

Speech by KZN Health MEC, Dr Sibongiseni Dhlomo on Opportunities for SMMES
within the KwaZulu Natal Department of Health delivered at the Durban International
Convention Centre

26 November 2010

Metropolitan Group Executive – Mr Nkosinathi Nathi

Members of the Isolezwe Metropolitan Forum

Invited guests and friends

I first would like to thank the organisers of this progressive Indaba aimed at enlightening our people on vast opportunities that exist within the KZN Department of Health ring fenced for the SMMES.

The Honourable Premier DR Zweli Mkhize tabled the KZN BBBEE Strategy during 2008. A key cornerstone to the KZN Strategy was the use of preferential procurement as a vehicle for achieving broad based BEE impact. Government as the biggest buyer of goods and services is indeed well placed to achieve this. (KZN BBBEE Strategy Document-DED)

The KwaZulu Natal Department of Health is committed to the values and principles of the Constitution of the Republic Of South Africa as encapsulated in the KZN BBBEE Strategy. To this extent, the department recognises its economic and social responsibility to ensure the advancement of BEE in terms of the following six pillars:

- (i) Employment Equity
- (ii) Management Equity
- (iii) Skills Development
- (iv) Enterprise Development
- (v) Preferential Procurement
- (vi) Social responsibility

The KZN DOH carries the lion's share of the Provincial budget and whilst a large portion of this budget is focused on the core functions of the department, being the provision of adequate medical care to those that cannot afford same, the department is still committed to ensuring that where possible, a percentage of this budget may be utilised for the advancement of small businesses, which includes cooperatives. The preferential procurement process is one vehicle by which the department endeavours to achieve this national responsibility.

The department has already identified two critical areas whereby it is able to create business opportunities for the previously disadvantaged. These two areas being:

- (i) The supply of agricultural produce
- (ii) The supply of clothing and textiles.

The department has during the 2009/2010 financial year spent an average of R 20 million within these sectors. The department entered into a MOU with the Department of Agriculture, and as a result 16 institutions with in house catering are now being supplied with eggs and fresh produce by small companies.

The same principle applied in respect of the supply of:

- hospital linen,
- patients clothing and
- uniforms

The department through the Department of Economic Development identified potential cooperatives who would be able to supply these items and the department has utilised the services of the cooperative hubs for the supply of its linen requirements. The department will explore entering into a similar MOU with the Department of Economic Development.

In addition, the department has utilised the services of SMME businesses for the provision of:

- Security services,
- Catering services,
- Cleaning services
- Garden services and
- Grounds services.

The engagement in the above mentioned sectors has amounted to a cumulative total of about R 500 million per annum.

Over and above the aforementioned categories, the department through its transparent procurement process of advertising requests in the media or notice boards, constantly receives offers from SMME's, to whom work is awarded, where all requirements are met.

Having highlighted the extent to which the department is committed to creating opportunities for small businesses, I must pause and sound the following words of advice to the small businesses.

- (i) Small businesses should not focus on doing anything and everything that will allow them to make money. They should identify specific areas of focus and work at ensuring that they properly develop in those areas. When small businesses try their hands at many different things, they will always remain the "middle man" at the mercy of suppliers and manufacturers.
- (ii) Small businesses must ensure that they provide a quality service to the institutions, and
- (iii) Small businesses must ensure that they develop their business skills in order that they are able to correctly price their goods and services in order that they sustain their businesses, whilst at the same time not exploiting government. It should be noted that the move in Government now is to ensure that we achieve value for money in all transactions.

The KZN DOH will continue to identify potential areas where it may proceed to utilise the services of small businesses and to ensure that these opportunities are made available to the SMME environment through a well developed and systematic plan.

I again wish to applaud the good cause and undertaking adopted by Metropolitan as well as Isolezwe in asking us to bring forth the opportunities that exist with the view of assisting all those who may be empowered.

Keep up the good initiatives.

I thank you.