



**Keynote address by her worship, Cllr Zandile Gumede opening
the Radical Economic Transformation Summit**

22 February 2017

Inkosi Albert Luthuli, Durban ICC

Programme Director,
Deputy Mayor Cllr Peer,
Members of EXCO and councillors,
Acting City Manager,
DCMs and Municipal officials,
CEO of Durban Chamber of Commerce – Dumile Cele,
Representatives of Business,
SMMES,
Civil society,
Distinguished guests,
Ladies and gentlemen,
All protocol observed,

Sanibonani ekuseni, siyabonga ukunibona niphumelele nonke kulomhlangano ozodiida udaba olusemqoko kulezinsuku, okungudaba lomnotho.

It is with great pleasure that I welcome you to this Business partnership event at our ICC, entitled the "Radical Economic Transformation Business Summit". Invitations went out to hundreds of Businessmen & women, plus many organized Business structures across eThekweni, and we are delighted with the levels of interest shown here this morning.

This Business Summit comes off the back of the many Billions of Rands currently being invested by both Business and ourselves in not only the CBD, but also across greater Durban.

It is also part of the build up towards Durban being the sole South African City to host the World Economic Forum (or "WEF"), Africa during early May of this year.

Let me start by this quote of Amilcar Cabral, **"Always bear in mind that the people are not fighting for ideas, for the things in anyone's head. They are fighting to win material benefits, to live better and in peace, to see their lives go forward, to guarantee the future of their children ."**

This Business Summit is officially open this morning to all key Business people in Kwa-Zulu Natal, and across South Africa who want to join together with us in helping to build a more inclusive, equitable, prosperous, and sustainable economy for the future of all our children.

Ngikuluma namhlange, ukunyuka komnotho eThekwini kuyasiza ukwakha Umzansi Africa oqinile.

We want to thank the many Investors, both local and new foreign Investors who continue to demonstrate their Investor confidence in Durban. This is being done with their massive new investments across not only our core CBD, but in many key investment nodes all over eThekwini. Some of these Investors pouring hundreds of millions into revitalizing our CBD have come from as far as the United Kingdom, Malaysia, and the Middle East, whilst others are being drawn from other areas to take advantage of our unique local business partnership opportunities. We are seeing many existing large buildings across our CBD being revitalized, with several new ones in Planning.

Substantial global Business Analysts are also picking up on this good investment trend.

Durban has been ranked the #1 City in SA, & in the whole of Africa for capital investment growth in residential properties via the 2016 Knight Frank Global Residential Cities Index. According to this Index, eThekwini has also earned a position in their Top 50 Worldwide Cities, at #26 globally for the best investment growth rates.

To match this Investor market interest, we too, as eThekwini Municipality have signaled our ongoing commitment to inner city re-investment with hundreds of millions committed, such as the R624m infrastructure investment upgrade packages at The Durban Point Waterfront.

This being only a small part of our Council Approved Inner City MasterPlan & Regeneration Plan to increase our current CBD resident base from approximately 80 000 to over 450 000, through a massive investment program.

In other parts of our CBD, we have even seen more large investments by both ourselves as Government, plus new opportunities for Business in the catalytic project areas known as the Centrum site (attached to The Workshop Shopping Centre), the Warwick Precinct Berea Station Mall (where Building Plans have already been submitted), and our large King Edward re-development node. These catalytic projects have significant Public Sector leadership, finances, and in some cases, our own land. We will be ramping up our radical economic transformation activities on these, plus others.

It should be noted that Durban Central area has not seen this level of Investor commitment by ourselves and our Private Sector investment Partners for several decades. The benefits of these will therefore be flowing faster, and more broadly across our Communities.

It should be noted that when we speak of Durban, we don't only mean the CBD or Central Business District. There was recently a Media misquote which said that 28% of Business was thinking of leaving the CBD, when in fact the Deloitte Survey was covering the whole of Kwa-Zulu Natal, not just our CBD, and nearly 60% of businesses confirmed they had new re-investments planned.

We trust Durbanites are now better informed and inspired by the concrete investment actions of local Business Investors, our Foreign Investment Partners, our own Government capital investment plans, plus the objective rankings of global Analysts.

Further afield, outside of the core CBD, we have a committed "Category A" pipeline of other catalytic projects totaling over R100 Billion by many other significant Investors. To support these, we as eThekweni have already invested over R1 Billion Rand in the year ending 30 June 2016 to expand the Services required. A further R620 million has been invested by ourselves in just the 1st half of our Financial Year to Dec 2016, with Millions more still to come for the infrastructure base.

In addition, our Teams are working with National Treasury and the World Bank Group to explore and define several global best practices for eThekweni. These are in our City Support Program aspects of the "BEPP" or "Built Environment Performance Plan" which helps to coordinate our Planning, plus infrastructure and service delivery investments. Secondly, this City Support Program is materially assisting with the new Durban Investment Promotion Review & Recommendations, whilst lastly we have their "Sub-National Cost of Doing Business" review underway to examine our pricing and internal processes.

All these Government and Business projects hold enormous opportunities for thousands of residents and Businesses alike, but we must come together faster, and in more meaningful ways to realize radical economic transformation for all our collective benefit. This Summit will be just the start of our opportunity to unpack more of how we can build Durban, South Africa, together.

As you have come to hear more of the Radical Economic Transformation Framework, please allow me to unpack that in more detail. Some of what will be said, and more, is listed in the yellow Framework Brochure which I trust many of you have received this morning.

Our own eThekweni empowerment strategies are being crafted within the following broad Framework principles:

- a) Every project with a contract value above R30 million shall set aside 30% of the project for CPG's (Community Participation Groups).
- b) Projects that are between R5million and R30million must stipulate that 30% of the project value will be allocated to sub-contractors.
- c) Subcontractors or service providers shall be selected from the Wards where the service or project is being undertaken. If the project is traversing a number of Wards, opportunities shall be granted to all subcontractors in the benefiting Wards.
- d) In cases where there are no suitable contractors to do the job in a Ward, the main contractor or service provider shall select sub-contractors from the relevant Wards under the Vukhupile program or any such database of service providers.
 - e) The subcontractors whose budget allocation constitute at most 25% shall be appointed by the main contractor from a database provided by the municipality at the tender stage or shall be nominated by the municipality after a thorough screening processing that ensures objectivity, fairness and transparency.
- f) The main contractor/service provider is expected to provide training for the subcontractors. The training and coaching shall enable the subcontractor to apply for higher CIDB grading after the completion of the project or register with the appropriate professional or monitoring body.
- g) Nominated Subcontractors:

The municipality may provide nominated subcontractors to the main contractor or service provider at the tender stage who shall take full professional responsibility for the workmanship quality of the subcontractors he/she chooses. The subcontractor shall be selected from a database created for small ward contractors and service providers and/or Vukhupile Contractors database
- h) Database:

The Supply Chain Management Unit shall keep a database for ward-based contractors or service providers and shall be renewed once a year through adverts in the local media, notice boards of municipal offices and internet. The Ward Councillors maybe be alerted of advert so that they can disseminate the information about the tenders to the communities. Other State Organs may use this database.

We will use our regional ABMs to drive these programs from PINK,Central/iTRUMP and South Basin.

i) Integration:

The planned and actual economic empowerment of communities of all organs or state or role players working within the Ethekwini Municipality shall be reported to the Supply Chain Management Unit for integration and information sharing thereof

j) Communication:

All communication regarding community empowerment initiatives shall be done through the municipality through the office of Head Economic Development where upon he/she shall act swiftly to assist the third party. Communication by any Organ of State to individual community members or individual groups shall be avoided.

There are already, or will be a number of other strategies to contribute towards improved and accelerated empowerment. These are as follows:

1. Unbundling Strategies:

Unbundling of programs or projects affords a wider range of participation opportunities to the full spectrum of targeted groups or enterprises. This can range, from those operating as labour only contractors to those operating as prime contractors or suppliers.

The use of Targeted Procurement enables contracts to be unbundled in a number of ways, for example:

- by procuring works or services in the smallest practicable quantities
- by obligating prime contractors or service providers to engage targeted enterprises in the performance of their contracts in terms of resource specifications
- by requiring joint venture formation between large businesses and targeted enterprises (known as Structured Joint Venture); and
- by providing third party management support to enterprises which are not capable of operating as prime contractors (known as Development Contracts);
- by encouraging venture capital providers to assist small business enterprise;

- by requiring manufacturers to have some of their components of their products manufactured and procured from small business enterprise from within EtheKwini.

2. Support of Target Groups:

Having initiatives that support & sustain entities that are owned by PPG's in particular Youth, Women, disabled, Military Veterans, etc.

The SCM Policy states that eThekwini can implement a procurement process which incorporates;

- (a) categories of preference in the allocation of contracts; and
- (b) the protection or advancement of persons, or categories of persons, disadvantaged by unfair discrimination

These programmes and initiatives include, amongst other things, the following;

- EPWP Construction Contractor Incubator/Development Program
- CPG's with area/ward based panels of contractors
- Joint Ventures and Consortiums
- Designated Sub-Contracting & Contractor/Supplier Development for Categories/Programmes with monopolistic and/or under-represented Service Providers
- Skilled and unskilled labour (Demarcated within Wards)
- Sectorial Incubation Programmes, and
- Co-operatives

In order for all the above empowerment initiative to work it requires partnership between Supply Chain Management, Business Support, Skills Development and many other respective Line Departments. We hope too, that via yourselves as Business and Media present today, those partnerships can be meaningfully fostered and even extended further into the Private Sector.

Turning to another economic sector now, such as Agriculture, we can look forward to improved economic empowerment opportunities. This is being done by ourselves at present, in partnership with other spheres of Government, plus certain Organs of State. A key program of ours is known as "RASET", which stands for "Radical Agrarian Socio-Economic Transformation". The program is an initiative by

government to transform the economy through addressing the structural constraints and imbalances in the food value chain. RASET is aimed at stimulating the participation of previously disadvantaged individuals into the food production value chain. The target beneficiaries are drawn from across the age, gender and family composition groups.

Government departments have committed to procure 30% of their produce via the RASET program. These departments include Department of Education (with its school nutrition program), Department of Health, Correctional Services and others. This will ensure that a guaranteed market is created for SMME's and Cooperatives within this program.

Ethekwini Municipality is gearing itself towards meeting the strategic goals of this program, in line with the Provincial roll-out plan for RASET. A detailed gap analysis of the skills required by farmers to meet the outcomes of the program is currently being conducted.

The first phase of the program currently underway includes amongst others, the "on-boarding" or registration of farmers. This is anticipated to be completed by the end of April 2017. This involves rigorous engagement with various stakeholders, especially new and existing farmers who meet the set criteria for participation.

A youth development program is also being developed that is aligned to the food value chain. Through this program we anticipate 1040 permanent jobs being created during the first phase. This will be in addition to the other jobs that will be sustained through the farmer support program being carried out at the 7 existing Agri Hubs across Durban.

Given the potential environmental or weather risks identified (such as the current drought), the City will also provide various interim solutions such as hydroponic tunnels to support the farmers during this challenging period.

The City is committed to ensuring that our farmers obtain the necessary support and training required for the successful implementation and sustainability of the RASET program.

Lastly, as I close, I would like to inform you of our intentions to now activate "Team Durban" with Business in the City. Some of you may recall the 1st Business Breakfast we hosted before the elections last year, wherein the concept was launched regarding "Team Durban".

The functions of this newly conceived advisory Team are intended to be as follows:

- a) To advise me, the Mayor's Office and Council on Business, plus Economic development policies and strategies for the City
- b) To act as a sounding board for the Mayor and Council, plus advise on infrastructure development matters.

- c) To advise the Mayor and Council on Durban investment promotion strategies for the City, including how best to attract Foreign Direct Investments to Durban
- e) To accompany me as part of Mayoral Delegations to promote and attract Foreign Direct Investment to the City.
- g) To advise the Mayor and Council on improving the cost and ease of doing business in the city

“Team Durban” will be comprised of myself & certain key eThekweni Executives such as the City Manager & Deputy City Manager for Economic Development, together with:

- b) 5 representatives of Big Business in the city
- c) 3 representatives of Small Businesses in the city
- d) 1 representative from Labour
- e) 1 representative of Civil Society, and
- f) 1 representative from Academia.

Please watch the Media for further announcements and nominations processes regarding Team Durban.

In conclusion, Ladies & Gentlemen, I want to thank you for joining us here this morning to engage in this Radical Economic Transformation Business Summit. I hope you have heard that via our own budgets, programs and projects, we aim to accelerate onto a higher growth path of more equitable and sustainable development. Together with you as our valued Business & Media Partners, we intend to improve the Business and Investor confidence levels which I’m sure we all share for Durban. Each of our own families are depending on us all to craft a future where Durban’s ideal Vision is fully realized.

The year of 2017, is a year of President OR Tambo, who would have been 100 years if he was alive. We will have number of activities in his memory and we believe we should all be inspired by President OR Tambo.

Speaking in London at the SACP celebration of 1981, President OR Tambo said, “Our drive towards national emancipation must include economic emancipation.” In this year of OR Tambo we will be implementing radical economic transformation.

Ngiyabonga kakhulu.