



State of the Province Address 2009  
Premier Mbulelo Sogoni

Honourable Speaker & Deputy Speaker;

Members of the Provincial Legislature & Delegates of the National Council of Provinces;

Mr. Stone Sizani, Member of Parliament and Chairperson of the ANC in the Province;

Executive Mayors and Mayors;

Traditional Leaders, Religious Leaders and representatives of civil society;

Members of the Judiciary, Provincial Commissioner of the South African Police Service, and Heads of the Security Services in the Province;

Ambassadors and Members of the Diplomatic Corps;

Vice-Chancellors of Institutions of Higher Learning;

Heads of Departments and other Members of the Public Service;

Distinguished Guests, Ladies and Gentlemen

The presentation of this State of the Province Address is broadcast live on Tru FM, Community Radio Stations, DSTV Parliamentary channel, and is simultaneously beamed on screens in Matatiele, Komga, Kouga, Ntsika Yethu, Elundini, Mhlontlo and KwaZakhele.

I humbly take this moment to greet all the listeners and viewers.

Madam Speaker, before we begin with the substance of this address, it is appropriate to acknowledge and pay respect to some

of our compatriots, distinguished leaders, and heroes and heroines of the soil who have passed on in the period between the previous State of the Province Address and this day. These include, but are not limited to:

*Ncumisa Kondlo*: MPL, MEC and MP; member of the NEC of ANC and of the Politburo of the SACP;

*Nontuthuzelo Mabala*: a veteran of the ANC Women's League and one of the brave women who marched in 1956 against pass laws;

*Tata Toto Alfred Metele*: who served both as a senator in the first democratic Senate, as well as a Member of the Provincial Legislature;

*Nobantu Buka*: Member of our Provincial Legislature; and

*Ludumo Galada*: World featherweight boxing champion, who died tragically in a car accident recently; and there are many others, including the 3 health professionals who died in a road accident and the 2 football players who were struck and killed by lightning in Mhlontlo recently.

We all know that the Eastern Cape is poorer without them, and we continue to feel indebted for their contribution to building the new South African nation.

In contrast, Madam Speaker, I take great pleasure in extending congratulations and warm wishes to those in our extended provincial family who have achieved great heights in their respective fields and amongst them are:

The Province's four cricketers: *Makhaya Ntini, Mark Boucher, Wayne Parnell and Lonwabo Tsotsobe* who were part of the Proteas

cricket team's historic test and one-day international victories over the mighty Aussies on their own soil;

*Zanele Mdodana and Nontle Gwavu*: for their selection in the Netball Proteas team;

*Bay United* on playing in the Premier League of the Premier Soccer League this season;

*Kevin Paul* who won gold at the Paralympics in Beijing and his colleague *David Ross*, who won silver at the same tournament;

The *Eastern Province Women's Rugby team* for becoming national champions for the second year running;

The National Female Farmer of the Year, *Bongiwe Kali*, only 27 years of age, from Ngcetshe Village in Mnquma; and the National Emerging Farmer of the Year, *Merlon de Jager* from Aberdeen in Camdeboo; and

Madam Speaker, on behalf the Government and people of the Eastern Cape, I wish *Ali Funeka* well as he goes toe-to-toe in his International Boxing Federation title fight in the United States tomorrow.

These, and many others, are just a semblance of abundant talent in the Eastern Cape, much of which we do little to appreciate.

Madam Speaker, it is my honour, as Premier of the Eastern Cape, to present to you and the people of our Province this State of the Province Address, the last in this third term of Government.

Whilst this occasion is dictated to by tradition, I would want to underscore the significance we attach to it as both the Provincial Government and the ANC, as the ruling party. This occasion draws

interest and participation across all sectors of society, and thereby cements the broad partnership that has become the cornerstone of our inclusive policy approach. Further representing our commitment to transparency and public accountability, this occasion presents yet another opportunity to publicly articulate our own perspective of where we are as a Province, whilst detailing the progress we have made and where we are heading. In this regard, I will attempt, in some level of detail, to review the work of Government during this term, and in preparing to pass the baton to the new administration after the forthcoming elections, I will reflect not only on the achievements in the Government's relentless efforts to create a better life for all our people but also on the challenges that remain. Later, I will refer to some of the opportunities that lie ahead.

Madam speaker, it is important to give a broad paint-brush picture of the **development context** in which we operate.

It is far too easy in the current political and socio-economic climate to forget where we have come from. Only 15 years ago, South Africa was not only a divided and conflict-ridden society, but also one with an economy that was stagnant after more than 10 years of negative growth. The social effects of economic mismanagement and institutionalized racial discrimination were glaring. More than 12 million people lacked access to water; more than 23 million of our people had no electricity; and more than 2 million children never had the opportunity to attend school. More than 25% of the population lived on less than half of the poverty line income. It goes without saying that the Eastern Cape, with its bigger share of the marginalized bantustan component, had a disproportionately high share of these negative socio-economic indicators.

The Government's 15 Year Review report outlines in detail the progress made in the efforts to restore dignity, human and socio-economic rights to millions of South Africans who were disenfranchised under apartheid colonialism. This report informs us that over the past 15 years, hundreds of thousands of the poorest households have been provided with a range of social services including social grants, housing, electrification, safety, water, sanitation, health and education services.

It also acknowledges reduction in the levels of poverty and unemployment, and that much has been achieved with respect to efforts to stabilize the macro-economic environment, partly as a response to globalization but also to ensure a sustained economic growth rate higher than 4%.

Informed by this report, we are concerned that levels of inequality have increased and about the fact that access to quality social services still correlates too strongly with race, class, gender and spatial factors. It is also evident from the report that, despite the significant gains of the past 15 years, as government, we have not yet achieved the acceptable pace and quality of service delivery.

At the provincial level, many of the structural features of the apartheid economy are still evident, including the monopolistic structure of capital, a vulnerable industrial economy dominated by the automotive sector, massive service and infrastructure backlogs in the former bantustans, and an under-developed agricultural sector.

Having outlined all of these challenges, we need to be mindful that we have not only built a sustainable and resilient political and economic system of governance, but also ensured that South Africa

and the Eastern Cape remains a stable society where all citizens can realize their potential. We have built and continue to consolidate a society founded on solid social partnerships between Government, business, labour, civil society, churches, academic institutions, among others. *This is based on an understanding that **our success, moving forward, depends on us all working together.***

Madam Speaker, I also take this opportunity to acknowledge the interest shown by the people of the Eastern Cape in the build up to the **4<sup>th</sup> General Elections** to be held on 22 April 2009, as evident in the level of voter registration. 2,9 million of the Provinces' population have registered as voters, and this accounts for close to half of the total provincial population. This interest shown by the voting population in our province and the expected high voter turnout will contribute to the deepening of democracy, and ensure legitimacy of a government based on the will of the people.

But we must remain vigilant and never allow this interest and desire for political fortunes to lead to violent incidents in the run-up to the elections. In this regard, I call upon members and supporters of all political parties in the Province to exercise political tolerance, and that leaders should effectively use the Party Liaison Structures of the Independent Electoral Commission to resolve conflict, thus making sure that these elections are free of incidents of violence and intimidation. I take this opportunity to wish the IEC in our province well in the mammoth task of managing the forthcoming elections.

Madam Speaker, let me preface my analysis and presentation of our achievements with a summary of the **mandate** we carry as Government. At the beginning of this third term of Government in

2004, our shared destiny was set out in the manifesto of the ruling party, and this formed the basis for the mandate given to Government to achieve the objectives of reducing unemployment, poverty and crime; providing the skills required by our economy; ensuring that all South Africans enjoy the full dignity of freedom including compassionate government service and a better national health profile.

These objectives were carried through in very specific targets in the Provincial Growth and Development Plan (the PGDP), the Government's over-arching blueprint providing a 10-year vision for growth and development. It is against this programme that I today present to this House and the people of our Province the performance of Provincial Government during this term.

Madam Speaker, looking at our **economic interventions**, the Government's efforts over the past 5 years to grow the economy and create sustainable work opportunities for our people were based on the six-fold strategy.

*Firstly*, the building of world-class logistics and transport infrastructure such as the Coega and East London Industrial Development Zones;

*Secondly*, the consolidation of our manufacturing strengths around the automotive sector, while at the same time actively diversifying into new niche sectors;

*Thirdly*, the deepening and sharing of the impact of economic growth through Broad-Based Black Economic Empowerment and, where possible, leveraging off state procurement;

*Fourthly*, addressing our skills deficit through a targeted skills plan, and the establishment of a provincial council for the Joint Initiative on Priority Skills Acquisition, JIPSA, to prioritize and co-ordinate skills development interventions in the Province;

*Fifthly*, the establishment and beneficiation of the Mzimvubu Development Zone in the Eastern part of the Province, including the Ugie-Maclear forestry cluster, with a particular focus on the former Transkei; and

*Sixthly*, addressing red-tape bottlenecks that constrain investment.

The trends in the Gross Domestic Product by Region (GDP-R) figures over the past five years suggest that the province has experienced growth in line with the national average of above 4% per annum. The **automotive sector**, in particular, performed very well, supported by the Government's Motor Industry Development Programme. During this term of Government, the automotive sector in the Province attracted investment in excess of R3 billion.

The current global financial crisis has triggered a sustained and negative impact on the buoyant growth of the real economy. The automotive sector is particularly affected, and will require innovative partnerships between the Original Equipment Manufacturers, component suppliers, government and labour to mitigate the impacts. In this regard, I am pleased to announce that Provincial Government has decided to allocate additional resources

to the Coega Development Corporation for the further development of the Automotive Supplier Park.

As will further be confirmed in the budget allocations, the Government's counter-cyclical fiscal strategy will see significant public spending on infrastructure and social services over the next three years. This will shore up the economy in the face of the global economic crisis.

The Provincial Industrial Strategy identifies concrete measures to diversify out of the dependence on the automotive sector into other priority sectors that create sustainable employment opportunities, including tourism, agro-processing, and forestry and timber. The strategy promotes co-operatives and broad-based empowerment, and various efforts that affirm beneficiation.

In addition, stronger alignment with the National Industrial Policy Framework as well as the Local Economic Development plans of local government is critical to optimize the impact of our industrial strategy. Also important will be to upgrade the capacities of our economic services departments and entities in line with the objectives of a developmental state.

At the core of Government's approach to stimulating the economy are the continued efforts to link investment in infrastructure with economic development. It is in this context that we must view Provincial Government's multi-billion Rand programme of upgrading provincial roads during this term. Amongst others, key **road infrastructure** programmes that have been completed include the Mount Fletcher-Maclear road, at a cost of R411 million; the Dutywa-

Engcobo road at a cost of R378 million; the road from the N2 to Kei Mouth at R221 million; the Graaff-Reinet-Jansenville Road at a cost of R26 million; the Ugie-Langeni link road, costing R500 million; the road from King William's Town to Alice, costing R200m; the road from Sterkspruit to Tele Bridge, at a cost of R132 million; the Cala-Lady Frere road, costing R381 million; and the Mthatha to Qokolweni road, costing R138 million.

Social considerations have also informed our infrastructure programme. In this regard, roads have also been built to improve access to hospitals and clinics, such as Holy Cross and Sulenkama health facilities.

Understanding the direct link between isolation and poverty, Provincial Government is continuing to provide access to rural communities who have been hampered in their daily activities, by upgrading previously impassable roads. Over the past two years, R400 million has been spent on this programme.

However, the challenges of poor road infrastructure in our Province remain vast and impact negatively on local communities as well as potential investments. Provincial Government has a 10-year plan to upgrade 80% of the Provincial road network from gravel to surfaced or tarred roads. With additional support from National Government, the Province will be able to meet this target sooner.

Major infrastructure developments such as the IDZ's and roads have resulted in major domestic and foreign investments in the Province. The two provincial **Industrial Development Zones**, initiated and supported by Government over the past two terms,

have demonstrated their capacity to attract investment as evident in the investor commitments of tens of billions of rands.

The Steinhoff investment in a R1,5 billion pressed wood facility in the north-eastern forests of the province was facilitated by Government's spend of R148 million on infrastructure in and around Ugie, apart from the construction of the Ugie-Langeni road referred to earlier. The refurbishment of Kei Rail has been completed at a cost of R93 million, resulting in increased mobility and accessibility for rural people at affordable rates. On the strength of this development, Government is looking at further possibilities of freight links for growth sectors such as timber.

Provincial Government, working with Buffalo City, business and other relevant partners will continue lobbying both national Government and the National Ports Authority to invest in the expansion of the East London port to unlock throughput bottlenecks and widen opportunities for trade.

Madam Speaker, the unemployment rate in our Province fell consistently during the past term (down from 27% to 23%). However these gains are beginning to be reversed by the current global financial crisis, with unemployment rising over the past two quarters.

The Government's **Expanded Public Works Programme** has played a critical role in creating employment opportunities, especially for youth and women. The Eastern Cape EPWP programme has consistently ranked second in the country over the period 2004 to 2008 despite having a very small operational

budget. During this period, over 212 000 employment opportunities were created by public bodies in the province, exceeding the target of 176 000, and more than 50 000 people have been trained. Government is committed to replicating these successes through the Phase 2 roll-out of the EPWP, which is expected to improve on the programme through the creation of more sustainable jobs.

Provincial government, with a greater degree of success, uses state procurement to build the **co-operative and Small, Medium and Micro Enterprise sectors**. As an example, in this financial year alone, Government, through ECDC, has so far disbursed R95 million in loans to the emerging contractor programme and another R114 million advanced as loans to SMMEs. R50 million worth of the SMME loans were in support of the Department of Education's school nutrition and scholar transport programmes. Owing to the success of this programme, a further R100 million has been set aside for loans to SMMEs supporting school nutrition in the next financial year.

We are also pleased to report that Provincial Government has approved the Provincial Co-operative Strategy that envisages the establishment of a co-operative development fund, and this will be implemented in the next financial year.

With regards to **rural development and agrarian transformation**, as one of the strategic priorities of Provincial Government, Government provided support to the commercial farming sector by providing infrastructure, and in partnership with this sector, resources were provided to enable ownership by worker groups. Living examples of this are the pineapple farming in Peddie;

the chicory farming in Alexandria; the citrus on the banks of the Kat River and at Addo; the fruit farmers in Langkloof; and the paprika farmers in Keiskammahoek.

Government has also initiated an agri-park at Duff Mission in Dutywa, which will comprise a processing facility, cold storage facilities and irrigation system. The unit is one of our outstanding efforts to ensure food security.

Madam Speaker, to date, our boldest rural transformation initiative is the establishment of the Mzimvubu Development Zone, where the ASGISA (Eastern Cape) is operational since the beginning of this financial year with the following programmes:

- 6000 hectares, targeting mainly areas that had not been cultivated for more than 20 years, have been planted mainly with maize at Ongeluksnek in Matatiele, Tsilitwa, Etwá, Sulenkama, Gqwesa, all in Qumbu , and at Theko, Zingqayi, Thanga, all in Butterworth.
- In partnership with the National Development Agency, Chris Hani District Municipality and the national Department of Agriculture, work is being finalised to purchase 6000 large live stock units as part of the livestock rural commercialisation programme. This is in support of the Land Redistribution for Agriculture Development (LRAD) farms co-operatives covering 74 farms, and these include Tsomo Valley, Ithemba Farmers, Umthombo and Cicira Ntungelo Co-operatives.
- The Department of Water Affairs and Forestry is currently conducting a feasibility study at a cost of R9 million on the development of the Mzimvubu water resources.

In 2008, Provincial Government convened the Provincial Land Summit in Mthatha to foster partnerships and achieve stakeholder

mobilisation in an attempt to resolve the complex issues of land reform. Following this summit, provincial cabinet has institutionalised the Eastern Cape Land Working Group (ECLWG) to facilitate the implementation and monitoring of the Land Summit resolutions, amongst which is the facilitation of the speedy resolution of outstanding land claims and the betterment redress programme; mediating land use patterns; strengthening the capability of communities to ensure effective utilization of all fallow land; and facilitating improved government support to farmers.

Madam Speaker, I will now sketch a brief picture on progress made in the delivery of **social services**. The Provincial Government's programme to provide services to the 6,5 million people of the Eastern Cape has seen a figure of approximately R120 billion being spent during this term. 80% of this budget was allocated to social services, including health, education, housing provision as well as social safety nets. Indeed, this pattern of fiscal allocation is in line with the intentions of Government policy, to widen access to social services and migrate our population from grinding poverty. However, there is a need to continue to make efforts to strike the correct balance between expenditure on economic development and the social services budget.

The effect of our social spending programme, Madam Speaker, is that the Province has eradicated 98% of the **buckets** in formal settlements. We are acutely aware that the remaining 2%, constituting 1 400 buckets in Tarkastad and Indwe, is unacceptable, and in this regard we are working with DWAF and the district municipality to ensure that the remaining buckets are eradicated soon.

We have ensured that the number of households with access to piped **water** rose to 71%. Notwithstanding this progress, we are concerned about bulk water and sanitation infrastructure that is in a state of decay, particularly in the small towns of the former homelands. In the recent period, we have experienced incidences of sewage spillage and evidence of water borne diseases in areas such as Ukhahlamba. Provincial Government is working closely with DWAF to finalise the plan and costing of resources needed for intervention in these areas.

Madam Speaker, **housing delivery** remains one of the most vexing challenges in the Province. In the past few years the Province has experienced a number of limitations with respect to project management, governance, the quality of housing units, as well as under-spending on the housing conditional grant. In response to these challenges, the Provincial Government established a stand-alone department of Housing to fast-track the delivery of quality houses for the people of the Province. This move, coupled with the accelerated housing delivery plan, resulted in the delivery of 10 136 houses between March and December 2008. An additional 10 000 units are nearing completion, making us confident that we will surpass our target of 15 000 units by the end of March 2009.

Government's housing delivery strategy that is being implemented in collaboration with municipalities has resulted in more effective administration of trust accounts. It has only provided solutions to the issues that have previously delayed the completion of housing projects, but also improved the management of contractors in pursuit of a better quality of units that our citizens can be proud of. In this regard we wish to acknowledge the partnership with the National Business Initiative which is assisting the government in

providing professional expertise in the areas of project management and quality assurance of housing units.

Madam Speaker, Government has succeeded in massively widening access to **social grants** in the Province. Whilst the number of grant beneficiaries was almost 1,3 million in 2004 and increased to 2,3 million by 2008, largely due to the increase to 14 years in the qualifying age for Child Support Grants and the lowering of the pension age for men to 63. We are pleased to note that from the 1 April 2009, men at the age of 60 and children at the age of 15 will also qualify.

While the social security nets have impacted positively on abject poverty, we are aware that this is not a sustainable measure. In the period ahead, Government will work to intensify the implementation of the Provincial Anti-Poverty strategy and related interventions including massive food and eco-tourism, all of which are aimed at creating opportunities for active economic participation to systematically reduce over-dependence on social grants.

In line with the commitments made in 2004, Provincial Government has moved to widen access to **education**. As a result, nine out of 10 children of primary school-going age are attending school in our province. This is due to a range of measures put in place by Government, including providing safe and reliable scholar transport for children living more than 5km from schools and increasing the number of no-fee schools. To further create an environment conducive for effective learning and teaching, the Department of Education now feeds more than 1, 3 million learners every school

day with cooked meals provided in more than 1 000 schools, including 82 farm schools.

Government has also finally improved its performance with regard to the provision of Learner and Teacher Support Materials. This has been achieved through improved relationships with publishers, a dedicated project management office, and better management of the supplier value chain. As a result, in preparation for the 2009 school year, stationery was delivered to all schools by the end of October 2008, and textbooks were provided to 95% of schools by the time schools opened in January this year. There has been slow progress in the eradication of mud schools. However, I am pleased to report that in the 4 months period between October 2008 and this day, this programme has delivered 28 schools to replace mud-structures that have been in existence for years, the highest number at any other corresponding period.

Madam Speaker, the Provincial performance with regard to the 2008 grade 12 results is one of the stark reminders that we need to work harder to improve the quality of education. Government recognises that our efforts should be directed at addressing the functionality of schools, including promoting the culture of teaching and learning, and improving infrastructure, as part of the learner attainment improvement strategy. In addition, early childhood development programmes implemented by Government constitute a critical intervention in laying the foundation from an early age of human development. The mobilization of all stakeholders in support of this quest also requires our immediate and focused attention.

Provincial Government has further solicited the support, and in principle got the approval, of the National Department of Education to re-inforce the work started in the accelerated service delivery plan of the provincial department with an emphasis on corporate services, financial management functions.

Madam Speaker, Government has worked hard to improve the **health** profile of the people of the Province, and yet huge health care needs still require attention and the expectations of our people are not unreasonable.

Significant strides have been made in addressing the infrastructural needs of both hospitals and clinics. Two new hospitals, the Madzikane kaZulu and Port Alfred hospitals, and 49 new clinics have been built, alongside 6 new community health centres at Mount Coke, Dimbaza, Dutywa, Ngcobo, Sada, Nontyatyambo. The Public Private Partnership model applied in the building of the Port Alfred Hospital is a shining example of what Government and the private sector can do together. A further 397 hospitals and clinics have been upgraded or refurbished during the term.

Government is deeply concerned at the increasing prevalence of communicable diseases such as HIV & AIDS and TB. For example the incidence of TB increased by 30,4% between 2004 and 2007. While TB is curable, some of the complicating factors in the fight against this disease are its relationship with HIV & AIDS, and poor compliance with the treatment regime. We are, however, encouraged by the notable progress in OR Tambo district which has achieved a 73% cure rate against the provincial target of 60%, and we urge other districts to strive to achieve similar impacts. As part of Government's response to the increasing incidence of both

extreme and multi-drug resistant TB, we have made provision for 80 additional MDR-TB beds at Majorie Parish hospital.

With respect to HIV & AIDS, Government has improved access to anti-retroviral therapy care and made dual therapy available in healthcare facilities as part of the Government's programme of Prevention of Mother To Child Transmission of HIV. To date more than 66 000 people are on anti-retroviral treatment at 74 accredited facilities in our Province, making us confident that we will surpass our target of 70 000 by the end of March 2009.

We concede, however, that the fight against HIV & AIDS as well as drug resistant TB is yet to be won. The magnitude of the problem dictates that we need to sustain our partnership with all stakeholders, including traditional leaders and faith-based organizations. Equally, family members have a critical role to play in this regard.

Provincial Government has prioritised better drug supply management. In this regard, we will soon finalise the public-private-partnership to manage the distribution of pharmaceuticals from depots to health service sites. We are aware of the shortage of pharmacists, a problem further exacerbated by the preference of these professionals to join the private sector. The Province is investing significant resources to train more pharmacists.

The shortage of doctors and nurses to serve in public hospitals and clinics is also of major concern. Government is actively working to expand the skills pool by increasing the intake of students at nursing colleges, and training of more doctors.

Expenditure on health professional training at universities has more than doubled in 2008, increasing from R45 million to R96 million. This is funding 600 medical doctors studying at universities across the country, with more than 300 having graduated between 2006 and 2008. Government is also supporting more than 200 nursing students at universities, with more than 3 400 students enrolled at Lilitha nursing college in 2008 and a further 1 600 expected for the 2009 intake. I also wish to acknowledge the contribution of the Tunisian and Cuban doctors who are working in our Province as a result of South Africa's partnership with these countries.

Madam Speaker, it is a matter of concern to Government that the incidents of criminal activity have negatively affected our communities in recent times. To this end I am reminded of the brutal attacks on women in Mbizana; the senseless killings in Butterworth as well as the case of the so-called Kei Ripper. It is a matter of some relief that suspects have been arrested and charged.

Community mobilization remains at the centre of the Provincial Government's fight against **crime**. The backbone of this approach is the establishment of vibrant and functional Community Police Forums. A particular area of success has been in the area of victim empowerment. This programme has responded to the abuse of women and children, and has established mobile victim support centres at 25 police stations and four outreach centres throughout the province. This programme has also trained more than 1 000 community members in victim support and empowerment and close to 700 police members in handling domestic violence incidents.

Within the ambit of our Safer Schools Campaign, Provincial government is working in partnership with the South African Police Service to ensure the safety of our learners and teachers, protection of state property and campaigns against substance abuse. However, we acknowledge the slow progress in the implementation of the school fencing programme and this programme will require greater attention in the coming financial year.

We believe that the integrated approach within the newly established Justice, Crime Prevention and Security Cluster of Provincial Government will go a long way to ensuring agility and responsiveness in dealing with social crimes in particular.

Madam Speaker, there are 482 days till kick-off in the **2010 FIFA World Cup**. We are excited at the progress in the development of the stadia in Nelson Mandela Bay, Buffalo City and Mthatha. Provincial Government has so far invested R50 million in the refurbishment of sports facilities in Buffalo City, and R100 million in the construction of the stadium in Mthatha. The Nelson Mandela Bay stadium is set to be completed a year before the 2010 kick-off, while the next financial year's budget will confirm further allocations for Phase 2 of the Mthatha stadium. These facilities are not only aimed at supporting South Africa's successful hosting of the 2010 FIFA World Cup, but they will also provide a lasting legacy for generations to come well beyond 2010.

Of particular importance to us is to ensure that the Eastern Cape multiplies the potential economic opportunities presented by the World Cup through the development of cultural and craft industries and enhancing the heritage of the Province for the promotion of

cultural tourism. We are also expanding hospitality services, to ensure sufficient numbers of beds to accommodate tourists who will visit the Province. To this end more than 1 200 people have been trained in the hospitality sector.

Current estimates indicate that 29 000 beds are needed in the host region within 1½ hours travelling time from the Nelson Mandela Bay stadium. More than half of these beds are already available. With new hotels being built by the private sector, the Eastern Cape Tourism Board-facilitated grading of non-hotel establishments and the Metro's home stay initiative, Government is confident that there will be more than sufficient accommodation in 2010.

Delivery of a modern public transport system is also part of the 2010 FIFA World Cup legacy we are intending to create. At its Executive Council meeting this week, Provincial Government noted and expressed its deep concern at the unrest in the Nelson Mandela Metro resulting from the taxi industry's protest action over the Bus Rapid Transit System. Government is particularly concerned at the violent nature of the unrest, including the destruction of property, as well as the suffering experienced by innocent commuters. Provincial cabinet took a firm decision not to watch from the sidelines anymore, but further that our involvement will be in the interests, and defence, of the rights of commuters. We will not abdicate our responsibility to uphold the law and maintain order! We will not compromise the rights of citizens to safe and affordable transport!

Madam Speaker, I will now focus on the state of **governance and public administration**. In this sector, the focus of Government during this term has been on improving the organisational capacity

and effectiveness of the state. This has entailed addressing skills and capacity deficits within the public sector and the broader economy and creating a service oriented public service. Also key has been the advancement of integrated planning, monitoring and evaluation, ensuring financial management and fiscal reforms.

Integrated governance and the macro-organization of the state, including support to municipalities through the Five-Year Strategic Agenda for Local Government has been the hallmark of our intervention. In this regard, Municipal support interventions by Provincial Treasury and the Department of Local Government and Traditional Affairs are beginning to show positive results. In this regard, I am proud to mention that our Provincial Department of Local Government and Traditional Affairs recently received recognition at the Vuna Awards in the area of municipal support.

Notwithstanding these successes, Provincial Government is concerned about evidence of weak governance which has made it necessary for us to consider potentially drastic interventions in some municipalities. The incidences of poor governance and instability in such municipalities as King Sabata Dalindyebo, Mnquma, Mbhashe, Amahlathi, Buffalo City, Sakhisizwe and Koukamma are a case in point.

Madam Speaker, the engine which drives the work of Government is the public service, and currently this comprises just over 137 000 public servants in the province, including educators. Over the reporting period, Government intensified the **recruitment** efforts and filled 72% of posts of the total establishment, an improvement on the 58% reported in the second term. The gender balance in the

senior management services has been improved progressively from 24% to 33%. However this improvement still falls short of the 50% target envisaged in the 2004 Manifesto of the ruling party. Similarly, more work still needs to be done to improve the numbers of employees with disabilities from the current 0.2% to at least 2%.

In the area of **skills development**, Government trained more than 46 000 employees across a range of critical competencies, including public financial and supply chain management, this done in the belief that the return on this investment will be realised in the improvement of service delivery.

One of the most innovative interventions during this term has been the adoption and implementation of the Unemployed Graduates Policy across the administration. In this programme 950 unemployed graduates participated in internships across the provincial administration, excluding those in public entities.

It is pleasing to note that the introduction of this young cadre of public sector professionals has enabled our province to make a meaningful contribution to introducing new talent into the administration while affording the young graduates an opportunity of first-time employment experience.

However, further improvement in the administration of this policy, as well as possible partnership with the private sector, is a matter that will require the attention of Government moving forward.

Since 2006, the Provincial Administration provided learnerships for unemployed youth in areas identified as scarce and critical skills. To date, almost 3 000 learnerships have been awarded, and these

include those identified through local government, the IDZs and other strategic partners.

Further, in the area of skills provision and development for the benefit of the economy as a whole, Government expended R272 million on bursaries for 13 000 students. The Provincial JIPSA initiative has seen more than 1 000 youth participating in learnerships, with a further 200 graduates placed in internship programmes in the manufacturing, tourism, agriculture, and infrastructure development sectors.

Government's investment in the province's Further Education and Training Colleges is an important pillar of skills development in our economy. In the recent period, more work has been done to align the course offerings of these colleges with the priority skills identified within the Provincial Industrial Development Strategy to drive the provincial economy.

Madam Speaker, one of the achievements worth mentioning is the stability we have achieved in the state of **provincial finances**.

We started this term with an over expenditure of R623 million and a bank overdraft of R744 million. This was further exacerbated by the fact that the main budget appropriation for 2004/05 included a budget deficit of R563 million. The prudent financial management and austerity measures which were implemented in the first two years of this term saw a steady improvement in the finances and better co-operation amongst departments and Treasury.

Since 2005 the province has maintained positive cash balances allowing expenditure to increase from R21 billion in the 2005/06 financial year to R31 billion in the 2007/08 financial year. Indications are that this positive outlook continues in the next MTEF cycle, with expenditure expected to have doubled in the next three

years. While expenditure has been very much close to budget for most of the time, some lessons were learnt from the 2007/08 financial year, with significant under spending resulting in more than R500 million being suspended from our budget.

It is pleasing, Madame Speaker, to note that in the current financial year, expenditure has significantly improved, even from the most challenged sectors like housing. While the expenditure continues to improve, we as government, must double our efforts to put systems in place to measure the impact of the expenditure to service delivery and assess whether we are closer to achieving our development goals.

Madam Speaker, I am pleased to report the improvements in the **audit outcomes** of provincial departments in the last financial year, with five departments receiving unqualified audit opinion – the highest number since 1994, and clearly reflecting a significant improvement over the last four years since the 2004/05 financial year. It is encouraging to note in the recent municipal audit outcomes that similar trends are beginning to show in the local government sphere.

The audit intervention plan developed in 2007 has successfully addressed some of the management weaknesses with regard to assets; human resources; supply chain; financial management; and the control environment. However, Government is concerned at the perennial failure of some of the big departments, notably Health and Education, to achieve unqualified audits.

The Anti-corruption Unit was established in the Office of the Premier in 2006, in a concerted effort to fight **corruption** and build an ethical public service. The unit co-ordinates all anti-corruption work

and security management initiatives in the provincial government. It is initiative aimed at promoting the integrity of, and restore confidence in, the public service in particular and in the government's fight against crime and corruption in general.

Most of the cases handled by the unit flow from calls received through the National Anti-Corruption Hotline. To date, 411 incidences of corruption in Provincial Government are under investigation, and a substantial number of these have been referred to law enforcement agencies. In addition, the unit has trained 312 officials across Government as ethics champions.

For these efforts, the Provincial Anti-corruption Unit has been recognised as an excellent model by the Ethics Institute of South Africa.

Madam Speaker, in the quest to achieve **service delivery excellence**, the Eastern Cape Government has initiated various interventions to improve the effectiveness of the public service. These include the Balasela Programme which has proved to be an effective tool in progressively achieving service excellence by identifying and addressing, through Service Delivery Improvement Plans, the internal efficiency issues that have an impact on service delivery. Through this process Government has identified and recognised best practice examples in the public service.

Madam Speaker, we continue as Government to improve our engagements with the citizens as part of our efforts to **deepen democracy and participatory governance**. These initiatives include the Presidential and Ministerial Izimbizo, Executive Council outreach programmes and the Legislature's "Taking Parliament to the People", and they provide opportunities for unmediated

interaction between the citizens and their government. However, there is a need to pay more attention to addressing the issues raised in a systematic and co-ordinated manner and improve feedback mechanisms to communities.

In addition, the Thusong Services Centres programme was intensified in the efforts to improve access to government information and services. To date, 13 Thusong Service Centres are operational and a further 3 are due to be launched before the end of March 2009 at Nophoyi in Alfred Nzo; in Burgersdorp in Ukhahlamba; and at Esilindini in Chris Hani. We believe that we are within reach of the national target of at least 1 Thusong Service Centre in each local municipality by 2014.

Madam Speaker, we have also greatly intensified our efforts to enhance inter-government relations aimed at fostering **co-operative governance** as prescribed by Chapter 3 of the Constitution. The Province has made progress in setting up the structures provided for in the Inter-Governmental Relations Framework Act of 2005. Although meetings take place fairly regularly, Government is still challenged with the establishment and management of effective inter-governmental relations. This is evident in the disjuncture in planning between provincial and local government, particularly the inconsistent participation by provincial departments in the crafting of municipal Integrated Development Plans. This phenomenon also manifests itself in the failure by provincial departments to timeously pay monies owed to municipalities, as well as in the management of relations with respect to the assigned powers and functions such as primary health care and water across the spheres of government.

To attend to these and other challenges, an IGR Summit will be held later this year.

Madam Speaker, in the course of this term, and particularly last year, the ANC exercising its leadership role of government and society, was the first to acknowledge that, notwithstanding the achievements I have referred to, major challenges still remain.

It became clear that there was a need for intervention to **speed up service delivery** and address inefficiencies particularly in health, education, housing and local government. The Service Delivery Acceleration Plan was introduced, and without appearing boastful, Madam Speaker, I wish to report that the main achievement of this intervention has been to bring about stability in government and refocusing leadership in government on developing plans to implement government programmes faster. This work also afforded us, as Government, an opportunity to actively engage with the stakeholders of the province, thereby firmly embedding government amongst the people.

This Plan called for the streamlining of service delivery focus areas, prioritising those that have the greatest impact in improving the lives of the people of the province. The key thrust of our approach was project-based planning and reporting; improved resource allocation and quality of spend; exploring alternative and innovative approaches to service delivery and improved accountability and rigorous monitoring.

Already, through this short-term intervention, we have witnessed the timeous delivery of stationery and school textbooks for the first time in a number of years; widened access to the school nutrition

programme; improved the footprint of the no-fee school programme; begun to improve the functionality of health facilities with shortened waiting times due to the piloting of down-referral system and queue marshalling, introduction of 24-hour security and allocating doctors in out-patient and casualty departments; upscaled access to HIV and AIDS, with more facilities accredited; improved availability of services, essential equipment and accommodation to TB patients at Marjorie Parish hospital; begun to improve our systems for drug supply and stock management; improved the pace of delivery of quality homes.

As alluded to earlier, our work on the Provincial Service Delivery Acceleration Plan has delivered positive results, showed us potential benefits of greater co-ordination efforts of government departments by the Office of the Premier and improving levels of collaboration and co-operation between Provincial and Local Government.

This work has also brought to the fore some of the weaknesses in the functionality of government departments, and has in particular exposed planning, co-ordination, monitoring and reporting failures.

This further affirms our intentions of strengthening the OTP as the centre of government.

In furtherance of this work, the Service Delivery Acceleration Plan approach will be mainstreamed and institutionalised across the provincial administration. This will see identification of key priority areas in the Annual Performance Plans of departments and subjecting those to this project management approach.

Madam Speaker, in keeping with our earlier undertaking that we intended to use the period of this intervention to prepare for the

next term of government, I am pleased to report work has started in strengthening the capacity for planning, co-ordination, monitoring and evaluation of the work of Government. This includes the institutionalisation of better management, by the Office of the Premier, of the accountability of heads of departments in line with the Performance Management and Development System of the public service. To this end, we will work to finalise the re-engineering work of the Office of the Premier by March 2009.

Informed by the slow progress in our work to transform **traditional leadership and institutions** to expand representativity and improve functionality, Government will pay particular attention to the renovation programme for traditional council offices as well as the finalization of the election of traditional councils immediately after the forthcoming national and provincial elections. The new building for the Provincial House of Traditional Leaders will be completed and opened soon.

It is our belief, Madam Speaker, that **in the medium-to-long term**, the Eastern Cape remains well positioned to attract local and foreign investment into the region, and we are confident that we will achieve above 4% growth by 2011 given our logistics capabilities, our low operating costs, and competitive advantages in the automotive, fabricated metal components, agriculture, leather processing, chemicals and tourism sectors. We believe that these programmes will help to crystallize our response to the impact of the global economic crisis, and that working with trade unions and industry, we can mitigate its impact on the provincial economy.

As alluded to earlier, Government will continue to invest in public infrastructure such as the eradication of mud schools, the provision of decent sanitation and the construction of roads and stadia,

including Phase 2 of the stadium at Mthatha which will be part of the 2010 FIFA World Cup legacy.

The worsening drought across many parts of our province, mostly in the areas of Chris Hani, Cacadu and Ukhahlamba, is impacting negatively on our efforts to improve food security, address water quality and supply issues, placing many of our people, particularly farmers, under unbearable hardship. This matter is receiving our urgent attention, including reprioritising the CASP budget to allow for drilling of bore-holes in areas of need.

The Office of the Premier and relevant stakeholders will work to finalise the Provincial Rural Development Strategy based on the strategic framework recently approved by the Provincial Cabinet Lekgotla.

More attention will also be paid to the finalisation and implementation of the Provincial Industrial Development Strategy action plans. Linked to this will be a sustained public investment programme to “crowd in” private investment into underdeveloped areas; the accelerated transfer of productive assets, especially land, to the poor; the massification of skills development, especially technical and artisan training for the unemployed; the prioritization and provision of an efficient and affordable public transport system; the development of support packages to grow targeted sectors.

Similarly, particular focus will be on the implementation of the co-operatives strategy and establishment of the Co-operatives Institute as specific measures to build a competitive and sustainable co-operatives movement.

You will note, Madam Speaker, that these interventions will be made against the backdrop of the global economic crisis and therefore must in turn contribute towards building the resilience of our economy. Once again, the collaboration of the key social partners – government, business and labour – will be the cornerstone of our strategic response.

With regard to the social sector, Government will continue with and accelerate the work conceptualised and packaged through the Service Delivery Acceleration Plan in respect of education, health, and housing, and this will include embedding the culture of teaching and learning, continuing the roll-out of the anti-poverty campaign, improving the footprint of comprehensive primary health care and accelerating the delivery of quality houses. Provincial Cabinet has taken a decision to allocate and ring-fence additional resources to tackle the accumulated payment backlogs (accruals) in the Department of Health.

In conclusion, Madam Speaker, an objective assessment of the Government's 15 year and 5 year reports will without doubt reveal that a lot has been achieved, and yet more still needs to be done.

This enjoins us to deploy our collective vision in our commitment to entrench democracy, to promote growth and development, improve equality of opportunity, root out hunger and disease, and protect the marginalised and the poor.

I call upon the leaders and masses of our people to work with government; play your part in the realisation of our social compact to restore human dignity for a prosperous Eastern Cape. I so say,

convinced that **'our success moving forward, depends on us all working together'!**

I THANK YOU.