of training but because artisan skills across all economic sectors / technical fields are in short supply and because artisan training offers a route with diverse prospects and enables development of superior skills and knowledge bases compared to other short courses, skills programmes and learnerships.

The interventions have a similar focus.

### **Objective Indicators**

- Improved capacity in the Province for skills planning. The KZN HRD Strategy describes how this can be achieved;
- Improved performance of the provincial TVET and CET colleges. This indicator will measure a cluster of outcomes related to governance, curriculum and course development and capacity of the colleges;
- Number of artisans qualifying in scarce skills. The NDP mentions a target of 30 000 per annum. The quantum required per province varies, obviously, but for comparison KZN turns out a few 100 per annum.

The following are the intervention, albeit not exhaustive, that are part of skills alignment to economic growth:

- Develop skills plans for lead economic sectors per district municipality based on skills demand and implement in partnership with tertiary institutions;
- Re-vitalise the TVET sector and develop CET Colleges;
- Contribute to the expansion of the TVET and CET physical infrastructure in the Province. Contributing to the establishment of more campuses, preferably in each municipal district in order to increase access to skills development at all levels of post-school education by KZN young people;
- Rigorous collection of information on skills development in the Province;
- Skills development for the informal sector, township and rural economies focussing on enterprise education and technical skills.

### ***Strategic Objective 2.3: Enhance youth and adult skills development and life-long learning***

There is a critical urgency to deal with education challenges in the Province. Whilst a serious effort has been made in the years since democracy, there is relatively little demonstrable effect in empowering citizens to make them competitive in the globally competitive economy. Thus programmes need to be designed that simultaneously link people with the economy while skilling the unemployed youth - redundant in the current economy - with capabilities that they do not have. The new Community Education and Training (CET) colleges which are about to be established, are to replace the Adult Education and Training Centres. The new CET colleges will incorporate the Adult Education and Training curricula and will combine with skills centres and NGO programmes to form a college. This is envisaged to be rolled out per District municipality.

All the pillars of the KZN HRD Strategy support this objective. It is a most neglected field and will benefit from the attention afforded by the very focussed HRD Strategy.

This is an area that is not only neglected but is largely unknown, in a sense. How many people in the envisaged target group? How to cater for the range of youth and adults who have missed out on educational opportunity? What types of courses to offer – at what level and to what depth? How will these colleges be governed? The focus in this objective then is on supporting the organisational framework for streamlining HRD (as proposed in the HRD Strategy) and on information gathering to support the planning function and the monitoring which will be required.

#### **Objective Indicators:**

- Provincial coverage in the provision of Adult Education Training through centres that adhere to government norms and standards;
- Development and throughput of the CET College sector across the Province, disaggregated by types of courses studied;
- Number of education and training programmes prepared for delivery in community-based colleges.

The following are the proposed strategic interventions, albeit not exhaustive, towards youth skills development and life-long learning:

- Research and information on the size, needs, characteristics and location of the-out-of school youth to be served. Documentation of 4 – 24 year olds who are participating in education, training or work in any given time;
- Assessment and development of district based supply pipelines that are responsive to the needs of the geographic area;
- Preparation of district based HRD plans linked to IDPs;
- Contribute towards the availability of facilities for the provision of Community Education and Training Colleges;



- Support to Co-operatives, people manufacturing, trading or providing services in the informal economy and entrepreneurship activities at local levels.

### 3.3 Strategic Goal 3: Human and Community Development

**National Outcomes:** A long and healthy life for all people in KwaZulu-Natal: All people are and feel safe. Vibrant, equitable, sustainable rural communities contributing towards food security for all. Sustainable human settlements and improved quality of household life.

**Goal Indicators:**

- Life expectancy as a measure of the availability and quality of health services and related nutrition and social welfare programmes;
- Decrease in absolute poverty: (% of households below the national food poverty line);
- Gini co-efficient (measuring income and social inequality);
- % of households accommodated in formal dwellings;
- Crime rate. Total number of crimes measured as the number of crimes reported per 100 000 /population). Reduction in the rates of crime as a measure of effective policing and prosecution.

Human development and the development of community are central themes of the Province's strategy for growth and development. The development of community encompasses a wide range of the services and functions that support the manner in which people live and re-create social life and the PGDS recognises that social issues and social functioning have serious implications for infrastructure development, economic approaches, environmental and spatial planning issues. This goal area looks at social services such as welfare, health services, the means for establishing and maintaining livelihoods and the structures / settlements in which citizens live; the safety of citizens and the means to maintain and re-create bonds between people are pertinent here. The interventions in this goal area take place at a local level and all the other areas of the PGDS have implications for the way that community life is realised.

As with other goal areas, this area has to deal with the tangible and intangible legacies of deprivation and under-resourcing. An underlying theme is that of moving people from a mode of coping with poverty to a mode of empowerment – empowerment for self-sustenance. Underlying this is a need to transform the mind-set of asset entitlement whereby poverty eradication and social grants orientation is balanced with a mission towards socio-economic empowerment of citizens, coupled with the promotion of personal and community action. Qualitative and sustainable interventions have been proposed at community level – these require monitoring and evaluation mechanisms. As in other areas, political support is required for realising the objectives set out in this goal and the co-ordination of mandates across different levels and spheres of government. In delivering services there is need to prioritise under-served areas and the objectives require the co-ordination of effort amongst the social partners: community organisations, business and labour organisations in partnership with government. The overarching KZN initiative, described in the Poverty Eradication Master Plan sets an important framework for delivery: Integration and Coordination: calling for / mandating social

partners to act in concert, the technical facilitation of game changing interventions through a central point of co-ordination and harnessing the resource commitments of provincial and municipal resources and of course to co-ordinate resource commitments of social partners.

This goal has particular resonance with services for the vulnerable. The demographic and poverty profile of KZN make it necessary to have a strong net of social services and the concept of community development encompasses social as well as local economic / livelihood strategies. This goal area can only achieve its objectives with the parallel efforts of human resource development interventions – to bolster and further the individual’s participation in and contribution to community life.

Since the publication of the 2011 PGDS, the Province, frequently in concert with national organs, has further built on and developed programmes and interventions to deal with poverty, unemployment and inequality at local level. This goal area incorporates much of the thinking that informs the Poverty Eradication Master Plan, the Agricultural Radical Socio-Economic Transformation Model and the Social Cohesion, Migration and Community Integration projects and works in tandem with SMME and informal economy support measures. These studies and plans are leaned on in this goal area as they offer latest research, approaches and have been drawn up in multi-stakeholder forums.

Human and community development services depend largely on access to a variety of social, socio-economic and health infrastructure. Goal 4 of the PGDS deals with transport – accessibility and bulk infrastructure to ensure in the medium to long term that social and health facilities are accessible – within relatively easy reach of communities both urban and rural. This goal area calls for accessible, quality services and leaves the task of enumerating the various types of facilities to the PGD Plan.

The strategic objectives towards the goal of Human and Community Development are the following:

- Eradicate poverty and improve social welfare services;
- Enhance health of communities and citizens;
- Safeguard and enhance sustainable livelihoods and food security;
- Promote sustainable human settlements;
- Enhance safety and security;
- Advance social cohesion;
- Promote youth, gender and disability advocacy.

### ***Strategic Objective 3.1: Eradicate poverty and improve social welfare***

The definition of poverty used in the PEMP points to the type of interventions formulated: an “economic condition that hinders access to health, education, food, shelter and clothing as a consequence of lack of adequate income”. This objective has to do with social security and is mainly concerned with the strategy and interventions aimed at the poor and most vulnerable. These are people who are not able to support their own basic daily needs and the majority are in a crisis situation. The plan provides a safety net and stabilizes citizens for participation in higher level interventions.

The mainstay of the social welfare programme is the Social Grant System with attendant social protection / safety net measures targeting identified vulnerable households, progressively, across the Province.

Specific aspects of educational provision are being brought into the ambit of the Department of Social Development (DSD). Early Childhood Education is administered through the (DSD) and the massification of Early Childhood Education is called for i.e. developing community-based ECD Centres, practitioners and educators. The provision of counselling and vocational guidance services is also falling within the ambit of the DSD. Programmes to curb drug abuse and develop resilience against drug use are called for. With the demographic trend noting a future increase in the number of elderly people in the Province and noting that currently the majority of the elderly are not within the ambit of targeted government services (besides social grants), it is imperative to put in place programmes aimed at housing the elderly with the required medical care catered for.

An initiative within the PEMP offers a structured way of taking forward the development and institution of an integrated system for continuous assessment i.e. profiling of vulnerable households, linking them to a potential game changing intervention or project; progress by each beneficiary is recorded and tracked towards “migration” out of poverty: the development of a single registry to support this integrated approach.

The approach is to use existing structures and resources (such as DSD social workers, the DSD input / structures for ECD and extending the welfare services to include the elderly, those vulnerable to drug abuse *inter alia*.) Noting the breadth and depth of the services required, there is a specific call to involve the services of the non-governmental sector which are able to be responsive timeously because of their location within communities. This approach is supported in the PEMP through more formal agreements and the use of agencies and formalizing co-ordination with supply services, including building formal relations with the private and NGO sectors. The support of the NGO sector is dealt with in Strategic Objective 3.6.

**Objective Indicators:**

The aim in this objective is to achieve successful and thorough-going implementation of the various policy and service specifications that fall within the ambit of the Department of Social Development together with its social partners i.e. NGOs such as SANCA and the many early childhood development, health and care giving NGOs operating in the social sector. Social services on their own will not migrate people out of “the poverty trap” because the poverty line is a measure of income; this is more usefully measured as an overall goal indicator.

Success in achieving this objective must refer to the provision of services: the quality and spread of service provision breaching rural-urban divides and formal-informal settlements. The establishment and upgrading of social services still follows the apartheid legacy of superior provision in middle class areas.

Success in this objective depends on the identification of local municipalities and wards which carry the heaviest indicators of poverty and then programming for provision in these most vulnerable areas, progressively cascading services to other geographical areas of need. Hence the following indicators are proposed:

- Community and Ward Based Plans for the identified, most poverty stricken municipalities;
- Number of people migrated from the poverty trap based on locally identified variables of poverty.

It is noted that the Department of Social Development (DSD) has a range of policy and service specifications for provision of services which are traditionally seen as welfare services covering foster care and child protection services, care of the elderly, victims of violence and abuse being the chief amongst these. It is further noted that ECD falls to this department and with the Province’s requirement for 100% coverage, the DSD systems, procedures and resources need to be up-scaled greatly. It is also noted that there are no specific procedures for homeless children – an increasing challenge which may not only be solved through foster-care provisions. The indicator in Goal 3 to do with ECD provision will measure this aspect.

Interventions, albeit not exhaustive, include:

- Accelerate the roll-out of the Poverty Eradication Master Plan and Sukuma Sakhe (on which the PEMP builds) and related social welfare programmes – including facilities and services for the elderly, for drug addicted individuals, for indigent households and for victims of abuse;
- Implement a comprehensive social welfare system. This refers to the services traditionally within the ambit of social welfare services – the imperative here is to expand social services progressively to people in all areas, urban and rural, formal and informal settlements;
- Achieve universal coverage in ECD for children from 0 to 4 years through the ECD Educator Development, ECD Practitioner Development and ECD Centre Development projects; recognising

the potential for income generation and job creation. Ensure that the DSD, its' systems and professional staff are upskilled and develop capacity to extend their roles to systematically address the massification of ECD;

- Eliminate corruption and fraud in the Social Grant System;
- Develop a responsive Integrated System for Continuous Assessment necessary to measure migration out of poverty and to track the range of services delivered in the integrated approach to poverty eradication;
- Extend the reach of the State by collaborating with NGOs with proven track records, not only for service delivery, but also for training of trainers / practitioners, and for implementation models.

### *Strategic Objective 3.2: Enhance the health of communities and citizens*

Enhancing healthy communities and citizens in KZN society necessitates the development of a comprehensive primary health care programme that is premised on a proactive approach and with the capacity to deal with both prevention and cure of diseases. A comprehensive health care approach would entail scoping of local and institutional capacity to enhance health for communities. Partnerships between community health practitioners, the rationalisation of health care facilities as provided by government, as well as nutritional, physical and spiritual wellness, are all elements of health for communities. This entails partnerships with traditional healers, faith organisations, sports development practitioners and recreation as well as health care facilities. These practitioners are important not only in dealing with health in terms of restoration of ill-health to wellness, but in keeping human beings healthy. The Province thus has to scope the extent to which the citizenry is catered for in terms of management of disease, maintaining good health, management of chronic diseases and epidemics, as well as provision of integrating special facilities for the disabled within the primary provision.

KwaZulu-Natal already has negative trends in relation to substance abuse, debilitated families (as exemplified in the growing phenomenon of street children and teenage pregnancies), as well as the adverse impact of HIV and AIDS. This requires measures to reverse adverse trends in relation to HIV and AIDS, maternal and child mortality as well as impacts of substance abuse.

There is a need to deal with health in KZN through improved access to facilities, reversing negative trends, encouraging citizens to take a proactive approach to health, and affording the citizens quality health care through affordable quality of care. Affirmative attention to quality of facilities and quality of professionals needs to be directed to rural areas and informal settlements in particular. The issue of quantity and quality of professionals as well as the provision of facilities and the operation and maintenance of facilities is paramount in providing for this objective.

Access to health care also includes the issue of medical cover for universal access to health care. From national level there is the implementation of a KZN pilot developing systems to inform the rollout of the National Health Insurance scheme for universal access. The structures within KZN Department of Health and other stakeholders are in collaboration and this forms part of the interventions in the health sector.

Goal 4 of the KZN PGD Strategy deals with provision of infrastructure regarding bulk utilities (water, energy) and accessibility (roads, rail and multi-modal transport) which caters for the issue of citizens being able to reach health facilities. The provision of health facilities on the ground must be seen as a PGD Planning issue and the enumeration of facilities planned for and provided must be targeted and monitored through the PGDP process. The interventions of Goal 7: Spatial Equity deal with the broader placement of facilities in towns, villages and the smaller units of urban areas.

#### Objective Indicators:

The success of a health system must be evident in the numbers of people that live longer (longevity or life expectancy) and this is an overall indicator of Goal 3 as all the interventions of health, poverty eradication, safety and security, the provision of sustainable human settlements will all contribute to longevity of KZN citizens.

Success will only be achieved if all citizens are able to reach health care facilities – the issue of accessibility.

At this level: achieving the strategic objective of enhancing health of communities and citizens, the success of the health sector will be evident in the following:

- Percentage of people living within an internationally acceptable radius of a fully functional healthcare facility throughout the province;
- Number of deaths attributable to preventable and treatable diseases;
- Infant mortality rate (per 1000 live birth);
- Under 5 mortality rate (per 100 live birth);
- % of the population with medical cover (private and public) per annum.

Interventions, albeit not exhaustive, include:

- Implementation of Comprehensive Primary Health Care (includes nutrition programmes, technology, equity, address disease burden, address child and maternal mortality) in facilities across the Province, particularly in under-resourced areas;
- Establish School Health Nurses - Mobile clinics. Specific reference is made to Phila Mntwana and Community Care Givers (CCG) towards 100% ward coverage;
- Accelerate HIV and AIDS intervention programmes;
- Promote physical and mental health programmes, including attention to substance abuse.
- Implement lessons from the provincial pilot project to develop systems to inform the rollout of the National Health Insurance for universal access to health care;
- Collaborate with all stakeholders to increase access to medical cover in the Province.

### ***Strategic Objective 3.3: Safeguard and enhance sustainable livelihoods and food security***

The concept of *sustainable livelihoods* is critical in promoting individual and community empowerment for self-sustenance and includes food production along with other consumables and services. This approach includes the identification of individual and community needs, and enables individuals and groups (co-operatives, micro and small businesses) to fulfil those needs through selling products or services either for gain or on a non-profit basis (social enterprises) as the case may be. State-promoted business development assumes that various organs of state create an enabling environment for the kick-start of such enterprises, together with appropriate inputs from various sources to enable people to act on and in their environments, to produce results for their own livelihoods. The identification of household and community needs, to which entrepreneurs respond, leads to production / income generating activities underpinned by a range of technical and business skills training for those activities. The framework would encompass the physical capital (infrastructure, equipment) required, the human capital (individual and group skills) required, the financial capital (savings clubs, financial support mechanisms) available and extend to the social capital (partnerships, institutions, trade and barter networks) required to make the production / income generation activities possible. All this is done within the conservation of natural capital (environmental considerations). This is the approach recommended for the assurance of food security at the level of households and communities.

Food security as a specific objective within the Province will require coordinated effort. The informal economy requires support in so far as this strengthens food security through local production and smaller scale commercial ventures. There is a need to identify community-based assets and establish support for use of these assets in order to promote sustainable linkages i.e. trade between producers and consumers at local level.

A big portion of the provincial population is currently in rural and traditional areas with predominantly informal socio-economic relations in many areas of their daily lives. However, the larger proportion of KZN's poor and marginalised citizens are in urban townships and informal settlements. This socio-demographic reality is a background to a number of human and community development challenges faced by the Province, especially in planning and coordinating interventions that aim to achieve spatial equity in access to development infrastructure, goods and services by all people in the Province.

The informal sector plays a critical role in the livelihood of many people in urban, rural and traditional areas. The informal economic and social sectors are terrains that many people in rural and traditional areas are accustomed to. These sectors therefore serve a consensus entry point for addressing complex and cross-cutting development challenges, including household livelihood and food security, gender equity, environmental sustainability, women's empowerment, family resilience, community solidarity and social cohesion.

The above are supported by the KZN Poverty Eradication Master Plan which provides a focus for the production of a range of specific commodities and provides guidance on the achievement of these sustainable livelihood goals. Generally these interventions rely on access to land which then applies to people living in rural and peri-urban communities. These will not be seen as narrowly definitive because



environmental conditions differ from area to area and community needs are broader than the PEMP focus areas. A number of these are referred to below to indicate the range of interventions which make up this area of sustainable livelihoods.

The National Schools Nutrition Programme has been well taken up in the Province and it needs expansion. The Fetsa Tlala Integrated Food Production Initiative, initiated at national level in concert with a range of roleplayers provides a framework of activities, institutional arrangements and resourcing mechanisms aimed at ensuring food security. This is to be achieved through increasing hectares of land under cultivation and feeding into formal and informal markets, including the Schools Nutrition Programme. KwaZulu-Natal is expected to achieve the food production hectares of 80 000 Ha on communal land and 120 000 Ha on commercial land under the framework.

The assets of emerging farmers and those based on Land Reform projects will be enhanced through a reworking of the current mechanization program. Included is the promotion of egg-layers and broilers and a wide range of grains, legumes, fruit and vegetables. Household production units and larger formations of co-operatives form part of the implementing network. Led by the DAFF, it will rely on the co-ordinated efforts of DRDLR, DWS, DTI, DSD, DPW, NT and PDAs.

Included in the above programme are plans for the commercialisation of livestock in communal land, the revitalisation of land reform farms, the promotion of agriculture cooperatives, an agribusiness youth empowerment programme, the establishment of small scale processing facilities and milling stations (e.g. essential oils, maize), a commercial farmer programme, attention to irrigation and water availability (cross reference this to the interventions and indicators on quaternary catchment areas in Goal 5) and research and technology development encompassing horticulture, soil fertility, livestock farming methods, analytical services, farm systems and research.

Rural tourism initiatives are also encouraged with a range of activities to stimulate this sector on a localised level.

Achieving sustainable livelihoods and food security in under-resourced, marginalised urban settings still follows the general approach of identifying needs and creating an enabling environment for producers / business-people (whether formal or informal) to supply those needs, in other words, support for SMME development. There are many models for the provision of this support and cross-linkages between government departments to create enabling environments are required. Importantly as well, as in the development of rural towns, land-use planning and area-based plans are vital for orderly atmospheres, conducive for the ease of consumer and business owner. This goal area is thus cross referenced to that of goal 4 on Strategic Infrastructure, to Goal 7 on Spatial Equity and importantly to Goal 1 on Inclusive economic growth.

The activities taken up by a particular community / in a particular area will depend on the competitive advantages of that area and the community needs identified. The PEMP and the DSD work stream focusing on sustainable livelihoods, relies on drawing in a range of supporting departments and mobilising resources (material and intellectual) across a range of social partners. This is potentially a massive task which will bear sustainable and admirable results. The challenge is to kick-start these initiatives in a planned, sustainable fashion within good governance guidelines.

**Objective Indicators:**

The aim in this strategic objective is to enable people to earn a living in their communities, “a living” capable of providing for family needs, of which food security forms part. The achievement of this objective depends on a range of factors, including government support in creating an enabling environment and individual effort to learn and produce. Progressively over time, there should be a reduction in the number of food insecure households and the following measures gauge this:

- Dietary diversity Index (%of households consuming fewer than the 15 major food categories in the previous month.);
- Hunger episodes (the incidence of a household member gone hungry at least sometimes in the preceding 12 months and refers to a percentage of households).

The number of local municipalities supported to develop informal economy policies and provide support to the informal sector and agribusiness / production sector are important to measure the reach of such programmes. These are for operationalising the PEMP and related township revitalisation measures and fall to the PGD Planning process to enumerate. The increase in SMME operations is catered for in Goal 1 of the PGDP, while Goal 7 provides for inclusive land-use management and area-based planning and Goal 2 provides for the human resource development component in terms of skills development for economic development and for community development.

***Interventions:***

- Implement the provisions laid out in the KZN Poverty Eradication Master Plan. This includes the development of facilities for local markets, production / processing facilities and retail facilities including appropriate storage and logistics measures;
- Provide a progressive regulatory framework within which municipalities can provide support to the informal economy in both rural and urban areas;
- Implement the provisions of Goal 2 to provide for skills development aligned to local economies to support local food production and provision of consumer services;
- Expedite the roll-out of the National Schools Nutrition Programme;
- The Integrated system for continuous assessment of poverty, malnutrition and hunger and to measure migration out of the poverty trap, targeting the most marginalised urban and rural communities.

### *Strategic Objective 3.4: Promote sustainable Human Settlements*

The provision of housing has previously dominated the approach to human settlements in the Province, as in South Africa in general. Whilst the provision of a house remains an important part of human settlements it is now common cause that liveable human settlements require integrated planning that involves: designing a safe and sustainable living environment, infrastructure that allows and enables economic activity, delivery of services and social facilities as well as ongoing maintenance capacity. It is also expected that equitable human settlement refers to developments in both urban and rural settings that address the poverty traps that were created in the location of settlements in the past. This has not been an easy ideal to achieve given the historical issues related to land availability and the slow progress, almost a stalemate, on land reform in the Province.

There has been progress in the way human settlements are conceptualised: the delivery of housing has been augmented with building standards that support energy efficient design, there is wider acceptance that living spaces are an asset and that environment has an impact on social and economic investment; yet the Province is hampered by slow progress with suitable tenure arrangements that would promote sustainable settlements, as well as the delivery of adequate services throughout the province. Delivery in this strategic objective, therefore, also links directly to Infrastructure development (Goal 4) as well as Spatial Equity (Goal 7).

Provision of decent housing in the urban setting has taken the mode of in-situ upgrading as well as provision of new sites. However, there are land-related constraints relating to tenure, as well as suitability of sites for safe, sustainable and efficient development. The Province must ensure that housing programmes address the needs of all KZN citizens, ensuring a mixed approach in terms of tenure and products in support of the National focus on mega-projects and incorporating the Integrated Development Housing Programme.

Besides urban initiatives there are challenges related to provision of human settlements with all the elements of sustainability in rural areas. The spatial integration, and where possible, densification of human settlements is recommended to enable equitable provision of basic water, sanitation and electricity. The Inkululekho model that has been applied also demonstrates the possibility of creating sustainable settlements in rural areas, but also points to the need to develop a spatial human settlements master plan for the Province. Access to social facilities such as schools and clinics as well as provision of road linkages to markets and other economic activities must begin to inform the manner in which human settlements are designed in the near future, considering also the impact of catalytic projects in the broader development context. Thus stakeholders involved in land allocation, establishment of social facilities and designing human settlements must together implement polycentric planning in order to achieve sustainable livelihoods and sustainable human settlements.

Considering the complexity of issues, the variety of stakeholders and governance matters and considering the modern approaches to settlement design, the strategic approach required at this point is for the Province to undertake a comprehensive review of the KZN Human Settlements Strategy incorporating the key focus areas of informal settlements upgrade, social housing and a comprehensive rural settlement policy. There are various aspects to this review: the development of a spatial human settlement plan for the Province, informed by the PGDS as well as an Integrated Rural Human Settlement Development Strategy.

The requirements for integrated planning / polycentric planning require co-ordination across various departments, in conjunction with municipalities, and it is imperative for private sector partnerships to be developed. With this being one of the main areas for delivery in the Province, the establishment of a joint provincial forum addressing integrated development planning is important as a strategic means to take forward the issue of housing delivery.

The Province's success in the area of human settlement delivery will be seen by the percentage of households living in formal dwellings in integrated, sustainable settlements, across rural and urban areas, using a mixed approach in terms of tenure and products available.

As the issue of integrated development is yet to become standard practice, the Province should at this stage consider it strategic to monitor the extent / number of integrated developments across the Province, again applying this to rural and urban areas.

The issue of having a home with a registrable form of tenure is a strategic consideration at this point: it recognizes that a site has value which can be leveraged for further development. This aspect is important for building state and private sector partnerships.

**Objective indicators:**

- Percentage of households living in formal dwellings per district;
- The number and extent of integrated developments across the Province;
- Percentage households with a registrable form of tenure.

Indicators on services, backlog and budget spent are seen as issues for PGD Planning and monitoring.

***Interventions***

- Undertake a comprehensive review of the KZN Human Settlements Strategy incorporating the key focus areas of informal settlements upgrade, social housing and a comprehensive rural settlement policy. This will ensure housing programmes that address the needs of all KZN citizens and that lays the ground for a mixed approach in terms of tenure and products available;
- Establish a joint provincial forum addressing human settlements to ensure coordinated and integrated development planning and implementation;
- Implement polycentric nodal development in line with the Provincial Spatial Economic Development Strategy (PSEDS) to achieve sustainable livelihoods.

Specific provisions around integrated planning, spatial planning and types of settlement schemes (social housing, gap market, densification and greening of settlements) will flow from the review and implementation of the reviewed KZN Human Settlements Strategy.

### ***Strategic Objective 3.5: Enhance safety and security***

Communities and individuals in KwaZulu-Natal face a broad and diverse range of safety and security challenges. These range from violent crime such as assault, robbery, burglary, hijacking, to commercial crime which includes white collar crime and cybercrime to fraud, from theft of non-ferrous metals through to corruption. The perception of increased gender-based violence and child abuse reported through NGOs is cause for alarm. Contributing to safety and security challenges are matters related to transport conflicts, violent service delivery protests, intra/inter political violence and inter-group violence.

The underlying causes of these challenges are equally diverse and complex. High levels of inequality, poverty, unemployment, social marginalisation and exclusion contribute, as well as an overloaded justice system, and a police force with varying levels of training and competence. As a whole, the criminal justice system is unable to respond adequately. A sub-culture of violence and criminality has developed and vulnerable groups including women, children, the elderly and the disabled are increasingly its most powerless victims. Road safety and traffic accident fatalities have become a serious concern with the loss of productive citizens and the economic consequences.

Issues which also need attention are the public perception and lack of confidence in law enforcement agencies and the low level of satisfaction with police and policing systems (*Statistics South Africa, Victims of Crime Survey, 2014/2015* and *Citizens Satisfaction Survey 2015*). The data indicates an increase in the level of fear among residents of KZN concerning basic normal activities, especially among children. For instance, fear of going to open places and parks, allowing children to play outside alone, and walking to school and shops, has increased since 2011.

Addressing these issues requires a range of skills and resources, drawn from a broad range of stakeholders within a variety of government departments, traditional leadership, civil society bodies, and business. It requires effective partnerships and considerable effort to integrate and coordinate a coherent approach.

The mandate of the Department of Community Safety and Liaison (DCSL) does not bear directly on the SA Police Services, however, the DCSL's supplementary liaison and supportive role does contribute to making the functioning of the police services effective and efficient. The mandate of DCSL focusses on partnership building, ensuring civilian oversight, evaluation of police stations and addressing complaints against police.

Considering the mandate of DCSL and the issues identified, the Province will know of its' success in this objective only by seeing a decrease in the number of crimes committed, reported and prosecuted. These issues seem to fall outside of the ambit of the DCSL, however, the strategic analysis and consultations showed that procedures at police stations have great impact on the reporting and prosecution of crimes. The DCSL can directly intervene in matters contributing to efficiency and effectiveness at this level.

Further, KZN needs to ensure that survivors of gender-based violence and abused children have access to justice and integrated, responsive and appropriately supported response mechanisms such as access to places of safety such as shelters, health care facilities, counselling and legal advice. Victim Empowerment Programmes, as advocated by the Commission for Gender Equality, provide models for the establishment and maintenance of these programmes. The relevant departments should establish appropriate collaboration, referral and statistics gathering mechanisms to ensure integrated services for survivors of child and gender-based violence.

There is recognition within the Department of Community Safety and Liaison that other agencies including the Departments of Justice, Correctional Services, Social Development, Health, Human Settlements, COGTA, local government structures, civil society organisations, Community Crime Prevention Associations (CCPAs) and business should all co-operate to try and address the social causes of crime.

Community safety and security requires a multi-stakeholder and multi-faceted approach that balances an orientation towards advocacy and punitive enforcement. Community policing as a philosophy of crime prevention has proven to be effective where Community Police Forums are effectively functioning. Partnership or collaboration with other organisations becomes important in dealing with safety and security related issues.

#### Objective Indicators:

The overall indicator of success in terms of safety and security is a reduction in the crime rate – and this is set as an overall goal indicator for Goal 3.

Considering that community policing as a philosophy of crime prevention has proven to be effective where Community Police Forums (CPF's) are effectively functioning, success in this area must be measured by the extent / coverage of functioning CPF's. Ward level may be too small a unit for this and local municipalities are too large a unit. This indicator must be developed in conjunction with spatial experts, municipalities and COGTA because it has to do with geographical location.

Victim Empowerment Programmes are crucial as a response to the rising gender-based violence and abuse of children. Such programmes affect police station performance, educate the police and justice services as well as provide safety to citizens. The evidence that these programmes are operating will indicate success in this aspect.

- Total number of crimes measured as the number of crimes reported per 100 000 /population);
- Number of gender-based violent crimes and crimes against children per annum;
- Evidence that Victim Empowerment Programmes have been instituted progressively across the Province;
- Number and / or spread of functional Community Policing Forums.

Interventions, albeit not exhaustive, include:

- Develop a Consolidated Crime Prevention and Crime Combating Strategy for Province;
- Develop a consolidated Road Safety Strategy for the Province;
- Institute Victim Empowerment Programmes across the Province. DSD in KZN has developed a draft Victim Empowerment Programme (VEP) implementation plan;
- Establish and strengthen Community Policing Forums across the Province. These partnerships between civil society, business and criminal justice system at local level can work in tandem with Victim Empowerment Programmes. The DCSL must take the lead role in promoting their effective functioning across urban-rural, formal and informal settlements including business and commercial districts.

### *Strategic Objective 3.6: Advance social cohesion and social capital*

Ideas of social capital and social cohesion are seen as inter-related concepts, as expressed in the KZN PGDS. Social cohesion can be described as the glue that holds society together and social capital refers to the individual sacrifices of time, effort and consumption made in an effort to co-operate with others. Other elements of the idea of social cohesion expressed, for example, through conferences in KZN and SA generally, link culture, religion and the idea of morality / moral regeneration into the broad concept of social cohesion. These issues are often raised in response or reaction to the violence which seems endemic in our society: child and women abuse, the erosion of family and community structures, gang-warfare, and criminality. Issues of racism in social interactions also point to a lack of social cohesion.

Studies on Migration and Community Integration (KZN, October 2015) also raise issues around social cohesion. The report notes that the lack of integration applies to foreign nationals as well as South Africans born outside of the Province and notes that institutional and structural causes of the violence against foreign nationals are amplified and underpinned by socially rooted issues inter-alia stereotypes, misperceptions and a lack of dialogue and understanding amongst various communities. The underlying causes of social discord include high levels of poverty and unemployment, intermittent service delivery and inequitable access to basic resources which are, to some extent, the unresolved challenges of the social engineering that defined apartheid in South Africa. Relative socio-economic deprivation, heightened competition for employment and social services, widespread perceptions of impunity for criminals and a systematic lack of dialogue have further impeded cohesive and constructive relationships.

The term social capital is usually understood to refer to a composite of three factors in a society: its' institutions, the relationships between people and their institutions and norms that govern the behaviour and thus the quality and quantity of a society's social interactions. An increasing body of

evidence has demonstrated that social capital is a crucial factor underpinning community productivity and wellbeing. Commentators note that there is a horizontal and vertical dimension to social capital, the horizontal referring to interactions within a particular community or grouping and the vertical through interconnecting or bridging interactions and institutions. It is also noted that, without the vertical dimension, social interactions can degenerate into parochialism and community conservatism and that important vertically transmitted information such, for example, as the availability of jobs, may not be accessed by a community. In KZN, with its extremely high levels of inequality between different communities, the simultaneous promotion of both the horizontal and vertical dimensions to social capital is essential.

Furthering the social cohesion project (and the related social capital which results from communities acting in constructively in concert) requires the continuation of programmes directed at dealing with challenges identified within specific areas and sectors in social relationships. The work of statutory bodies such as the South African Human Rights Commission, the Public Protector and the Commission of Culture, Language and Religion, which tends to be dominated by a complaints approach, needs to be broadened. The Province needs to continue with its efforts on social cohesion as has been done in previous programmes on African Renaissance and Ubuntu.

A proactive approach will entail making arts and culture not only an events-based leisure sector but cultivating it as an industry worth investment and linked to economic gain. Poverty and crime seem to be related and as poverty still ravages in mainly the black communities and has been racialised, the association of blackness and criminality has been a challenge, despite the fallacy of this association.

At the most basic level, the Province will know if it is succeeding in its **social cohesion** aims if there is a reduction in all the categories of crime and violence referred to by the SAPS, including reference to racist incidents and utterances which become public. Intangible evidence, such as members of different race and cultural groups mixing more freely and more frequently would also be an indication of increased social cohesion, however, this is difficult to measure objectively. In addition it is proposed that the KZN Citizen Satisfaction Survey and related tools will also provide a measure of social cohesion.

The World Bank notes that **social capital** is difficult to measure, both quantitatively and qualitatively. In KZN, given its diversity, further work will be necessary to develop a refined set of indicators of positive social capital. However, in order to bring the issue into strategic focus, this strategic objective aims for the following outcome: the institutions, partnerships and networks amongst the poor are expanded and strengthened and refers in this instance to the social partners, viz. community-level organisations and NGOs which partner with government in delivering services. It proposes to measure the number of organisations which are active in the social, health, sports and recreation fields – as measured through the participating departments: Social Development (DSD), Health, Arts & Culture and Sports and Recreation. The aim is to enable and facilitate delivery of services – addressing a wide range of tangible services such as health and welfare but which also address the intangibles which arise through sports and forms of artistic expression.



During the consultation process of the revision of the PGDS, the idea of a Social Development Council was raised from various quarters (the Commission for Gender Equality, organisations at the Human and Community Development consultation workshop and during the consultations on Governance). It was raised in response to challenges faced by the NGO sector as a whole, such as the lack of organisation, coherence and standard setting, which impacts on the ability of government to implement the quantity and pace of service delivery required.

**Objective Indicators:**

- % of adult population satisfied with government services in the Province (biannually). The assumption being that scarce resources underlies much of the observed social discord;
- Number and extent of community level organisations (NGOs) active in participating in government department programmes, with active registration status, as brought together through and represented in the proposed Social Development Council.

### ***Interventions***

The report and ensuing proposed Social Cohesion Implementation Plan drawn up by the Special Reference Group on Migration and Community Integration KZN is a useful reference as it locates the challenges and solutions across all citizens of KZN. It contains a range of interventions spanning local economic development, provision of bulk infrastructure and integrated human settlements (as expressed in the PGDS Goals 3, 4, and 7), peace education, citizen education and trauma healing dialogues as well as administrative and awareness-raising interventions on the procedures relevant to migrants. It, thus, provides a lead-in to the following interventions:

- Plan for and form a Social Development Council at Provincial level to systematically build social capital and work for social cohesion;
- Formalise and implement a social cohesion strategy for the Province (to cover responsible citizenry, moral regeneration, ethics at work etc);
- Develop and implement programmes that provide norms and behaviour that create an enabling environment for the NGO sector;
- Develop industry-orientated arts, culture and sports programmes.

### ***Strategic Objective 3.7: Promote youth, gender and disability advocacy and the advancement of women.***

This objective focusses on advocacy and recognises the central role played by “champions” and “advocates” in responding to and improving the position of vulnerable people and vulnerable groups, especially in a situation such as in KZN / South Africa where the complexity and multiplicity of needs complicates the delivery of services, given the competition for state and private-sector resources. Vulnerability is defined slightly differently depending on the context in which it is used, however, the common themes, which are relied on in this objective, are around the following: Vulnerability is the degree to which a population, individual or organisation is unable to participate, cope with and recover from social and environmental impacts. The term generally covers children, especially orphaned children, pregnant women, elderly people, people who are disabled or differently-abled. Poverty, and its consequences such as malnutrition, homelessness, poor housing and destitution, is a major contributor to vulnerability. In the current context youth are seen as vulnerable especially when poverty and lack of access to skills training and higher education intersect. Women are not seen as a vulnerable group, however, women are over-represented where poverty measures, measures of unemployment, and where gender-based violence statistics intersect.

Advocacy is a process of supporting and enabling people to express their views and concerns, access information and services, defend and promote their rights and responsibilities. It is an activity by an individual or group which aims to influence decisions within political, economic and social systems and institutions. It involves speaking, writing and acting with minimal conflict of interest on behalf of particular vulnerable groups.

The PGD Strategy aims to produce conditions in KZN society which can generally be described as a prosperous society. The PGD Plan sets out the activities for achieving this prosperity and sets in place planning and monitoring mechanisms. The Strategy and its’ attendant plans are structured so that rural development, the participation of youth and the participation of women are worked into the delivery models of these strategic plans. This strategic objective recognises that planning and delivery in complex scenarios such as exist in KZN may result in insufficient attention being paid to actually achieving the principle of inclusivity. Even where inclusivity is planned for, it is frequently not achieved because vulnerable groups are sometimes rendered invisible or difficult to reach.

This objective adds a component which is about “giving voice” and should operate in support of all other interventions. It is envisaged that advocacy and “championing” will happen through government structures, through the NGO sector and through the organisations of labour and the private sector. It is tied to the achievement of all the other goals and objectives and in particular this objective seeks to see socio-economic empowerment. Working from the premise that if an activity is not measured, it most likely will not be undertaken and improved systematically. This objective seeks to advocate for and measure the participation of the vulnerable and of women in the plans and programmes of the Province, noting that the issue of data collection is one in which the Province is increasingly developing expertise and even while data-collection and monitoring systems are improving, the participation of particular groups needs to be advocated for and monitored.

The work of this objective could be co-ordinated through the proposed Social Development Council in concert with other Action Work groups and the Nerve Centre.

**Objective Indicators:**

- Proportional percentage of youth, in all spheres of socio-economic opportunities;
- Proportional percentage of women in all spheres of socio-economic opportunities;
- Proportional percentage of people with disability in all spheres of socio-economic opportunities.

**Interventions include:**

- Develop programmes to track social and economic development among the youth;
- Develop programme to track the socio-economic empowerment of women in both rural/traditional and urban areas;
- Develop programme for tracking social and economic advancement of people with disabilities.

### 3.4 Strategic Goal 4: Strategic Infrastructure

**National Outcome 6: An efficient, competitive and responsive economic Infrastructure network**

This Strategic Goal is aligned to the National Outcome 6 which focuses on maintaining and building an efficient and effective infrastructure network.

**GOAL INDICATOR:**

Equitable distribution of capital infrastructure to ensure sustainable supply and improved quality of life

Many studies confirm that infrastructure development is the foundation for poverty reduction and economic growth in developing countries. As KZN is *en route* to greater socio-economic growth, there are many unfulfilled needs in the provision of services and infrastructure. The long-term success and participation in the global market by the Province of KwaZulu-Natal will be in its ability to maintain good governance, to continue to provide services and improve its transport and logistics infrastructure.

Historic under-investment in basic infrastructure (roads, transportation, water provision, sanitation etc) has undermined the growth potential of KZN. In line with national government policy, public-sector investment in infrastructure is seen as key to building the overall levels of investment in fixed assets, which is central to achieving growth and development targets. The need is therefore to invest in infrastructure in order to stimulate and sustain growth and development and this includes both operational infrastructure (water, sanitation, roads etc) and connectivity (information technology, mobility) infrastructure.

The challenges presented in the infrastructure sector pose also as economic opportunities for innovation that could lead to new job-creating value chains in sectors such as waste recycling, renewable energy, and information technology amongst other sectors.

Transport, logistics and communication are important components of the services sector, and the Province already enjoys considerable comparative advantages in this regard. A major priority for the Province therefore is to build on this comparative advantage by further investment towards positioning KwaZulu-Natal as the trade entrance into the continent. This requires further investments in building a modern infrastructure, particularly transportation and logistics that reduces business costs, enhances competitiveness and creates employment for firms.

As the world undergoes rapid urbanisation and greater numbers of people in developing countries move to the cities, the need to improve basic services and infrastructure such as drinking water, waste disposal, transportation infrastructure and access to electricity has reached a critical point. Infrastructure development is the foundation for economic growth and poverty reduction and the strategic objectives proposed herein will assist in laying that foundation.

### *Strategic Objective 4.1. Development of seaports and airports*

The two harbour ports of the Province, Durban and Richards Bay continue to be key infrastructure investment for the Province. The Dube Trade port as well as the King Shaka International Airport, have contributed to the international logistics and connectivity competitive advantage of the Province. The world class road and rail connectivity also enhances the province's logistic statue, both nationally and internationally.

Transnet has ambitious plans for expansion of both the provinces harbors', with anticipated expenditure within the next seven years to be R 9.8 billion for the Durban port and R2,9 billion for Richards Bay.

The financial injection into the Durban port is for the expansion of the Durban container volumes which are currently at 3,7 million TEU and forecasted by 2043 to be around 8,8 million TEU's. Vehicle handling is currently around 380 000 vehicles and this is forecast to grow to 720 000 vehicles by 2043. There is also forecasted increase in volumes of liquid bulk products and coal exports. The Durban port expansion also included the Durban Dig-out Port which had the Pier 1 Phase 2 Salisbury Island Infill and Pier 2 Berth Deepening as a part of the Durban Port expansion. The value of the investment is in excess of R20 billion. Recent announcements by the Transnet Port Authority, to put a hold on this expansion project, have raised concerns around the funding capacity of the parastatal to implement such projects. As discussed previously and elsewhere in the document the Province will have to develop a new infrastructure funding model.

The Richards Bay port handles currently around 40% of total port demand in South Africa which equates to about 98 million tons of cargo per year. In the next 30 years this is seen to grow to 189 million tons of cargo per year. The increase is anticipated largely in coal exports and dry bulk cargo handling.

During this review the Dube Trade Port has already seen several key infrastructure projects being developed. Phase 2 of the 30 year plan is already under construction and significant government funding is forecast over the next several years.

It is evident that with the anticipated expansion of the two harbours and the Dube Trade Port, this will provide a base of a transportation and freight logistics complex which will provide an effective platform for forging trade linkages between provinces within the country, with neighbouring states and the rest of the world (particularly the Asian and South American sub- continents), offering the Province considerable investment spin-offs and opportunities. KZN's competitive edge is thus greatly enhanced and the rollout of these developments must proceed.

The KZN Airport Strategy developed in 2014 as a consequence of the 2011 PGDS and adopted by the KZN Execxutive Council argues for the provincial wide connectivity of the regional airports in KZN to the central hub airport of the KSIA. The rationale for such a strategy and the subsequent development of several regional airports is both for disaster management exercises as well as for potential economic benefits for regional cargo transfer.

Two regional airports currently being developed are in Msunduzi and in Ladysmith. These projects have a capital value of about R2 million and the KZN Government anticipates invest further in the development of other regional airports.

KSIA is the major airport in the province and regarded as the third busiest airport in South Africa. It continues to expand its passenger and cargo terminal and in the 2015-2016 period is had recorded a total of 4.93 million passengers with 288, 188 being international passengers.

The optimization of the KSIA as well as the regional airports therefore remains the strategic objective and the expansion of these airports has the potential to increase regional accessibility and improve logistics in the province.

The interventions proposed seek to optimise existing infrastructure but more importantly, to build on KZN's competitive advantage – creating economic infrastructure that will result in sustainable job creation.

#### Objective Indicators

- Amount of new investment made into the Dube Trade-Port Aerotropolis, Richards Bay and Durban Port by private sectors;
- Percentage of private sector investment made in all infrastructure categories;
- Increase in efficiencies and volumes (of cargo and passengers) of Durban Port, Richards Bay Port and Dube Trade-Port;
- Improvement in international ranking of Port of Durban (presently in 2016 ranked 9th in the world).

#### Interventions

**The interventions, albeit not exhaustive, include:**

- Develop new infrastructure investment and funding model;
- Optimise the Dube Trade-Port Aerotropolis;
- Plan and develop an inland multi-modal logistics hub;
- Improve efficiency of current Durban Port capacity for cargo and passengers;
- Develop Richards Bay Port Container Terminal;
- Promote International Cruiser Line Strategy.

### *Strategic Objective 4.2. Develop road and rail networks*

The road and railway network in the Province is the backbone of the logistics network in the Province and for the country. In this review the implementation of the road upgrade programs as well as increasing rural accessibility by improving standards of the province's gravel roads has seen improvement in the passenger and cargo movement. The Department of Transport continues to invest in the acceleration of these programs as well as drive a safer and more efficient road and rail environment.

The fiscal crisis and lack of sufficient funding could mean that the pace at which the above programs are implemented is reduced. DOT has indicated that the lack of funding has had an impact on their delivery targets. Moreover, the lack of adequate budgeting by district and local municipalities for road infrastructure adds to the slow pace of implementation. In addition, the lack of alignment in road infrastructure with district and local municipalities results in duplication of efforts or delay in implementation.

Transnet has developed and is implementing their "New Market Strategy" which is a 30 year strategy. The overall objective of the strategy is to move cargo from road to rail. The volumes anticipated are 350, 3 million tons of cargo per year by 2018/2019. This drive to move freight from road to rail formed a part of the 2011 PGDS and again finds expression in the 2016 review of the PGDS. This is primarily due to the increasing logistic costs associated with freight by road as well as increasing pressure being placed on road infrastructure.

The increasing connectivity by road, rail, airport and harbours is fundamental to the realization of the provincial industrial hubs, agri-parks, aerotropolis and new urban spaces or secondary cities. In addition, infrastructure stakeholders have recognised the need for multi-modal facilities that cater for fast-moving consumer goods as well as bulk minerals and lighter manufactured goods. Mandeni local municipality has been identified as an area for such a multi-modal facility and currently is in the planning phase. These will be fundamental to the success of the above key spatial projects.

Road and rail transportation infrastructure has proven employment job opportunities through their EPWP programs. This will continue to be the case and continue to provide at least temporary employment for youth and female headed households. In addition, continued investment to improve the efficiency of public transport will greatly reduce carbon emissions in the Province. Local employment also contributes to improve community upliftment both in terms of local employment and also local social cohesion.

**Objective Indicators:**

- Efficiency increases produced by operation of an inland logistics hub, measured in terms of the percentage reduction in the average time taken for a container to get from point of off-load at Durban Port to City Deep Container Port in Gauteng;
- Road to rail ratio (cargo and passengers) across the Province with an increase in rail usage;
- Modal split of passenger and freight transport-percentage share of each mode of transport in total inland;
- % increase volume (in tons) of coal being transported from inland areas to Richards Bay Port for export.

**The interventions, albeit not exhaustive, include:**

- Establish a dedicated freight link: Durban Port to Inland Hub;
- Implement road-building and maintenance programmes in order to increase road to rail ratio and improve rural accessibility;
- Expand and maintain core rail freight network and the branch lines considering freight and passenger services;
- Develop multi-modal facilities in identified secondary cities;
- Stimulate settlement along transport routes.

***Strategic Objective 4.3: Develop ICT infrastructure***

The Province has made significant strides in the delivery of ICT, however, much more needs to be achieved. ICT connectivity has a huge impact on the access to information by citizens, including government services and also access to employment opportunities. In addition, it has a positive impact on spatial location of residence, work and recreational opportunities. Increased internet access and wireless connectivity enables ease of access to information and faster business to business interaction. To date the Province has rolled-out 23 527 km of fibre optic cable in various districts and the metro. The numbers of schools connected are 1928 against a 2015 target of 5952. 131 municipal digital access centres have been established against a 2015 target of 300. ICT infrastructure in rural or previously disadvantaged communities still remains a challenge. Further, household access to internet access, while it has improved is still not sufficiently supplied. In addition, maintenance of existing infrastructure must be managed effectively to ensure reliable connectivity and speed, particularly as it relates to the needs of business and government communication as well as citizens need to access information.



In terms of ICT skills development, several initiatives have been implemented since 2008 with the Moses Koate Institute and more recently, the KZN Incubator program which have been established in Port Shepstone and Richards Bay respectively. The technology park for the Durban Dube Tradeport is currently underway and will consist of an Enterprise zone for both large and small companies, ICT Innovation Incubators and an ICT R&D&Innovation Institute. In addition, 4 techno innovation hubs are being established in PMB, Richards Bay, Port Shepstone and Newcastle.

The above are substantial ICT infrastructure investment and will assist greatly in improving ICT skills in the province. However in this review we proposed that ICT skills development remains an intervention so to ensure we meet growing demand for ICT connectivity.

#### Objective indicators

- Percentage of local municipalities with established access networks;
- Percentage of households with access to the internet at home;
- Increase in 3G and 4G connectivity in the Province.

#### Interventions, albeit not exhaustive, include:

- Expand community access to broadband services.
- Increase bandwidth (speed) for economic competitiveness.
- Develop ICT Maintenance Plan;
- Develop and Implement ICT Skills ICT capacity-building at local level
- Develop and implement ICT funding model.

### ***Strategic Objective 4.4: Ensure availability and sustainable management of water and sanitation for all***

The 2015/2016 drought experienced in the country and more so in the Province has had a severe impact on the citizens of the Province and their livelihoods. The most severe impact has been felt by the rural communities of KZN whose livelihoods depend on agriculture, including livestock. The Province, through various initiatives and programs, has attempted to ensure a reliable supply of water to its' citizens. The continued low rainfall has made this task increasingly challenging. National and Provincial government have spent millions of rand to ensure citizens have access to water.

The discourse on reliable and affordable water supply has forced the water sector to re-look at several aspects of the water source management and water supply. In terms of water source it is being argued that the Province requires a better understanding of groundwater and its catchment areas. This strategy argues that water planning and resource management should be done at a quaternary catchment level - the focus should not only be at regional level. Alternative water sources, like grey water and desalination must become viable options as sources of supply.

There is also a school of thought that the severity of the drought is a direct correlation to the poor maintenance programs of water services authorities. These related to poor borehole upgrades and

spring protection, high water losses due to leakages not been attended to urgently, water theft and lack of bulk and reticulation planning.

Skills development and capacity building, in the water sector continues to be an area of investigation in this review. There is a school of thought that argues that the skills required are more at an artisan level rather than at engineering level. This relates to the maintenance issue around boreholes and spring protection and attendance of water leaks. There is, however, another school of thought that water services authorities have focused more on water demand rather than water source management and that shift must be emphasised. Further, there is increasing pressure being put on the water sector institution to begin to develop a sustainable water sector capacity building model. The water services boards, the water services departments and the water services authorities all have various levels and type of expertise within their institutions. Therefore, these institutions along with engineering councils and the private sector must begin to provide a holistic sustainable capacity building model that contributes to a new water sector investment strategy. In addition, there is a growing demand for localized water skills at all levels as well as employment and business opportunities. The water sector through the vast capital spend have the potential to improve employment opportunities and create entrepreneurs in decentralized local spaces.

The financial cost of water supply cannot be underestimated and the Province needs to have a funding model to address this. Like energy, water costs will increase and become increasingly expensive for consumers and business, thus the importance of having a reliable and affordable water supply. The Department of Water and Sanitation in the Province have several key capital water projects that will ensure a relative supply of water in the province. The growing concerns will be the pace at which our province is urbanizing and the greater demand this will have on water provision in these urbanized areas as well as to ensure reliable access to water, in rural areas.

Given the above, the Province in the next five years must engage in the development of a new water sector investment strategy. This strategy must include elements of water loss and maintenance, water availability, cost of water supply. In addition, the strategy should include water source plans that consider ground water, desalination, grey-water. Further a discussion on localized skills and local business development. Greater emphasis on improving rural access to water and increasing mitigating measures to this section of our population.

#### **Objective Indicators**

- **KZN Province has 100% coverage of integrated, broad-based Water Service Authority Water Master Plans to ensure sustainable water service delivery;**
- **Number of water systems in balance;**
- **Percentage reduction in water losses.**

**Interventions, albeit not exhaustive, include:**

- Develop and implement the Provincial Water Sector Investment Strategy;
- Policy and guidelines on the inclusion of quaternary catchment for groundwater, grey water and desalination;
- Develop and implement water sector capacity building programme with all water institutions;
- Develop new water and sanitation tariff policy.

***Strategic Objective 4.5: Ensure access to affordable, reliable, sustainable and modern energy for all.***

The energy supply in KZN and the country is becoming increasingly expensive for both domestic consumers and business/industrial consumption. The multi-pronged approach to electricity provision as indicated in the DOE Electricity Masterplan is indicative of the fact that alternative sources of energy must become a reality. The coal generation power stations of Medupi and Kusile are able to produce 9,563 megawatts of energy to the national grid. These power stations will come into operation incrementally and will be fully operational by 2017. Hydropower, through the Grand Inga hydropower plant, a treaty signed with Democratic Republic of Congo, is expected to provide South Africa with at least 9,540 megawatts by end of August 2016. Energy is also anticipated through gas and diesel turbines which are anticipated to be on-line later in 2016 and it is estimated that they could provide as much 700 megawatts. Wind and solar energy as well as co-generation are on the energy mix for a reliable supply of energy.

Eskom has also invested significantly in bulk infrastructure projects in the Province and this to deal primarily with electricity backlogs in parts of the Province. The 2015/2016 financial year, saw this potential financial investment to be in the region of R519 million.

A growing energy demand is a foregone conclusion for the anticipated economic growth and development of the Province. Energy demand is likely to reach level 66 000 to 28 000 megawatts by 2025 and 2030 respectively. The current peak demand is around 39 000 megawatts.

The increasing demand to supply electricity for consumption and economic growth is expensive and the continued lack of investment in electricity infrastructure is also not an option. A new funding model has to be considered to curb the growing electricity cost. In addition, maintenance of existing electricity infrastructure must become a priority for both local municipalities as well as for Eskom reticulated areas. Skills development at local level must become enhanced for both on and off-grid technology to ensure reliability of service but also improved local skill set. The current lack of local grid must be addressed by Eskom but simultaneously with the required skilled set mentioned about.

The Province must prioritise alternative energy projects and or programs to determine their feasibility as a reliable supply of energy. Alternative energy supply or the green economy must become measurable in the PGDP with an institutional structure accountable to ensure targets are met.

**Objective Indicators:**

- % of households receiving reliable and affordable electricity supply;
- % of KZN's electricity supply from renewable energy sources or Units of energy produced through alternative energy generation (new build);
- Number of renewable energy generation or co-generation projects in implementation stage;
- % reduction in transmission losses or reduction in non-revenue electricity.

The intervention proposed, albeit not exhaustive, is comprehensive in that the Provincial Energy Strategy would cover various aspects of generation, delivery, and financial partnerships.

- Develop and implement the Provincial Energy Strategy. Cover generation, delivery, and financial partnerships

#### ***Strategic Objective 4.6: Enhance KZN waste management capacity***

This is a new objective and it reflects on the state of solid waste disposal landfill sites. The Province developed a KZN Waste Management Strategy in 2012 and it reflects the state of the waste land fill sites in the Province. The overall conclusion is that while land fill sites are adequately provided for within the urban areas, this is not the case in rural communities.

A KZN Waste Management Forum has been established and 6 of the 10 Districts have active District Waste Management Forums. There is a need to accelerate the number of local municipalities that have Integrated Waste Management Plans adopted by their Council. There is a lack of registration of land fill sites in terms of the Environmental Conservation Act (No.73 of 1998) which could mean that some of the current sites are illegal. There is also the issue of air pollution from uncontrolled burning of waste and wind scatter from sites because waste is not covered. There is also an issue with regards to a lack of capacity on sites both in terms of personal and equipment used onsite. These are sometimes inadequate for what is required. The consequence of a lack of management of these sites can have a negative impact on surrounding communities and the environment in general. There is also incidence of sites not being properly fenced and controlled which means that tip pickers gain access to sites for salvaging of food or other material from sites.

There are currently several initiatives by the Province to create employment opportunities from waste recycling in local communities. There is also opportunity to create waste management entrepreneurs, particularly within the rural areas of the province. These could relate to collection and preparation of the waste prior to collection or transfer. This must be accompanied by waste management education which could be done by local youth and women once they themselves are trained. Train a trainer capacity building program.



The proposed intervention must address the management of the waste land fill sites as well as formal recycling initiatives. Localised skills development and entrepreneurship must also be considered. Crematoria and graveyards, the disposal of bodies, coffins and graves must also be catered for in the waste management policies and plans.

**Objective Indicators:**

- 100% coverage across the Province of legally registered landfill sites, sufficient for the population growth projections and covering disposal of all types including hazardous waste, crematoria and graveyards.

The interventions proposed:

- Review the KZN Integrated Waste Management Plan in terms of the strategic indicators.

### 3.5 Strategic Goal 5: Environmental Sustainability

**National Outcome 10: Environmental assets and natural resources are well protected and continually enhanced.**

**Goal Indicators**

- Greenhouse gas emissions
- Resilience of communities and ecosystems and reduced loss of ecosystem services.

The NDP 2030 vision is that by 2030, South Africa's transition to an environmentally sustainable, climate-change resilient, low-carbon economy and just society will be well under way. The desired trajectory to 2030 is one which assumes more compact and energy efficient urban development and a refocusing of political priorities towards the protection and rehabilitation of natural assets. Immediate challenges include addressing and preventing further deterioration of environmental quality due to pollution and natural resource degradation, destruction and/or depletion. South Africa's progressive environmental legislation provides a framework within which natural resources can be protected and managed, but this needs to be supported through effective compliance, monitoring and enforcement.

The 2016 KZN Situational Overview report provides an overview of the changes that have taken place in terms of the physical and environmental landscape in KwaZulu-Natal over the last 5 years, since the 2011 version of the PGDS was published. The changing landscape has been influenced by the following:

- There is a plethora of new spatial data, policies and plans relating to the environmental landscape, allowing for more refined, quantitative analysis of the impacts of development patterns in the Province over time, and to better identify provincial priority areas;
- New environmental impact assessment legislation requires greater intergovernmental coordination and decision-making;
- Climate change commitments relating to COP21 agreements mean that the Province must commit more strongly to a green growth path, and move away from business-as-usual further embracing green economy opportunities.;
- There is evidence that climate change is resulting in shifting crop belts and natural habitats, increased risk of storm events and changing weather patterns, pointing to the need for more dynamic policies and programs addressing agricultural development, biodiversity conservation and disaster management, and targeting interventions in the most vulnerable communities;
- The natural resource base, including the soil, water, air, biodiversity and the natural landscapes provide a range of ecosystem services to support growth and development in the Province. There is an opportunity to better understand environmental thresholds, such as the water balance in stressed catchments, in order to plan for more sustainable growth and development in order to maintain and enhance the resilience of these ecosystem services to provide not only for the current generation but for future generations and to withstand the impact of a changing climate.

Based on these changes, the PGDS has been reviewed to include a number of refined strategic objectives, goal indicators and interventions. Measurable indicators relating to the monitoring of progress towards the goal indicators will be outlined in the PGDP document.

A set of strategic objectives was formulated to encapsulate the strategic imperatives of the Province in terms of meeting environmental commitments and in terms of environmental management.

### ***STRATEGIC OBJECTIVE 5.1: Enhancing resilience of ecosystem services***

This strategic objective recognises the wealth of natural resources in the Province and the critical ecosystem services provided, including provision of water, soil, air and food, flood attenuation, well as the rich biodiversity which supports the agricultural and tourism sectors., and this strategic objective aligns with National Outcome 10 (Protect and Enhance our Environmental Assets and Natural Resources) and in particular Sub-outcome 01 (Ecosystems are sustained and natural resources are used efficiently). The resilience of ecosystems can be improved through effectively increasing the conservation estate, the protection of biomes and endangered species, rehabilitation and restoration of degraded land and ecosystems as well as through sustainable exploitation of natural resources. The desired impact is to maintain and where possible enhance the ecological integrity of natural resources and environmental assets.

South Africa has committed to reducing greenhouse gas emissions (from reported Business as Usual levels) by 34% by 2020 and by 42% by 2025. This strategic objective also speaks to the need for increased efficiencies in the use of energy and water and the reduction of greenhouse gas emissions in line with international commitments.

#### **Goal Indicators**

##### **5.1.1: Reduction in water demand and improved management of water resources**

In line with National Outcome 10, sub-outcome 01, the emphasis is on conserving and protecting the quality and quantity of finite surface and groundwater resources of the Province, so as to meet current demands and not to undermine projected future water demands. Nationally, there is a commitment to reduce water demand in urban areas to 15% below Business as Usual demand by 2030. The most important water catchments that deliver the bulk of the Province's water have been identified on a national scale, and these Strategic Water Resource Areas (SWSAs) must be carefully managed. Catchment level interventions need to be informed by water balance/ reconciliation studies for quaternary catchments, considering the cumulative impact of water transfer schemes and the current and existing ground and surface water use allocations. The improvement of the ecological category of water resources will result in ecosystem services provided.

##### **5.1.2: Reduced threats to resilience in priority terrestrial and marine landscapes**

Priority landscapes which provide a range of important ecosystem services, including high value agricultural land and high value biodiversity areas, wetlands and priority catchments, the National Freshwater Ecosystem Priority Areas (NFEPA's), have been identified in the Spatial Development Framework. These priority areas allow for targeting of monitoring and interventions. Monitoring



should focus on tracking the main threats undermining the resilience of these systems, including land use change, alien/invasive plants, land degradation, and resource use and developments within the coastal zone. Environmental thresholds and sustainable harvesting rates need to be identified. Addressing threats to ecosystem resilience may require extending the formal and informal conservation estate, rehabilitation in degraded systems, developing management and offset plans and declaring specific geographic areas with guidelines for development to be considered in land use plans and environmental impact assessments.

#### **5.1.3: Improved intergovernmental coordination in environmental planning and decision-making**

Incremental project-specific decision-making takes place through the Environmental Impact Assessment, Water Use Licensing and other permitting and licensing processes. While project impacts may be considered in these processes, it is the overall cumulative impacts of activities that needs to be monitored. A system for tracking these impacts needs to be developed, and used to inform decision-making and planning. This is of particular relevance to sand mining and residential developments in the Province. Government Departments such as Department of Water and Sanitation, department of Economic Development, Tourism and Environmental Affairs and the Department of Mineral Resources, amongst others need to collaborate to allow for coordinated decision-making.

#### **5.1.4: Enhanced compliance, monitoring and enforcement of environmental legislation**

This goal indicator aligns with National Outcome 10: Sub-outcome 4 (Enhanced governance systems and capacity). Monitoring of non-compliances and the effectiveness of existing compliance, monitoring and enforcement programs and the penalties, fines and legal action taken is required.

### **Interventions**

- Finalisation of surface water and groundwater reconciliation and reserve determination studies for all quaternary catchments;
- Cumulative sand budget assessment for river systems;
- Establish a policy and regulatory framework for the reduction of land degradation and enhance land care programmes;
- Enforcement of CARA legislation relating to erosion prevention and control and eradication of alien and invasive plant species;
- Enhanced monitoring of compliance and enforcement of environmental legislation relating to MPRDA, NWA, CARA, NEM: Air Quality Act, 2004, National Forests Act and NEMA;
- Climate change mitigation strategies incorporated into IDP;s
- Implementation of water demand management, industrial energy efficiency, water reuse, desalination strategies;
- Identification of groundwater potential areas for implementation of groundwater projects;
- Feasibility studies undertaken for desalination plants;
- Licensing, upgrading and monitoring of wastewater treatment works.

## ***STRATEGIC OBJECTIVE 5.2: Unlocking the Green Economy***

South Africa's New Growth Path (2010) outlines markets for employment creation and growth, implying fundamental changes in the structure of production to generate a more inclusive and greener economy. The green economy opens up opportunities for economic growth and job creation whilst addressing environmental issues such as reducing greenhouse gas emissions through renewable energy use, reducing pollution and waste going to landfill, promoting integrated water resource management, improving public transport, green design and energy efficiency. This Strategic Objective is aligned with National Outcome 10: Sub-outcome 02 (An effective climate change mitigation and adaptation response) and Sub-outcome 03 (An environmentally sustainable, low-carbon economy resulting from a well-managed just transition).

Public green economy participation programs such as Working on Waste, Working for Water and others contribute towards employment generation and skills development in the Province. Goal 1 addresses the need for job creation cross various sectors.

This strategic objective relates to a transition to a sustainable economy which can be monitored through the national Department of Environmental Affairs' Environmental Sustainability Indicators and the 20 NSSDI Sustainable Development Indicators

Participation and growth of jobs in the Green Economy, will be supported through investment in education and skills development, research, development and innovation (Socio-economic indicators to be included under Goal 1).

### **Goal Indicators**

#### **5.2.1: Increased contribution of renewables to total energy supply**

The shift to renewable energy will allow for a reduction of greenhouse gas emissions. Measuring the increase in contribution of renewable energy sources to the overall energy supply mix in the Province (in terms of installed capacity, both new generation and conversions) will help to assess whether green economy stimulus programs and policies are effective or whether more needs to be done to encourage the energy shift. Renewable energy sources include solar heat, biomass, geothermal, wastes, hydro, wind and photovoltaic. Nationally, there is a commitment towards 17,800 MW renewable energy generated by 2030, and 13,225 MW renewable energy generated by 2025. Importantly, it is reported that for each kilowatt hour of renewable energy that displaces fossil fuels in the national grid, 1.2 litres of water will be saved, allowing the Province to achieve both greenhouse gas emission and water demand reduction targets.

#### **5.2.2: Reduction in volume of waste going to landfill**

Given that landfill space and the regulation of landfills remains a challenge in the Province (see Goal 7), there is a need to reduce the volume of waste entering landfills for disposal. There are many strategies that can be employed and monitored to track reductions in volumes of waste going to landfill, throughout the waste hierarchy, including source reduction, reuse (on- or off-site), recycling (on- or off-site), treatment (on-site), treatment (off-site), with the least favoured option being

disposal. Effective recycling programs are just one of the required interventions in the waste hierarchy. The waste sector can through the various interventions contribute towards the green economy

### **5.2.3: Reduction in the carbon footprint of human settlements**

This goal indicator relates to planning to reduce urban sprawl (also addressed in Goal 7), green design (also addressed in Goal 3, Strategic Objective 3.4: Sustainable Human Settlements) and the public transport infrastructure which supports sustainable mobility and connectivity addressed in Goal 4). A transition to higher levels of residential density within compact settlements is viewed as a means of achieving a number of key environmental objectives and greater functional efficiencies.

#### **Interventions**

- Provincial greenhouse gas emissions inventory;
- Development of provincial renewable energy strategy with specific focus on hydro-electricity potential;
- Municipal capacity building in waste and environmental management;
- Implementation of the Provincial Green Economy Strategy and Renewable Energy Action Plan;
- Implementation of Municipal Waste to Energy protocol.

### ***SO 5.3: Adapt and Respond to Climate Change***

Climate change is predicted to impact on temperatures, rainfall patterns, evaporation rates, growth rates and sea-level rise. There is evidence of these changes taking place locally, and the vulnerable, poor communities are most at risk in terms of loss of livelihood, impact on access to basic services, increased exposure to diseases and risk of flooding and damage to property.

This Strategic Objective is aligned with the climate change adaptation response called for in National Outcome 10: Sub-outcome 02 (An effective climate change mitigation and adaptation response). Specifically, this national sub-outcome calls for inclusion of climate change risks in disaster management plans. This requires that the disaster management planning considers the scientific evidence for increased storm intensity and changes in weather patterns, causing flooding or droughts, and prioritises more vulnerable communities.

#### **Goal Indicators**

### **5.3.1: Level of incorporation of strategies for adaptation to climate change**

There is a need to assess the mainstreaming of climate change adaptations strategies in local planning, such as Integrated Development Plan reporting and Sector Plans. These strategies relate to *inter alia* food security issues, health issues, water availability, mapping of vulnerability and reducing

vulnerability to risks and early warning systems. Strategies need to address both the immediate and more long term threats to the health and well-being of communities.

### **5.3.2: Assessing disaster management response capability in vulnerable areas**

Areas more vulnerable to effects of climate change need to be highlighted in policy and programs, both in terms of disaster management responses and means of increasing resilience in these areas. In relation to the high risk coastal areas in KZN, the Provincial Coastal Management Programme is in progress and through the work of the Provincial Coastal Committee (PCC), this will inform coastal management strategies and management (setback) lines based on the latest sea-level rise modelling.

Disaster management planning and interventions must consider the latest provincial vulnerability assessments and climate change modelling.

#### **Interventions**

- Updated mapping of climate vulnerability and integration into IDPs;
- Identification of focus areas for disaster management interventions;
- Development and implementation of the Provincial Coastal Management Program;
- Establishment and implementation of coastal and estuarine management lines;
- Formulation of Provincial climate change disaster response plans;
- Strengthen Provincial and District Disaster Management and mitigation capacity.

### 3.6 Strategic Goal 6: Governance and Policy

National Outcome 9: A responsive, accountable, effective and efficient local government system

National Outcome 12: An efficient, effective and development oriented public service and an empowered, fair and inclusive citizenship.

This Strategic Goal is aligned to National Outcomes 9 and 12 which focus on a transformed and transformative Government. Both outcomes seek not only to make Government more effective, efficient, responsive and accountable, but they also require that Government becomes more inclusive in its planning, implementation, monitoring and evaluation of delivery. This is given emphasis in National Government's assertion of the need for "delivery agreements" in which the social partners of business labour and communities are made part of the delivery team for these outcomes, and agreements are negotiated before implementation. "Effective" governance focuses on doing the things that have the greatest impact on people's lives. "Efficient" governance points to the need for appropriate capacity and strong management to implement. "Responsive" governance means developing policy which meets people's needs. "Inclusive" governance expresses the need to have structured partnerships amongst the social partners aimed at delivering the targeted development outcomes. The Governance and Policy Goal thus attempts to give expression to these outcomes in the PGDS.

#### Goal Indicators

- Level of satisfaction of citizens of KwaZulu-Natal with governance of Provincial and Local Government, as measured in the KZN Citizens Satisfaction Survey;
- The level of coherence and alignment of policy and strategy instruments relating to growth and development in the Province;
- Existence of a single window of coordination of Government in the Province which optimises integrated policy and strategy development, planning and implementation amongst all spheres of Government;
- Achievement of the appropriate levels of capacity in all aspects of the delivery on the PGDS goals, objectives and interventions;
- Existence and sustainability of a KZN social partnership structure which guides and supports the coordinated implementation of the PGDS.

The implementation of the PGDS is heavily dependent on there being effective and efficient governance systems, across all sectors, but particularly in the Government sector. Similarly, the practical interventions proposed for growth and social transformation are dependent on a policy environment and policy alignment that facilitates change and better efficiencies.

Since 1994, a multitude of structures of governance have been developed in the public sector. National legislation has set out the competencies and roles of the three spheres of Government (National, Provincial and Local), but with the underlying principle that these structures, and the specialist agencies which they have formed, will coordinate their policy development and implementation, to ensure that the impact on the beneficiary and partner constituencies is consistent with the overall policy objectives of Government. At this point it is very difficult to know with certainty that such alignment exists. This is partly because there has been an enormous amount of policy formulation by Government – much of which has been translated into legislation. But it is also because Government has yet to develop very effective systems to constantly assess the alignment of policies across the different sectors (community services, economy, environment, etc.) and across the different spatial areas of the Province. Thus a more comprehensive inventory and assessment of existing policy instruments applicable in KZN is needed.

What has however emerged from the initial assessments and engagements with KZN stakeholders regarding governance and policy are the following

- National Government's commitment to the *National Development Plan* provides all institutions and spheres of Government with a central reference point for assessing policy and strategy alignment at all levels. Similarly at Provincial Level, the *Provincial Growth and Development Plan*, if fully aligned to the NDP, provides a similar central reference point in the Province. This is a major breakthrough since 2011;
- The Provincial Government has made an impressive and positive approach to trying to coordinate the implementation of the PGDP. Some 18 *Action Working Groups* have been established to try to coordinate, manage and monitor the implementation of the 30 strategic objectives of the PGDP, and whilst there is still much to be fixed and improved in the representivity and effectiveness of these *AWG's*, their continued existence and functioning shows an encouraging commitment to integration and coordination within Provincial Government;
- There is a need to have much greater levels of participation from stakeholders outside of Government in the policy formulation, implementation and monitoring processes. More substantive and compulsory participation processes need to be entrenched. More specifically, the partnership with the key social partners of Government, namely organised business, organised labour and the organised community sector, needs to be given greater emphasis and structure. As an example, there is sporadic and very limited participation in the *AWG's* from non-governmental social partner organisations.
- The intentions behind the establishment of the National and Provincial Planning Commissions (and indeed local government planning commissions) need to be given effect through specific systems for monitoring and intervention in Government policy formulation processes so that integration and alignment are proactively fostered by these planning commissions.
- At local government level, there is a need to continuously improve the quality of integrated planning, and to ensure that Government-related institutions/agents of delivery do work closely and collaboratively with local government, especially through structures and alignment processes at the district municipality level. The Local Government Turnaround Strategy needs to be

expanded to include stronger systematic partnerships with state-owned enterprises, private sector and civil society.

- Improving the institutional partnerships between municipalities and the social partners at local level can only strengthen the developmental approach of local government. There is therefore a need to support partnership building. The District Growth and Development Plans are an important reference point for building these partnerships but this should be taken further through the promotion of strong local development agencies, which bring business, and civil society on board with the district and local municipalities in promoting shared growth and development.

### ***Strategic Objective 6.1: Strengthen policy and strategy coordination and inter-governmental relations***

A major focus of the 2011 PGDS was around the need for greater policy and strategy alignment between national and provincial levels. Whilst this is still an important requirement, this 2016 review suggests that more of a focus is now needed on coordination between provincial and local levels of planning and implementation. The 2016 KZN Situational Overview report highlighted the major steps forward that have been taken in the adoption of the *NDP* (at national level), and the *PGDP* (at provincial level) – as these serve as critical central reference points for building policy and strategy coordination. However the adoption of the plans is just the first step in the process. The National Planning Commission reported in April 2016 that they found a 47% alignment between the national budget and the NDP, pointing to the need for better tools for alignment and better resource allocation frameworks.

Three key challenges flow from these first important steps of having commonly agreed development plans:

- (1) The Province must have an effective mechanism and capacity to assess and report on the level of alignment between old and new policy and strategy initiatives and the PGDP, and to influence changes to policy/strategy processes to maximize such alignment;
- (2) The level and quality of strategy formulation and implementation coordination at local government level needs to be significantly improved; and
- (3) There is a need to develop strong fora for engagement between Government and its social partners at both provincial and local levels around strategies for growth and development, in particular where private sector and community sector development strategies need support from Government to achieve their goals.

These three challenges are the focus of the interventions proposed, and these must find more concrete expression in the 2016 version of the PGDP. However, a difficult and continuing challenge overall remains the question of how the levels of coordination of policy and strategy are measured. Through this review process it has become clear that two complimentary reference points need to be further developed in order to get a more fair and accurate measurement of coordination levels.

The first is measurement through public opinion. Although reports through the media are an important expression of public opinion, most stakeholders and the public at large would agree that robust and credible surveys, such as the *KZN Citizens Satisfaction Survey (2015)* are the most reliable measures as they allow for the quantification of peoples' perceptions of levels of coordination and the outcomes of coordination (or lack of it). Hence this survey, the first of its kind in the province, is used as a lead indicator as regards governance and coordination.

The second form of measurement is the assessment of the efficacy of the institutions and structures through which coordination is supposed to happen. At provincial level, these structures include:

- The cluster system and structures of the Provincial Executive Council;
- The structures related to the implementation of the PGDP (in particular the Action Working Groups);
- The structures where provincial government and local government plan and build coordination, which include the Premier's Coordinating Forum, and the Muni-MEC;
- The provincial level multi-stakeholder fora and institutions where Government discusses policy and strategy with non-governmental partners, such as the KZN Economic Council, the KZN Council on Climate Change and Sustainable Development, the KZN HRD Council and the KZN HIV and AIDS Council;
- The municipal structures (especially at district municipality level) where all spheres of government, as well as non-governmental partners/stakeholders, consider and try to coordinate development strategies for specific localities

These two elements of measurement of coordination at present give us the most balanced perspective of how much coordination is actually happening, and more importantly, whether the coordination efforts are indeed bearing fruit in terms of improved service delivery and higher levels of satisfaction amongst the citizenry regarding governance in the province.

As regards interventions, it must be noted that Provincial Government has taken an important step forward in drafting a *KZN Intergovernmental Relations Strategy*. If comprehensive, practical and strongly supported by all institutions of Government, this *KZN IGR Strategy* can constitute one of the most important interventions towards better policy and strategy coordination. In addition there is a need to put renewed focus and energy into revising policies and strategies in the province towards much greater empowerment of women and youth in our society, and these imperatives must find practical expression on the revised PGDP and in the agenda's and programmes of all institutions and fora dealing with policy and strategy coordination.



**Objective Indicators:**

- Levels of citizens' satisfaction with governance at provincial and local levels measured through the *KZN Citizens' Satisfaction Survey*;
- Level of alignment between the NDP, the KZN PGDP and the District Growth and Development Plans in the Province;
- Proportion of public expenditure in KZN (national, provincial & local) which is aligned to the PGDP;
- Functionality and strength of coordinating structures within Government, including the cluster structures of the KZN Executive Council, the PGDP implementation structures, the provincial-local intergovernmental structures, and structures involving traditional leadership;
- Functionality and strength of provincial and local level structures and fora where Government and non-governmental partners/stakeholders collectively plan and coordinate development, including those dealing with economic development, human resource development, climate change and environmental sustainability, infrastructure, health, education and social development.

Given the nature of the above indicators, the following interventions are proposed, albeit not exhaustive, as priorities to achieve this strategic objective:

- Develop and implement credible mechanisms to regularly measure the level of alignment between provincial and municipal budgets and the PGDP and District/Local growth and development plans;
- Develop and implement a strategy alignment framework that applies across the three spheres of Government in KZN, and which is monitored and supported by dedicated capacity;
- Strengthen the effectiveness of the Provincial Executive Council Cluster System;
- Develop a stronger provincial coordinating structure for collaboration between Provincial Government and municipalities and traditional authority institutions;
- Strengthen mechanisms to measure the impact of development plans in the empowerment of women and youth, and support greater representation in governance structures and advocacy at all levels.

***Strategic Objective 6.2: Build government capacity***

The need to build Government capacity to implement the policies, strategies and programmes of Government remains one of the most critical priorities of our Province and country. Lack of appropriate implementation capacity is one of the main underlying reasons for the outcry about poor service delivery. The outcomes of the *2015 KZN Citizens' Satisfaction Survey* show public levels of dissatisfaction with some areas of service delivery of provincial and local government

being unacceptably high. As described in the NDP, a major cause of poor levels of service delivery is skills and capacity within the public sector.

Despite the increased support given to institutions such as the KZN Public Service Academy under the Office of the Premier, there are still a multitude of initiatives needed to address capacity limitations at different levels and spheres of Government. The urgency for these interventions is especially found in the case in rural municipalities that are caught between lack of funding for sustainability and difficulty attracting appropriately skilled officials to their areas. The implementation of the “*Back to Basics*” initiative in local government, the establishment of “war rooms” in municipalities and the deployment of Provincial Treasury’s “crack team” to help weak municipalities with infrastructure projects have been a useful start to address service delivery problems, but much more needs to be done to build skills and capacity, especially in weak municipalities. The Citizens Satisfaction Survey points to those municipal areas which are most affected by these problems, and thus some prioritization and targeting of capacity-building will be needed for many years.

As part of a systematic plan, there needs to be much greater sharing of knowledge, resources and specialist services amongst district and local municipalities in the Province. More needs to be done to strengthen the “shared services centre” approach, where at district levels, strong specialist service teams can be enlisted to provide services for the local municipalities across a whole district.

Whilst noting the progress made by the province to formulate a more integrated and holistic human resource development strategy for the public sector in the Province, much more needs to be invested in implementing that strategy, and professionalizing the public sector. A key aspect of this strategy must be transforming the culture of service of the public in all institutions.

#### **Objective Indicators:**

- Percentage of positive rating of service delivery at provincial and local levels, measured through the KZN Citizens Satisfaction Surveys.
- Number of municipalities, provincial departments and public entities achieving a clean audit as well as a positive rating in the performance audit undertaken by the Auditor General.
- Effectiveness and efficiency of institutions involving traditional authorities in KZN;
- Optimal and successful funding models are consistently being developed to ensure achievement of service delivery targets.

The interventions therefore proposed, albeit not exhaustive, to address this strategic objective are:

- The rationalisation of municipal boundaries and disestablishment of non-functioning and unviable local municipalities;
- Implementation of the KZN integrated public sector HRD strategy and professional support programme;

- Promote shared services amongst municipalities;
- Strengthen the capacity of the Provincial Nerve Centre and Provincial Planning Commission to monitor and evaluate Government performance.

### ***Strategic Objective 6.3: Eradicate fraud and corruption***

The eradication of fraud and corruption is an especially critical objective of the PGDS, as the credibility of the entire governance system rests on people being able to trust that the system works and is transparent, fair and accountable. In the *2015 KZN Citizens Satisfaction Survey* this was the area where the province scored worst, with 49% of people regarding the province's performance at eradicating fraud and corruption as "poor". The media similarly carries the general perception of high levels of fraud and corruption which has beset the public sector generally. Part of the challenge is to find more objective, accurate and credible ways to measure the levels of fraud and corruption in institutions of government, in the private sector and in society generally. A further challenge is to build stronger collaboration amongst the range of institutions and mechanisms at national, provincial and local levels that have been established to both monitor and act against fraud and corruption.

The Office of the Auditor-General is a key reference point for the assessment of the fraud prevention policies and strategies of provincial and local government and their respective agencies. With the much wider scope of the audits now being carried out by the AG, fraudulent and corrupt practices are more likely to be noticed and in turn, pursued. The campaign to have all municipalities, departments and public entities achieve "clean audits" must be strengthened as this is the first sign of clean administration. Where officials are found or suspected to be involved in illegal activity of this type there has historically been inordinate delays in the process of pursuing disciplinary cases against these individuals and this must be corrected. Similarly where criminal investigations and/or cases are being pursued against officials, this must be seen to be undertaken with due diligence and speed, as rapid convictions of those involved in fraud and corruption has been shown to be a major deterrent of such behaviour. It is also proposed that new institutionalized partnerships involving Government, the private sector and civil society be developed around ways to combat fraud and corruption and promote a culture of good governance in society in general.

#### **Objective Indicators:**

- Percentage of positive rating of provincial performance as regards eradication of fraud and corruption at provincial and local levels, measured through the KZN Citizens Satisfaction Surveys.
- The rand value affected by fraud and corruption in the public and private sectors.
- Number of municipalities, provincial departments, public entities achieving clean audits.
- Percentage of successful prosecutions in cases relating to fraud and corruption.
- Effectiveness of new public-private coalition to combat fraud and corruption.

Therefore the key interventions proposed, albeit not exhaustive, to achieve this objective are:

- Provincial Operation Clean Audit;

- Fast track disciplinary processes and effective criminal prosecution;
- Implementation of more centralised public procurement systems with more effective and reliable anti-fraud monitoring mechanisms;
- Implement proactive integrity management programmes in the public and private sectors;
- Develop and implement a new public-private coalition dedicated to combatting fraud and corruption and promoting good governance.

#### *Strategic Objective 6.4: Promote participative, facilitative and accountable governance*

The Constitution as well as many of the regulated planning processes of Government imposes a requirement for Government to consult with stakeholders and communities in the formulation of their plans. However an honest assessment would agree that in many instances, such consultation is done merely for the sake of compliance with the requirement rather than in the belief that stakeholders and communities should be important and respected partners to Government in the planning and implementation of initiatives which affect people's lives.

The challenge is for Government and its social partners to be able to identify both structures and mechanisms for partnership that still maintain the responsibility of Government to carry out its developmental mandate without extraordinary delays or endless disputes with interested parties which create unreasonable obstacles to effective and efficient service delivery. The PGDS therefore proposes that the principle of participative governance be given real meaning through sector-specific consultative forums which will allow social partners to engage and collaborate around specific areas of the PGDP. Significant progress in this regard has already been made in the operation of:

- The KZN Economic Council
- The KZN HRD Council
- The KZN Council on Climate Change and Sustainable Development
- The KZN HIV/AIDS Council.

Some in the civil society sector especially have called for the establishment of a similar consultative council to be established around issues of social development and poverty eradication, and this is worthy of consideration.

At local level, the capacity of municipalities to leverage social partnerships and in particular to accelerate local economic development, must be strengthened through the establishment of specialist local development agencies where the private sector and civil society can contribute together with the local and district municipalities to the development agenda.

The ward committee system is in theory a very powerful mechanism for enhancing community participation in the governance process, but the system lacks resources and support and needs to be

enhanced significantly. The PGDS also believes that the Provincial Nerve Centre in the Office of the Premier, as well as the Provincial Planning Commission are well-placed to play a strong monitoring and evaluation role with respect to alignment of planning and implementation, as well as general accountability of the Departments and municipalities of the Province.

**Objective Indicators:**

- Existence of functional social partnerships in the form of sector-specific multi-stakeholder forums/councils to engage and collaborate on aspects of the PGDP;
- Level of participation on non-governmental partners/stakeholders in the implementation structures (*Action Working Groups*) of the PGDP;
- The number of district municipalities with functional development agencies which actively involve the private sector and civil society at local level;
- Number of functional wards committees;
- Level of participation of women, youth and people with disabilities in the processes of governance and consultative structures at all levels.

Hence the interventions proposed, albeit not exhaustive, to achieve this strategic objective are:

- Support effective multi-stakeholder and social partnership forums for consultation on all key elements of the PGDP;
- Promote the establishment and coordination of local development agencies at District level.
- Strengthen functionality of Ward Committees;
- Implement and monitor an integrated programme to increase the levels of participation of women, youth and people with disabilities in the governance structures and processes of the province.
- Undertake a review of the service delivery and implementation models of Government and public entities at provincial and local government spheres to ensure that most effective and efficient implementation options are being presented.

### 3.7 Strategic Goal 7: Spatial Equity

**Outcome: Spatial Equity and Integrated Land Use Management which guides the allocation and utilisation of human and environmental resources towards sustainable growth and development.**

The envisaged outcome for this Strategic Goal is not directly aligned to any one specific National Outcome, but rather implicit in all of them. The outcome will focus on the promotion of spatial concentration, the co-ordination of development interventions, the integration of spatial planning initiatives and effective land use management.

**Goal Indicator**

- **Equitable distribution of capital infrastructure to ensure sustainable supply and distribution and improve quality of life.**

Spatial planning and development at a provincial scale considers what can and should happen and where it should happen. It investigates the interaction of different policies and practices across regional space and sets the role of localities in a wider provincial context. It reaches beyond localised land-use planning by setting out a strategic framework to guide future development and policy interventions, whether or not these relate to formal land use planning controls as contained in a scheme.

Integrated Spatial Planning is subsequently the single most important tool utilised to co-ordinate the distribution of population, land uses, existing resources, and proposed initiatives etc. in relation to each other in order to create an improved sustainability to such uses of scarce land resources.

The availability of information has been a shortcoming within government departments and it is the intention to establish a point of reference where all spatial data can be obtained from and should include data on all aspects of development i.e. infrastructure, social needs, environmentally sensitive areas, road networks, etc.

Various data sets have been sourced in order to do spatial analysis of KwaZulu-Natal. The analysis is depicted on the various maps included in the PGDS document and assisted in the identification of the localities as envisioned in the strategic objectives below.

#### **Strategic Objective 7.1: Enhance the resilience of new and existing cities, towns and rural nodes, ensuring equitable access to resources, social and economic opportunities.**

This objective has to do with spatial concentration; facilitating development interventions development investment interventions in nodal and corridor areas; to ensure that initiatives are coordinated, cost effective and not counterproductive. It is of strategic importance that investment from various departments needs to be coordinated to ensure integrated development provides all the needs of the targeted communities.

To ensure a coordinated approach, it is necessary to identify nodal areas for focused investment, and to classify nodes into hierarchical levels of importance. Scarce resources limit equal development of all nodes. Subsequently it is necessary to prioritise and guide development initiatives to be located in areas where the greatest impact and positive spin-offs from an initiative can be achieved.

By stating that all nodes cannot be equally developed does not imply that no development should take place in lower order nodes, but that the initiatives, type of interventions, and level of investment will differ from Metropolitan areas, to sparsely populated rural areas. Different services will thus be provided within different nodal levels. Higher order services should be made accessible by developing movement and development corridors, to allow for ease for movement to facilities, services and amenities.

#### Objective Indicators:

- Increase in population density in designated development areas. This refers to the number of households accommodated within formalized small towns and settlements with efficient and secure land management systems, able to secure investment in rural areas.
- Human Resource Development (HDI) Index as provincial average / area of wards with HDI level higher than set target.
- Provincial coverage: Development nodes meeting minimum *hierarchy of plans* standards.

Interventions, albeit not exhaustive, include:

- Establish a classification of Provincial Nodes with clearly defined functions and interventions per node;
- Development of specific Corridor Plans to co-ordinate interventions around provincial corridors;
- Continuation of the Small Town Regeneration and Rehabilitation Programme;
- Formalisation of Strategic Rural Nodes (*which might include the dedicated establishment of new towns*);
- Implementation of the Densification Strategy;
- Provincial Nodal Growth Potential Study.

### **Strategic Objective 7.2: Ensure integrated landuse management across the Province, ensuring equitable access to goods and services, attracting social and financial investment.**

Cadastral boundaries do not necessarily conform to the characteristics of land and the natural environment, and residential activities, economic activities and natural phenomena traverses

municipal, provincial and international boundaries. All municipalities do not possess the required resources to provide services to communities e.g. water. Hence the aim of this objective is to ensure that spatial planning is aligned to allow government organisations to take advantage of comparative advantages offered within an area. This also refers to cross boundary provision of services such as education facilities, which can be utilised by communities residing in two municipalities. This allows for cost effective provision of services and is applicable to the provision of civil services, social services and economic opportunities.

Alignment of initiatives will also prevent conflicting initiatives and land uses to be implemented on opposite sides of a boundary i.e. mining activities versus tourism due to pristine natural environment.

Sustainable development can only be reached through proper land management. Land use management schemes serve to improve land use management through provision of guidelines and regulations for the development and utilisation of land. Schemes form part of a larger and more comprehensive land use management system, which address valuation of properties, the payment and collection of rates and taxes, and ultimately provide insight related to the service requirements for a town, and the available capacity of bulk infrastructure to handle additional development pressures. Land use management is difficult in areas where no cadastral boundaries exist especially in the traditional council areas of KwaZulu-Natal.

There is thus a resulting need for land use management schemes to ensure that land use activities do not negatively impact on the natural environment, on existing developments by negating the economic potential and value of adjacent land portions/properties and the general amenity of an area. These schemes also stimulate and guide economic investment within the affected areas.

A large number of the population in KwaZulu-Natal resides within rural areas with high agricultural potential. These areas also need to develop economically, but need to do so without impacting on the agricultural potential of land and subsequently negating food security within the Province.

The above mentioned land use activities are controlled, impacted on, and influenced by a number of governmental role players within the three tiers of government. There is thus a need to coordinate land management within these departments, which includes inter alia, the National Department of Agriculture, Department of Co-operative Governance and Traditional Affairs and Department of Rural Development & Land Reform.

#### **Objective Indicators:**

- **Provincial coverage: percentage of land covered by comprehensive landuse management schemes.**
- **Percentage of capital investment in cities, towns and rural nodes;**
- **Percentage of municipal capital expenditure aligned with the Provincial Spatial Development Framework;**
- **Number of District municipalities with functional GIS units**



Interventions, albeit not exhaustive, include:

- Promote development of Ward Based Plans;
- Formulation of Land Reform Area Based Plans within each District;
- Address Act 70 of 1970 alignment within Land Use Management Schemes;
- Implementation of land use management schemes across the entire provincial landscape;
- Alignment of District and Local municipal Spatial Development Frameworks with the Provincial Spatial Development Framework;
- Formulation of Provincial Planning Norms, Standards and Guidelines (Including Rural Settlement Planning).

## 4 Provincial Spatial Development Framework

### 4.1 Introduction and Purpose

The Provincial Growth and Development Strategy recognises that environmental vulnerability, social need and economic development are not evenly distributed and spatial disparities will always exist due to the spatial distribution of natural resources, historical disparities and cultural factors. Past spatial planning has often aggravated these spatial disparities. This has resulted in a disjuncture between where people live and where social and economic opportunities are concentrated. This spatial marginalisation from economic opportunities of the majority of the population needs to be addressed in order to reduce poverty and inequality and ensure shared growth and the protection of vulnerable bio-resources.

The strategic and targeted nature of the Provincial Growth and Development Strategy implies that specific interventions will be undertaken within key geographical areas of Need and Potential. Provincial strategies aimed at promoting growth and development must therefore be developed on the basis of a thorough understanding of the existing profile of the Province and an analysis of the strengths, weaknesses, opportunities and threats of the current situation. This implies that strategies, programmes and plans would be developed to build on the strengths, eliminate the weaknesses, explore the opportunities, and to mitigate the threats within social, economic and environmental realms. Provincial strategies for growth and development must therefore also make clear pronouncements on specific geographic areas of focus for the phased implementation of Province's strategic objectives and priorities in achieving the vision of the Province. This will require a thorough understanding of the physical, demographic, social, economic and institutional profile and the state of the environment of the Province. It will further require a careful analysis of historic and current development trends, as well as a projection of future anticipated trends within the local and global environment.

The KwaZulu-Natal Provincial Spatial Development Framework has therefore been developed in order to achieve the goals and objectives of the PGDS in a targeted and spatial coordinated manner. The Provincial Spatial Development Framework sets out to:

- Be the spatial expression of the Provincial Growth and Development Strategy (PGDS) and provide spatial context for proposed strategic interventions;
- Provide a contextual explanation of the underlying spatial development challenges (past, current & future) towards the areas of future interventions;
- Provide a set of normative principles or departure points that guide the Province's approach to dealing with socio-economic issues that are manifested spatially;
- Provide a basis for informed consensus on the Province's spatial priorities by providing a map giving guidance for the future spatial development of the Province based on Broad Provincial Spatial Planning Categories (BPSPCs) and a series of other relevant features;
- Assist to prioritise and align where government directs its investment and development initiatives to ensure sustainable and maximum impact;
- Capitalise on complementarities and facilitate consistent and focused decision making,
- Guide municipal integrated development plans (IDPs), spatial development frameworks

(SDFs) and provincial and municipal framework plans (i.e. sub-SDF spatial plans); with normative principles, approach and content.

- Provide clear intent to the private sector about desired development directions;
- Increase predictability in the development environment.

#### **4.1.1 Legislative Context**

Provincial and regional planning is assigned by the constitution to be the responsibility of Provincial Government. Furthermore, Section 15 of the Spatial Planning and Land Use Management Act, 2013 the Office of the Premier of the province is required to compile and publish a Provincial Spatial Development Framework (PSDF). Such a PSDF must coordinate, integrate and align:

- Provincial plans and development strategies with policies of National Government;
- the plans, policies and development strategies of Provincial departments; and
- the plans, policies and development strategies of municipalities.

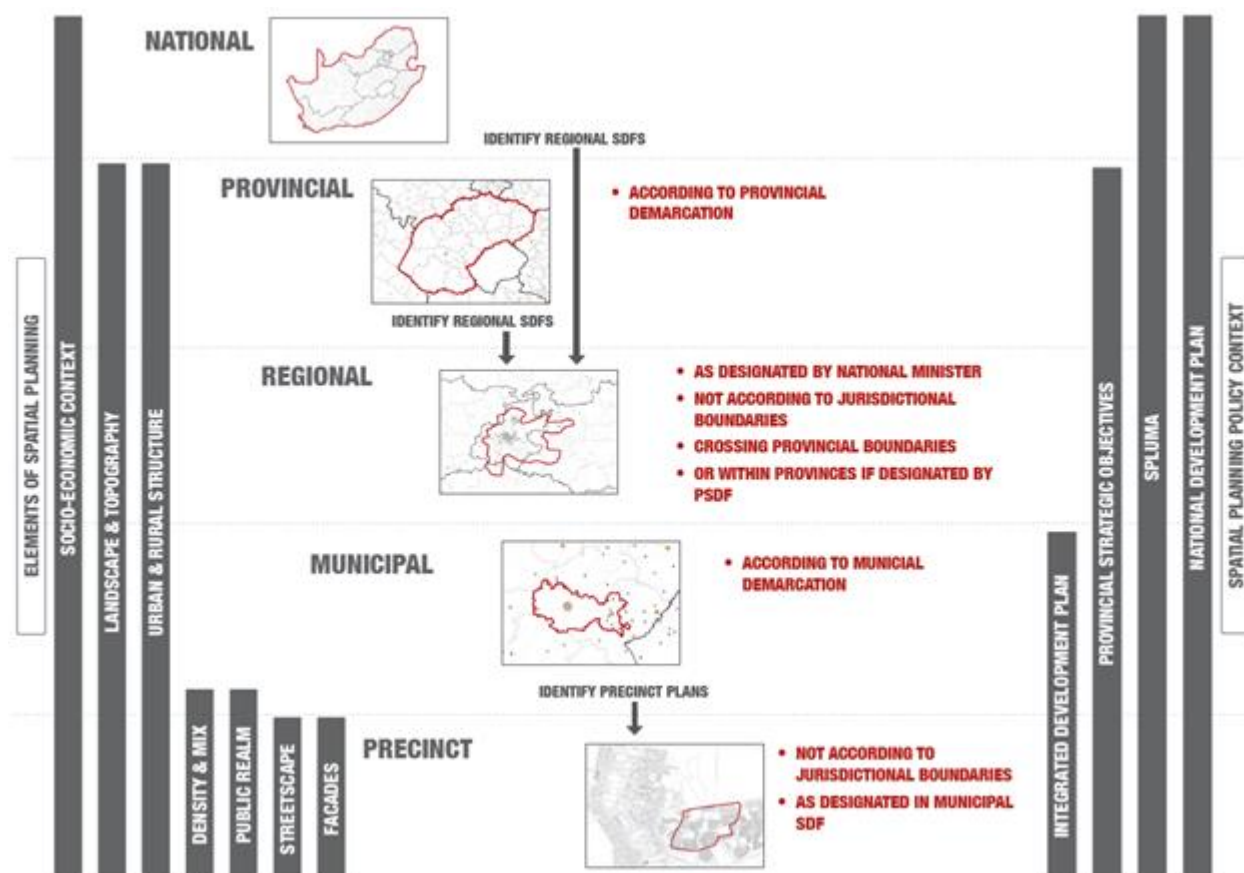
Although each sphere of government is assigned with shared and exclusive spatial planning and management responsibilities, it is evident that the PSDF mandate (as assigned to the provincial government) requires coordination, integration and alignment between all spheres of government.

SPLUMA requires that the PSDF should include the following aspects:

- i. a description of the process followed preparing a PSDF;
- ii. an assessment of a Province's spatial development status and the key spatial challenges it faces;
- iii. Provincial spatial implications of relevant national development strategies;
- iv. a Provincial spatial vision that articulates desired land use patterns;
- v. Provincial land development objectives, principles, strategies, policies and priorities (with particular attention to the sustainable use of spatial assets/resources, and adaptation/mitigation of climate change and energy risks);
- vi. a coordinated and integrated spatial reflection of the plans of Provincial departments; and
- vii. a coordinated framework for Regional and Municipal SDFs.

The diagram below illustrates the relationship between the national, provincial, regional, municipal and precinct planning frameworks. The PSDF is firstly informed by the NDP and its related spatial policies and is further a direct expression of the KZN Provincial Growth and Development Strategy. It is therefore a long term spatial framework to serve as the basis for various implementation programmes and plans to be implemented. The KZN PSDF further define and illustrate the province's spatial strategy to national and provincial departments and other state owned enterprises (SOEs), to ensure that their strategies, programmes and sectoral plans are based on the common spatial logic and intentions of the province.

Figure 50 Spatial planning contexts



Source: DRDLR, 2015

The PSDF also communicates the province's spatial development strategy to municipalities, to guide and inform their IDPs, SDFs and land use management systems (LUMS) to be consistent with PSDF and thus contribute to the implementation and achievement thereof.

In so-doing, the PSDF guides the location and form of public investment at a regional scale within both urban (nodal) and rural areas. The provincial government departments, as well as national and municipal government and SOEs are thus viewed as important public sector users of the PSDF to influence their programmes, projects and investment by establishing a coherent and logical provincial spatial investment framework.

The KZN PSDF thus aims to strengthen the linkages between the three spheres of government towards optimising the returns on public investment to the benefit of affected communities and industries. This in turn should provide greater certainty to communities and the private sector towards the sectoral and geographical focus areas of spatial growth.

The private sector is also considered an important user of the KZN PSDF as it makes an important contribution to reducing investment risk by providing certainty and direction on where public infrastructure investment will be targeted and in turn potentially unlocking new economic opportunities in such areas.

## 4.2 Spatial Challenges

From the various landscape analysis as well as further specific spatial analysis the key spatial challenges to be addressed could be grouped into three categories as illustrated below:

LEGACY CHALLENGES	CURRENT CHALLENGES	FUTURE RISK CHALLENGES
1. Scattered Settlements 2. Poor Rural Accessibility 3. Uneven Distribution of Services 4. Land Tenure and restitution	1. Poverty Distribution 2. Unsustainable Settlement Patterns 3. Regional infrastructure needs 4. Lack of spatial norms and standards	5. Emerging Urban-Rural Continuum 6. Climate Change 7. Food Security 8. Water deficits
REDRESS	ADDRESS	ADAPT AND MITIGATE

Each of these challenges are described in more detail within the Provincial Spatial Development Framework Report.

The **Legacy Challenges** represent those spatial conditions which had emerged through both past political policies as well as historical economic and land use management practices. Such challenges typically require a dedicated response towards redressing such spatial patterns/ challenges.

The **Current Challenges** represent a set of contemporary and emerging conditions and challenges which are impacting on spatial planning and development and could develop into future risks. These challenges need to be addressed within current policies, programmes, projects and institutional arrangements.

The **Future Risk Challenges** represent the changing future conditions and anticipated challenges which are anticipated to impact on the effective spatial planning and development of the province in the medium to long term. It is therefore important that the provincial spatial strategy promotes measures to adapt to and/or mitigate the potential impact of those challenges on the growth and development of the province.

## 4.3 Spatial Rationale

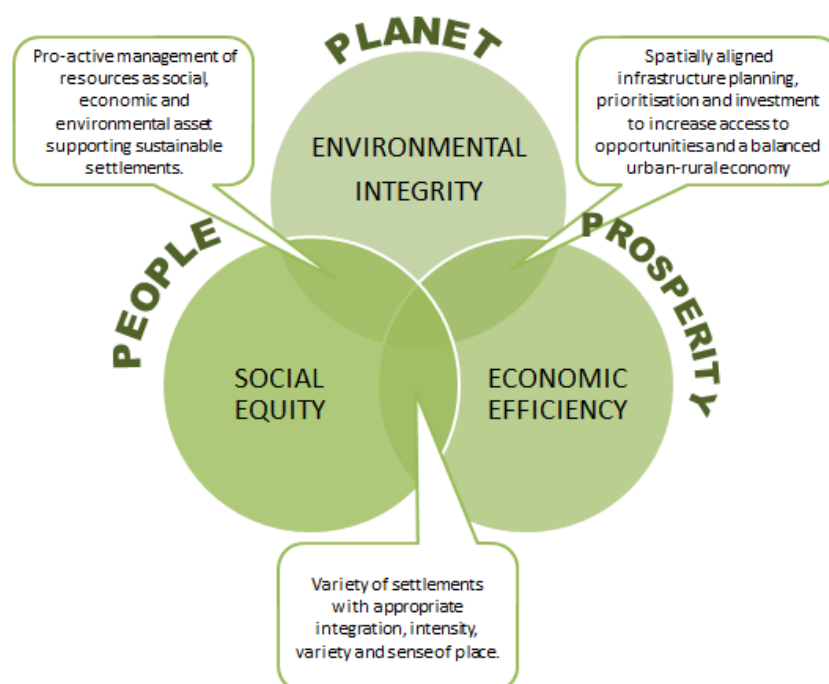
### 4.3.1 Spatial Vision and Approach

The envisaged spatial vision for KwaZulu-Natal could be summarised as follow:

*“Optimal and responsible utilisation of human and environmental resources, building on addressing need and maximising opportunities toward greater spatial equity and sustainability in development.”*

From the above spatial vision, the Provincial Spatial Development Framework PSDF takes as its starting point the goal of sustainable development which, in spatial terms, could be expressed as follow.

Figure 51: Illustration of the Concept of Spatial Sustainability



The three pillars of sustainability, also referred to as the "triple bottom line", are:

**Ecological Integrity** (health of the planet): This refers to the continued wholeness and success of the environment in terms of providing for and sustaining life on Earth or in a subset thereof such as a region or town, and concerns both the natural and human-made environment. Due to the fact that the survival of species, including our own, ultimately depends on the ecology, ecological integrity is then a key factor in the environmental sustainability equation. In this regard it must be remembered that KwaZulu-Natal is one of the most biodiversity rich provinces in the country.

**Social Equity** (situation of the people): Within a secure ecology, society can move towards needs fulfilment for all. Social equity refers to both material human wellbeing (the absence of poverty) and spiritual human wellbeing, i.e. provision of a physical and moral space where the continuity of a complex society and ecology is maintained and enhanced, and its health attained. In the South African context the concept of social equity is an extremely important component of society as it emphasises the need to redress the wrongs of the past as a central component of social sustainability.

**Economic Efficiency** (attainment of prosperity): If human needs are met, society can seek prosperity through economic efficiency. This refers to the optimisation of benefit at the lowest cost, i.e. optimal development must be achieved at the lowest possible cost – and moreover, to comply with the sustainability principle, taking all costs now and in future into consideration.

These three pillars of sustainability can be viewed as providers of the capital necessary for each subsequent pillar to function. Thus, economic capital is dependent on social capital, which is in turn dependent on ecological capital.

It is important to note that the nesting of the spheres – economic, social and ecological – illustrates that economic and human capital cannot draw more from society and from the ecology than what the ecology and society can yield sustainably in the long term. Thus, although there might be a number of spatial specific principles which guided the further formulation of the PSDF, the overarching principle remains sustainable development.

### 4.3.2 Spatial Principles

The following nine spatial principles underscores the general spatial intentions of the PGDS and serves as provincial guiding principles which should, ideally, be pursued within all levels of spatial planning at district and local level in alignment with the provincial spatial development strategy.

Figure 52: 9 Spatial Principles



#### Principle of Environmental Planning

The Principle of Environmental Planning (Bio-regional Planning) refers to understanding and respecting the environmental character (potential and vulnerability) and distinctiveness of places and landscapes and promoting balanced development in such areas.

The PSDF supports environmental planning as the fundamental methodology on which spatial planning should be based. Thus, rather than being a reactionary barrier to commenced development, the environment is seen as an enabling primary informant to spatial planning and development. Environmental planning can be defined as land-use planning and management that promotes

sustainable development. The environmental planning methodology involves the use of Broad Provincial Spatial Planning Categories to reflect desired land use.

### **Principle of Economic Potential**

The Principle of Economic Potential aims to improving productivity and closing the economic performance gap between the various areas of KwaZulu-Natal towards economic excellence of all areas. Rapid economic growth that is sustained and inclusive is seen as a pre-requisite for the achievement of poverty alleviation.

The principles further promotes the consideration of spatial needs for Economic Competitiveness (Potential) by proposing an asset based spatial approach based on unique advantages and opportunities within various areas. An essential component of this principle is the engagement of the private sector in the refinement and spatial economic needs of any particular zone / area.

### **Principle of Sustainable Communities**

The Principle of Sustainable Communities promotes the building of places where people want to live and work. Again the sense of Quality of Living refers to the balance between environmental quality, addressing social need and promoting economic activities within communities.

Often communities within the rural context of KwaZulu-Natal are not located in the areas with perceived highest economic potential. Where low economic potential exists planning and investments should be directed at projects and programmes to address poverty and the provision of basic services in order to address past and current social inequalities towards building sustainable communities.

### **Principle of Local Self-Sufficiency**

The Principle of Local Self-Sufficiency promotes locating development in a way that reduces the need to travel, especially by car and enables people as far as possible to meet their needs locally. Furthermore, the principle is underpinned by an assessment of each area's unique competency towards its own self-reliance and need to consider the environment, human skills, infrastructure and capital available to a specific area and how it could contribute to increase its self-sufficiency.

### **Principle of Spatial Concentration**

The Principle of Spatial Concentration aims to build on existing concentrations of activities and infrastructure towards improved access of communities to social services and economic activities. In practical terms this promotes concentration along nodes and corridors with multi-sectoral investment i.e. roads, facilities, housing etc. This is envisaged to lead to greater coordination of both public and private investment and result in higher accessibility of goods and services to communities while ensuring more economic service delivery.

This principle will further assist in overcoming the spatial distortions of the past. Future settlement and economic development opportunities should be channelled into activity corridors and nodes that are adjacent to or link the main growth centres in order for them to become regional gateways.



### Principle of Sustainable Rural Livelihoods

The Principle of Sustainable Rural Livelihoods considers rural areas in a way that is integrated with other decision-making associated with the Sustainable Livelihoods framework. This principle requires that spatial planning consider the locality and impact of human, physical, natural, financial and social capital of an area and spatially structure these in support of each other.

Another aspect of this principle is promoting spatial planning in a continuum where rural areas are not addressed as completely separate entities to urban centres, but rather a gradual change in landscape with the potential progression of rural areas to more closely resemble the service standards and quality of living achieved in some urban contexts.

### Principle of Balanced Development

The Principle of Balance Development promotes the linking of areas of economic opportunity with areas in greatest need of economic, social and physical restructuring and regeneration at all spatial scales. In practical terms the principles sought to find a balance between the potentially competing land uses by understanding the relationship and integration between major dimensions within the Province and promoting a synergetic mixture of land uses in support of each other at various spatial scales.

### Principle of Accessibility

The Principle of Accessibility simply promotes the highest level of accessibility to resources, services, opportunities and other communities. This is intrinsically linked to transportation planning and should consider localised needs for the transportation of people and goods by various modes of transport as guided by the scale and function of a region. At a provincial level there is a strong correlation between the most deprived areas and poor regional accessibility to those areas. In addressing accessibility at provincial and local level, the need for possible new linkages, the upgrade in the capacity of existing linkages and the suitable mix of modes of transport should be considered.

### Principle of Coordinated Implementation

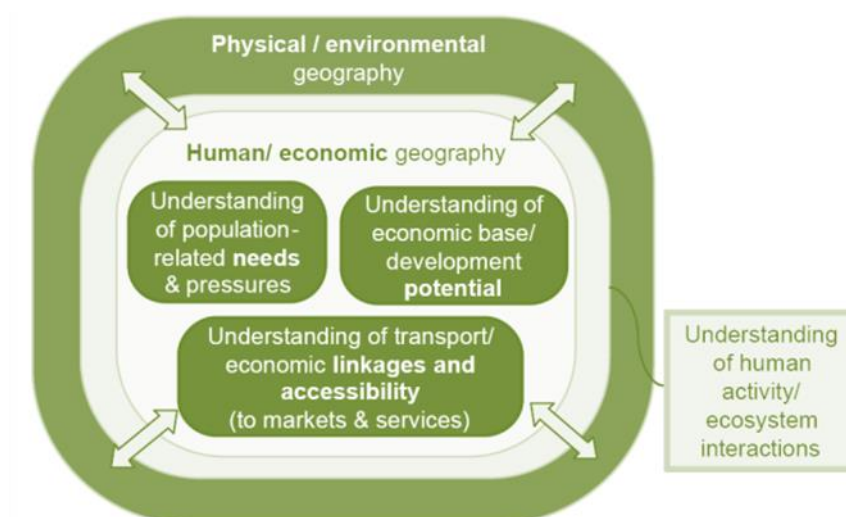
The Principle of Coordinated Implementation actually projects beyond spatial planning and promotes the alignment of role player mandates and resources with integrated spatial planning across sectors and localities. Essentially the principle suggests that planning-implementation becomes a more continuous process and that government spending on fixed investment should be focused on planned key intervention localities.

This principle ultimately also proposes a move towards more developmental mandate definitions of the various departments, away from single mandates to enable the spatial alignment of growth and development investment.

## 4.4 Spatial Themes and Logic

Where previous provincial spatial prioritisation strategies such as the Provincial Spatial Economic Development Strategy has focussed on the identification of both areas of Social Need and Economic Potential and especially also the areas where these two variables intersect, the PGDS incorporates a third vital component by considering Environmental Vulnerability or Sensitivity as well, and the spatial development strategy follows the same philosophy towards environmental responsibility and sustainable development. This approach to spatial variables is illustrated below and considers that the Physical / Environmental Geography of any area impacts on and is impacted on by the Human / Economic Geography and it is the interaction between these variables which is essential to understand and plan for growth and development.

Figure 53: Spatial Variables Approach



Spatially, it is further vital to consider general accessibility as a crosscutting variable, which impacts all three pillars of sustainable development, and as a result the four main spatial variables informing the provincial spatial development framework include:

- ***Sustainable Use of Provincial Natural Resource,***
- ***Unlocking growth potential through the space-economy, and***
- ***Addressing Social Needs within Sustainable Settlement planning.***

These variables themselves are also in turn represented by a number of spatial variables, which are directly and indirectly representative of the particular spatial component.

Cross-cutting to these spatial themes spatial logic forming the basis for the PSDF's strategy is to:

1. **LOCALISE** economic potential through infrastructure and facilities within dedicated localised areas and accessibility routes in order to maximise the impact and coverage of public investments and

consider the variety requirements of areas. This should ensure consolidation and improved co-ordination of development efforts and expenditure by various departments within a localised area.

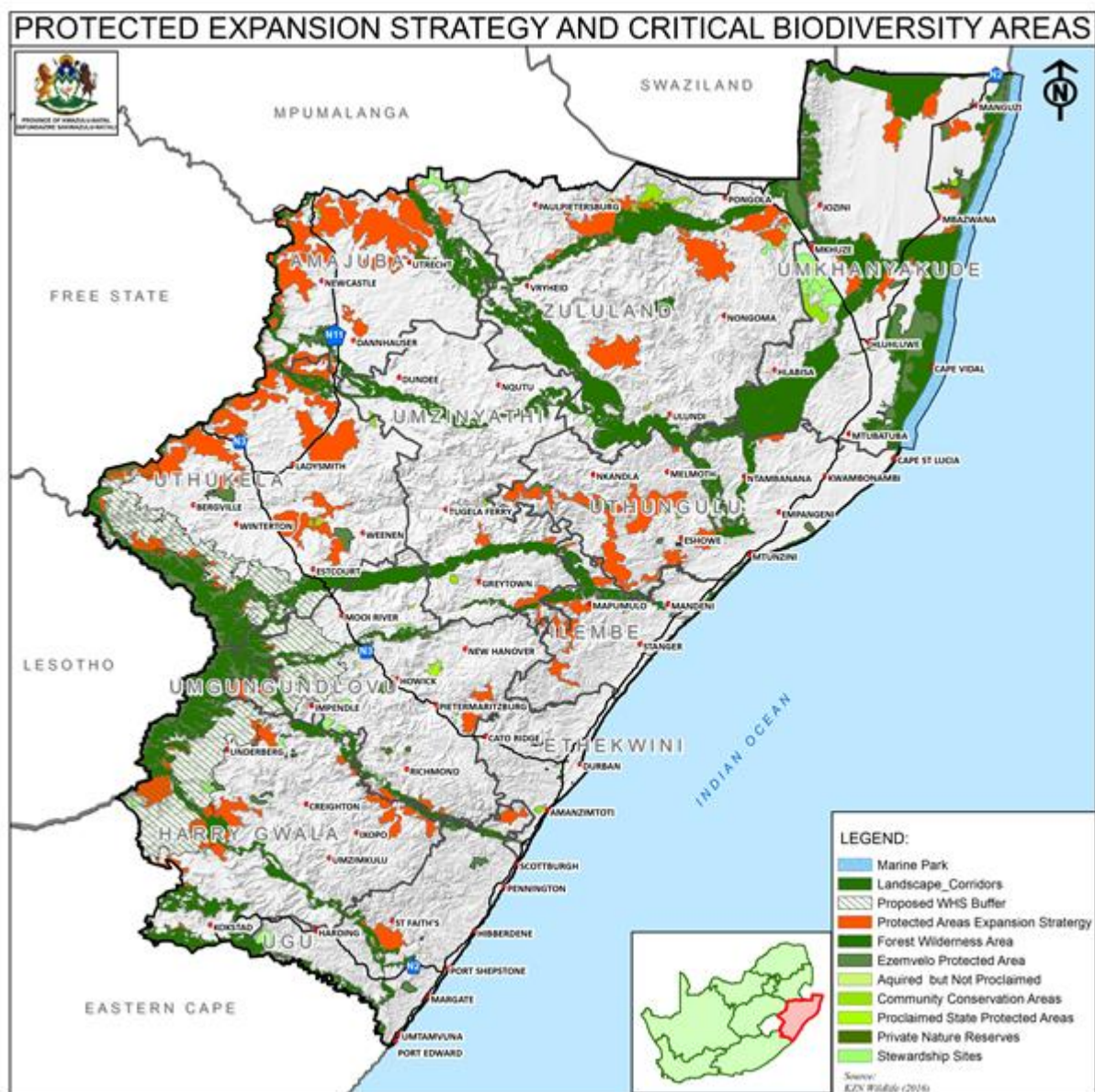
**2. LINK** and integrate critical biodiversity areas, fragmented and/or isolated settlements and urban and rural markets through infill planning, establishment of corridors, freight and public transport routes and linkage as well as ICT (broadband connectivity) between existing and emerging regional economic and development nodes as they offer the best prospects to generate jobs and stimulate innovation.

**3. LEVERAGE** the sustainable use of land and environmental assets to unlock the underlying growth and development potential of such localised and regional area based on their unique needs and comparative strengths (e.g. rich environmental base, local knowledge, proximity to major economic investment areas). This approach would require a multi-dimensional (social, economic and environmental) rethink of the function and structure of certain areas where such potential has not been leveraged.

## 4.5 Environmental Management Areas

The critical bio-diversity areas and associated environmental management areas (at a provincial scale) are represented by the map below and these have been incorporated as a key element to the PSDF map as a series of landscape / conservation corridors. It is important to note that These conservation corridors are not suggested as absolute “no-go” areas, but rather highlighted as areas of environmental significance to the sustainable development of the entire province.

Figure 54 Environmental management areas



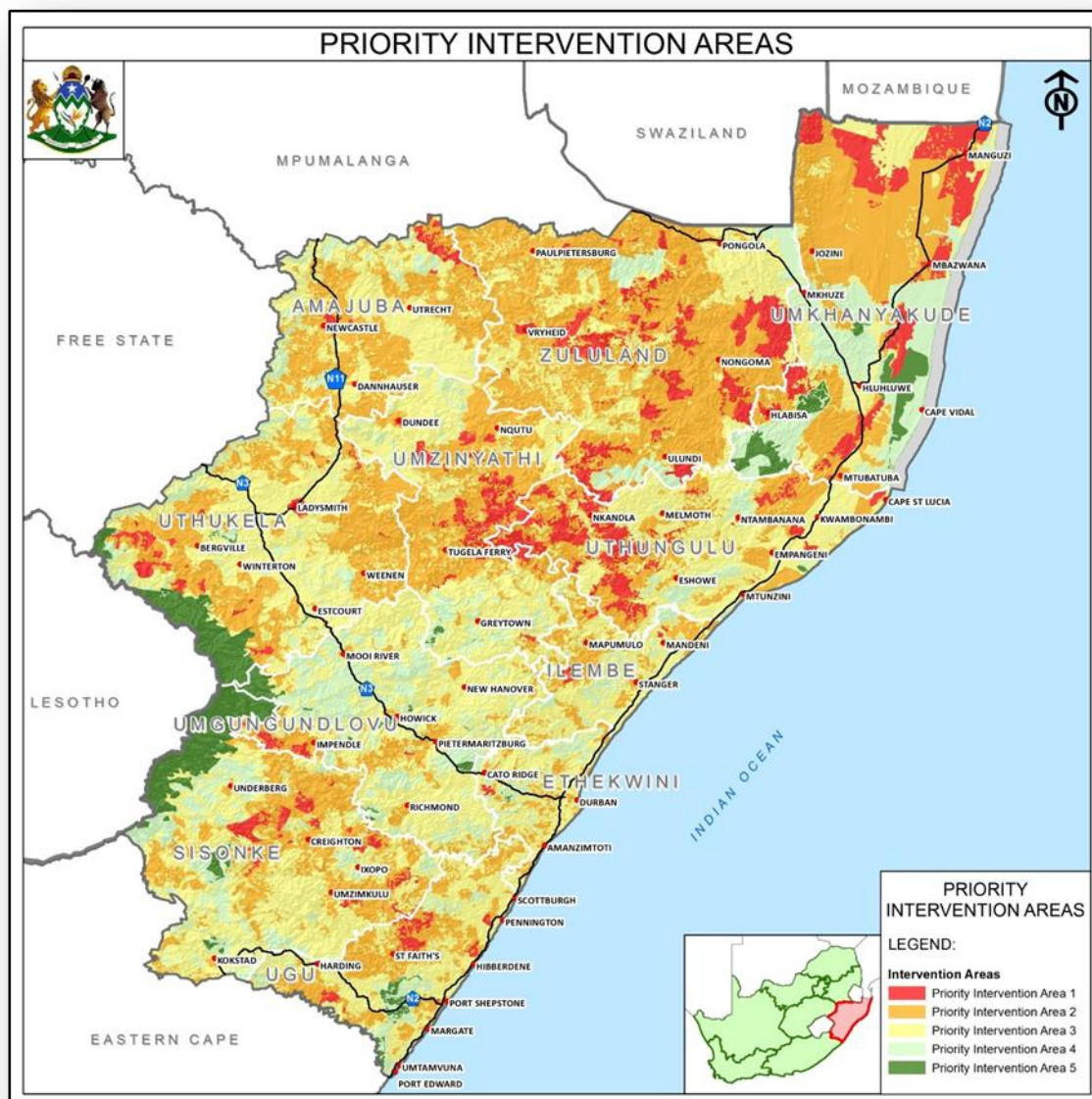


## 4.6 Priority Social Intervention Areas

The composite map of priority intervention areas, based on the variable weighting described is illustrated below.

Figure 55: Composite Map illustrating Priority Intervention Areas

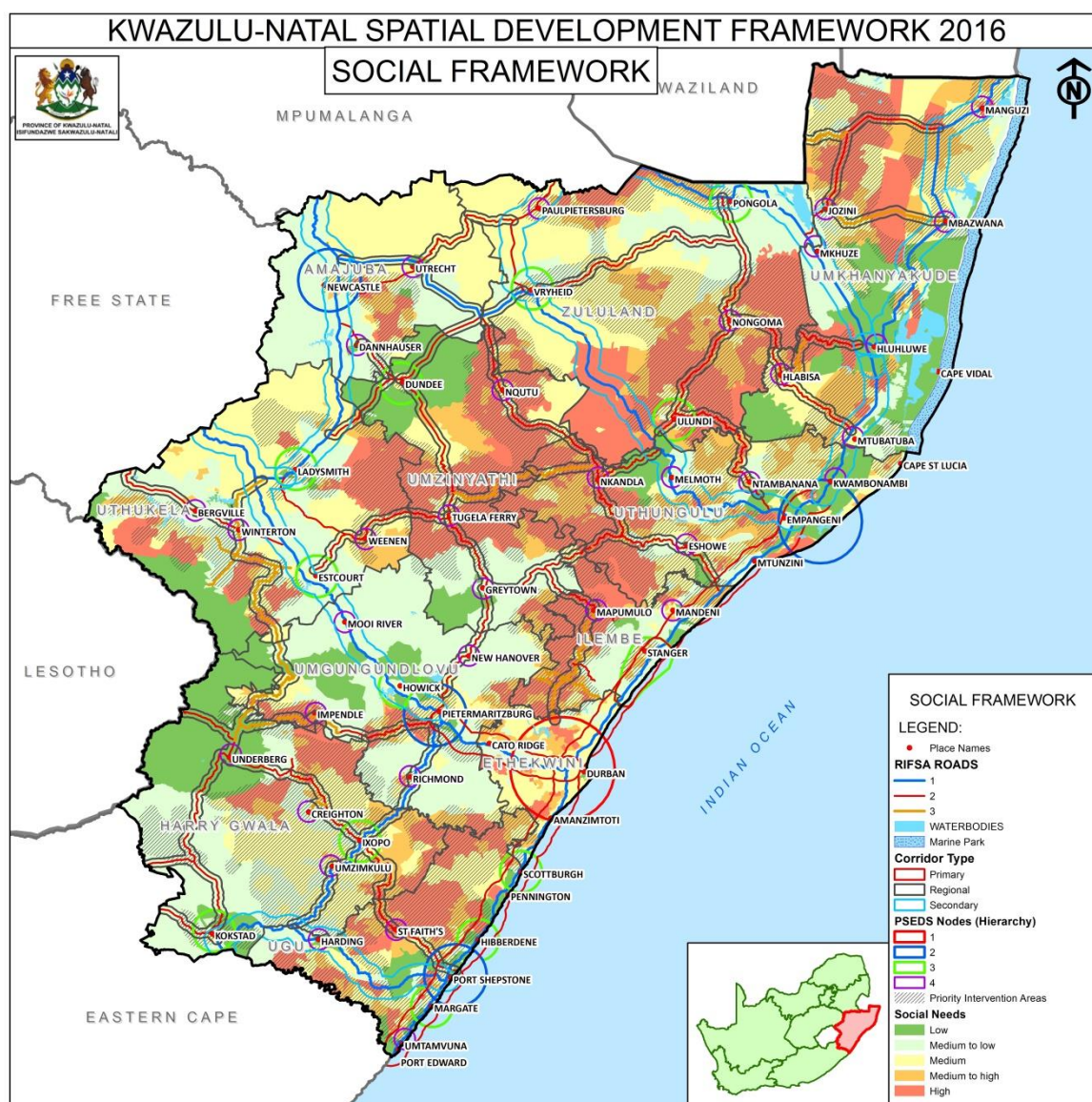
Although the classification criteria used defines core areas, especially within the interior of the



Province, it should be noted that it is not the intention of the PGDS or the provincial spatial framework that only these core areas benefit from strategic interventions. Rather as a minimum, the Level 1 and Level 2 areas are identified as areas where urgent short-term concentration and coordination of public interventions are required, with other intervention areas systematically being attended to. The type and extent of the interventions that would be targeted at these areas, would be formulated jointly with the various district municipalities against the framework of the PGDS, its goals, objectives and envisaged interventions.

Given the urbanisation trends as well as the already significant contribution that major urban centres such as eThekweni, Msunduzi and Richards Bay make to the regional economy of the Province, as well as the fact that these areas also accommodated concentrations of poverty-stricken areas, these centres should not be neglected. The Provincial Spatial Economic Development Strategy (PSEDS) has identified a hierarchy of provincial nodes that contribute strategically to the provincial, regional and local economies as well as serve as vital service centres to communities. These nodes, in relation to the Level 1 and 2 Priority Interventions areas are illustrated as follows:

Figure 56: Illustration of the Nodes in relation to Level 1 and 2 Priority Interventions



It is evident that in certain centres (e.g. Newcastle, Ulundi etc.) the proposed nodes and priority intervention areas do correspond to a high level. However, even the nodes that are seemingly not core areas of priority interventions such as eThekweni and Richards Bay also accommodate smaller, concentrated areas where priority interventions are proposed. Public investment areas are therefore

directed both by the priority intervention areas as well as the identified provincial nodes. It is also envisaged that the nodes would serve as centres where the highest synergies between public and private investment would occur.

The various nodes and their broad intended function and possible interventions are described in the table below.

**Figure 57: Intervention Nodes and Broad Intended Function**

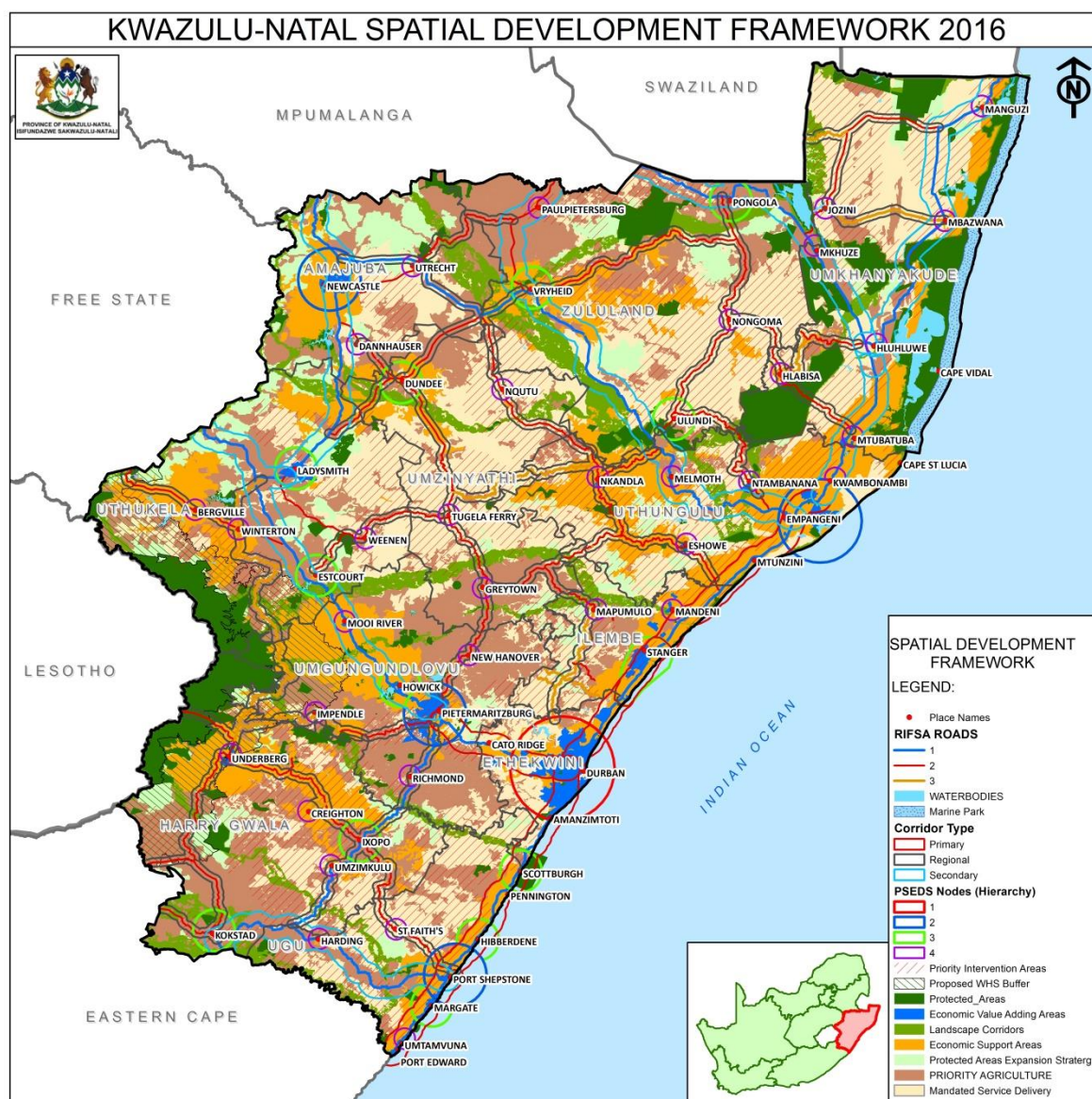
<b>Intervention Node</b>	<b>Broad Intended Function</b>
<b>Primary Node</b>	Only eThekweni is classified as a Primary Node within the provincial context as an urban centre with very high existing economic growth and the potential for expansion thereof. Provides service to the national and provincial economy.
<b>Secondary Nodes</b>	Richards Bay, Msunduzi, Newcastle and Port Shepstone have been identified as provincial Secondary Nodes and thus urban centres with good existing economic development and the potential for growth and services to the regional economy.
<b>Tertiary Nodes</b>	These nodes are mainly centres, which should provide service to the sub-regional economy, and community needs and is represented by the following towns such as Pongola, Vryheid, Ulundi, Dundee, Ladysmith, Estcourt, Howick, KwaDukuza, Ixopo, Scottburgh, Hibberdene, Kokstad, and Margate.
<b>Quaternary Nodes</b>	These nodes are mainly centres which should provide service to the local economy and community needs and is represented by 31 towns, such as but not limited to: Nongoma, Nkandla, Bergville, Greytown, Underberg, uMzimkulu, etc.
<b>Rural Service Centres</b>	<p>The proposed Rural Service Centres are envisaged to serve as the lowest level of provincial nodes and could typically be established around existing traditional administration centres as well as other accessible rural points identified as periodic markets. These will be identified in consultation with the district municipalities and should serve as first access to basic services within rural areas. These rural service centres will include, and some have already emerged to include, a combination of the following activities:</p> <ul style="list-style-type: none"> <li>• Traditional administration centre,</li> <li>• Taxi/ bus stop,</li> <li>• Informal trading / market area,</li> <li>• Social facility (clinic, library etc),</li> <li>• Skills development centre (mainly local schools),</li> <li>• Mobile services point (mobile clinics, pension pay points, mobile library etc.)</li> <li>• Small commercial facility</li> <li>• Recreational facility such as a sport field.</li> </ul> <p>A conceptual model of these rural service centres will guide the formulation of a provincial implementation strategy towards the implementation of the proposed Rural Service Centres.</p>

## 4.7 Provincial Spatial Development Framework

These spatial variables were considered collectively and a ranking order to key elements used to formulate a composite Provincial Spatial Development Framework, which identifies Broad Provincial Spatial Planning Categories as, indicated below.



Figure 58: Illustration of Composite Provincial Spatial Development Framework





The Broad Provincial Spatial Planning Categories (BPSPCs) that are indicated within the above-illustrated provincial spatial development framework should be interpreted as follow:

**Figure 59: Spatial Planning Category and Broad Intended Land Use and Interventions**

<b>Spatial Planning Category</b>	<b>Broad Intended Land Use and Interventions</b>
<b>Landscape Corridors</b>	Proposed regional critical conservation areas, which are linked in a continuous system of ecosystems and bioregions traversing the Province between the Drakensberg and the Indian Ocean. These areas were identified combining existing environmentally protected areas as well as conservation corridors proposed by Ezemvelo KZN Wildlife, through combining extensive environmental research into bio-resources throughout the Province as part of the formulation of a Critical Biodiversity Plan for the Province. These Conservation Corridors are not suggested as absolute “no-go” areas, but rather highlighted as areas of environmental significance to the sustainable development of the entire province. Where economic opportunity (such as tourism development) and high social need exist within these Conservation Corridors, it implies both that the rich natural environment should contribute to address such needs and potential, and further that any interventions in these areas need to consider the impact on such important regional ecological corridors. These corridors are however perceived as areas where extensive densification would be discouraged and sensitive development promoted.
<b>Biodiversity Priority Areas</b>	Areas with a significantly high biodiversity value expressed in the number of species and sensitive environments as identified through extensive research by Ezemvelo KZN Wildlife. These areas are most often located in close proximity to the identified Conservation Corridors and may serve as an additional buffer to these corridors. These areas too are not (at a provincial level) proposed as absolute “no-go” areas, but are identified to indicate areas where extensive densification would be discouraged and sensitive development promoted.
<b>Areas of Economic Value Adding</b>	The key economic centres and areas where all of the varieties of economic sectors (Agriculture, Tourism, Manufacturing, and Services) are prevalent and perceived to have good potential to be further expanded on. These areas are visibly linked to high accessibility areas with existing bulk infrastructure and relatively high population densities that would both contribute to the economic expansion and benefit from interventions in these areas. Due to these factors, further economic processing and value adding at a provincial level, are mainly proposed within these identified areas.
<b>Areas of Economic Support</b>	A number of regions resembled areas of good economic potential in more than just one of the key provincial economic sectors. Due to the fact that these areas represent a larger distribution across the entire province than the core areas of economic value adding, these zones are considered important areas of Economic Support. Typical interventions in these areas would include economic prioritisation of development, labour force interventions (e.g. skills development), key economic infrastructure investment and area promotion.

Spatial Planning Category	Broad Intended Land Use and Interventions
<b>Areas of Agricultural Development</b>	Relatively high agricultural production areas, which are not located within biodiversity areas combined with other potential economic sectors, are highlighted by this category to identify and promote areas with the potential to make a significant contribution through agricultural production. Although successful farming practices are already occurring on some of these areas, it is proposed that under utilised agricultural land within these zones are more effectively utilised for sustainable agricultural production. Associated interventions may include agriculture specific infrastructure, skills development, market access interventions etc.
<b>Areas of High Social Need</b>	The highest ranges of combined social need when considering the population density, dependency ratio as the provincial index of multiple deprivations is illustrated by this category of high social need. These are broadly the areas where the most intensive social interventions are required and this category is further overlaid above all other categories to provide a spatial reference to the types of interventions, which might be pursued in addressing the concentrated social need within these areas. As an example where high social need is identified within an area earmarked as a conservation corridor, this firstly provides a reference to the fact that social conditions of communities will need to be addressed if any conservation is to be promoted within such areas. Further it suggests that the effective utilisation of the high biodiversity within such areas might be harnessed towards addressing social need through, for example, conservation tourism.
<b>Undifferentiated Areas</b>	The areas, which are not representative of any of the above-mentioned categories, are classified as undifferentiated areas. It is acknowledged that these areas also have communities residing on them with economic potential and environmental resources, however, based on the approach followed these areas weren't differentiated to the same degree as the identified preceding categories. It is therefore important that this category is not neglected in public and private interventions and, as the various departmental programmes are inclusive in nature, these areas should also benefit from it. It is anticipated that the intensity of such programmes and the total portion of resource allocation to these areas would be less than the identified categories and the key intervention areas identified previously.

In order to ensure the resulting Provincial Spatial Development Framework (SDF) guides and co-ordinates spatial planning within district municipalities, it is envisaged that a series of sub-regional plans (e.g. Conservation and Investment Corridors) will follow. Furthermore each the Provincial SDF has been extracted to each district municipality level in order to provide a mechanisms for discussion and alignment of District SDFs to the provincial level plan and ultimately with each other.

## 4.8 Implementing the Provincial Spatial Development Framework

The Kwazulu-Natal Provincial Spatial Framework represents the long term spatial vision of the province. As such it is not merely a short term prescriptive masterplan to be implemented, but rather a framework for:

- aligned and integrate sectoral / departmental planning on a regional scale which will result in the co-ordinated planning, budgeting and implementation by the spheres of government and SOEs, and
- local communities and the private sector investor to have greater certainty in the spatial growth and development within the province as well as the opportunities it presents.

The implementation of the PSDF will require the following elements to be addressed:

- 1. Co-operative Spatial Planning and Governance** – The continuously improving integration of planning and governance amongst spheres of government and departments. This will also include support to local municipalities both in terms of guidelines and provincial norms and standards, but also in the gathering and distribution of data and shared services and support where needed.
- 2. Effective Development Partnerships** – The formulation and implementation of effective mechanisms to involve the private sector and communities in planning and implementation processes. This will require a) effective communication channels and working relationships, b) streamlined administrative processes and c) a mechanism to unlock or fast track provincially significant developments and investment such as bulk regional infrastructure (traversing multiple local municipalities) or large scale foreign investment into developments which will have a significant regional and local economic benefit.
- 3. Catalytic Interventions** – Such interventions will include (but is not limited to) major strategic capital investments into regional economic and infrastructure, as well as effective spatial knowledge management, dedicated spatial targeting instruments (e.g. Provincial Housing Development Areas, Urban Development Zones etc.) and land assembly. It is important that such catalytic interventions consider and enable the national and provincial strategies aimed at growth and development (e.g. Special Economic Zones, Agri-Parks etc.).
- 4. Monitoring of Spatial Transition and Performance** –The introduction of a planning performance, monitoring and evaluation system, a set of SMART (Specific, Measurable, Achievable, Relevant, Time bound) indicators to be developed and applied at provincial, district and local municipal level. These should measure progress on delivering on the Provincial spatial target, its spatial transformation and governance components.

A vital part in the implementation of the PSDF would be the manner in which it manifests and contributes to the District Growth and Development Plans as well as the District Spatial Development Plans (as guidance to local SDFs). Within the PSDF, a spatial expression of the plan is provided for each district as well a translation thereof into the implications for the DGDP and DSDF as it relates to

planning co-ordination, proposed local partnerships, catalytic interventions as well as monitoring and performance matters.