

WORKING TOGETHER TOWARDS BASIC SERVICE DELIVERY AND JOB CREATION

POLICY SPEECH

2011/2012

**PRESENTED BY THE HONOURABLE
MLIBO QOBOSHIYANA
MEC FOR LOCAL GOVERNMENT
AND TRADITIONAL AFFAIRS**



Province of the
EASTERN CAPE
LOCAL GOVERNMENT
& TRADITIONAL AFFAIRS

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AND JOB CREATION**

**Honourable Speaker and Madame Deputy Speaker,
Honourable Premier, Ms N Kiviet,
Members of the Executive Council,
Members of this House and National Council of Provinces,
Executive Mayors, Mayors and Councillors,
Members of the Eastern Cape House of Traditional Leaders and the entire
Traditional Leadership in the Province,
Directors-General and Heads of Departments,
Our Superintendant General, Mr Stanley Khanyile, and the Management
of the department.
Representatives of State Owned Enterprises and Non-Governmental
Organisations,
Religious leaders and representatives of civil society,
Members of the Fourth Estate,
Our partners and stakeholders,
Distinguished guests,
Colleagues,
Comrades,
Ladies and Gentlemen**

Good afternoon.

Honourable Speaker, as we journey through the 17th year of our freedom, we are reminded of the legacy bequeathed on us by the fore-bearers of the torch of the struggle such as Tata Nelson Rholihlahla Mandela. I therefore join President Jacob Zuma and Premier Noxolo Kiviet in paying a fitting tribute to this liberation icon and recognising the firm foundations he and other leaders laid for the democracy that we all enjoy today.

As we assemble here today, our country is busy with preparations for the third local government elections on 18 May 2011. The elections provide us with an ample opportunity once again two years post the national general elections, to take a fresh mandate from the masses of our people.

Speaking at the launch of the ANC Local Government Manifesto at Royal Bafokeng Stadium in Rustenburg, North West Province, ANC President Zuma said,

“The manifesto we are presenting to the electorate is affordable, realistic and achievable. It learns from the lessons we have taken from our experience in government. It builds on the achievements and changes we have brought since 1994. The manifesto is our commitment, not promises to address these challenges.”

Mr Speaker, our movement has done a lot of work since the 1994 general elections to push back the frontiers of poverty and underdevelopment to realize our dream of creating a better life for all our people. However, we are by no means complacent because millions of our people are still firmly engulfed in poverty and under development. Working from a very low base of service delivery coupled with severe challenges, we managed to show achievements from municipalities for the year ended 2009 in providing basic services in the relation to the following areas;

- Number of consumer units receiving water is 1 500 132 and consumers units receiving free basic water services is 786 263 representing 52,4 %.
- Number of consumer units receiving electricity is 872 170 and the number of consumer units receiving free basic electricity services is 312 975 representing 36%.
- Number of consumer units receiving sewerage and sanitation is 1 035 712 and the number of consumer units receiving free basic sewerage and sanitation services is 590 419 representing 57, 0%.

- Number of consumer units receiving solid waste management services is 771 203 and the number of consumer units receiving free basic solid waste management services is 266 717 representing 34, 6%.

Mr Speaker, there were 758 593 indigent households with access to Free Basic Services (FBS) in 2006/07 financial year. To date the Province has 1 179 670 indigent households registered in all forty five (45) municipalities, which is an increase of 55%. In the same period our department transferred R4, 2 million to all District Municipalities (DMs) to strengthen institutional capacity and implementation of the indigent policy. However, the lack of bulk infrastructure services still hampers the provision of FBS in rural areas especially to poor household. Having said that the status quo with regard to the provision of FBS in the Province stands as follows;

- ✓ 38 municipalities have updated indigent registers.
- ✓ 38 municipalities have developed exit strategies.
- ✓ 35 municipalities have adopted and are implementing Credible Indigent Policies (CIP).
- ✓ 14 municipalities have managed to establish functional indigent committees.

On the issue of the Bucket Eradication Programme (BEP) in the 2006/07 financial year the backlog was 34 000 buckets in formal settlements spread out in thirteen (13) municipalities. The total budget for this programme was R471 million and the target date for the eradication thereof was December 2008. The backlog was only in Amathole District Municipality (ADM) with 328 bucket toilets remaining by December 2010 thus representing 1% of the initial backlog. We remain committed to ensure that the institutions of local government understand the fundamentals of serving communities.

Honourable Members our dream of creating a non-racial, non-sexist, democratic and prosperous society where our people share equally in the wealth of our country, remains a priority. It is for that reason that the ruling party has already improved the process of nominating Councilors to ensure that they are accountable to communities they serve, are efficient and competent to fulfill the responsibilities of being the true representatives of our people. Our department has already put in place a training and induction plan to ensure that our new crop of Councilors gets the necessary baseline expertise to discharge their responsibilities accordingly. This plan will include traditional leaders who will be participating in local Municipal Councils.

Our department will also initiate a process for the development of policies to regulate working relations with traditional leadership institutions. We remain on course in our national agenda of working together with our people to create a better life. We want to realise functional local government structures that are effective, efficient and accountable to the people they serve. In this regard, the role and collaboration between Traditional Leaders and Councilors cannot be overemphasized.

The masses of our people are expecting to see credible social and local leadership that is responsive to their developmental needs. The service delivery protests in some parts of our country are due to inadequate local leadership. Our Constitution encourages us to “heal the divisions of the past and establish a society based on democratic values, social justice and fundamental human rights.”

Mr Speaker, the advent of democracy in our country introduced positive changes in the lives of the people. One of the significant milestones achieved by our democratic dispensation was the creation and establishment of the local sphere of government. The vision of local government since its inception in December 2000 has been consistent in ensuring that municipalities are key for delivering basic services, extending local control, managing local economic development and redistributing public resources.

Mr Speaker, Outcome 9 is one of the twelve (12) Outcomes that have been formulated by our government focusing its work between now and 2014. The vision behind Outcome 9 is the development of a responsive, accountable, effective and efficient local government system in order to restore the confidence of our people in the local sphere of government as the primary machinery for a developmental state. The first priority of Outcome 9 relates to ensuring that municipalities meet the basic needs of our communities.

I stand before this House with the confidence that municipalities in this Province are turning the corner in responding to the objectives of Outcome 9.

The hosting of the Municipal Performance Awards (MPA) popularly known as Vuna Awards on the evening of 14 March 2011 in East London is a living testimony to good corporate governance that is beginning to take root in some of our municipalities. The confidence of local communities in the twenty three (23) recipient municipalities will be improved. I wish to motivate and encourage other municipalities to emulate the good work done by the Vuna beneficiaries.

Mr Speaker and Honourable Members, our department wishes to state unequivocally that the Vuna Awards were awarded purely on the basis of performance information for 2008/09 financial year and not the 2010 financial year. All the Vuna recipient municipalities were subjected to a thorough scientific process of assessment that cannot be manipulated. Therefore to relate the award with the current state of affairs in Buffalo City Municipality (BCM), is both erroneous and misleading.

Indeed it is an unfortunate characteristic of the modern society in which we live that the negative often outweighs the positive. While we acknowledged that municipalities are struggling in many areas, it is equally true that there are a number of pockets of excellence. We will consult with municipalities as to the areas to be assessed and awarded in future. This will further help to boost the legitimacy of the process. However, political instability in some of our municipal councils remains a serious cause for concern. We need decisive leadership to stem the tide of lawlessness as this threatens to get out of hand.

As we assemble here, our organization is having to spend a lot of money to defend cases of litigation engineered by disgruntled members. It cannot be politically correct that true, bona fide and loyal members of our own movement are taking us to court. There is more to these court interdicts than meets the eye. Time will tell.

As part of improving service delivery, all our forty five municipalities will be provided with hands on support on the Local Government Turn Around Strategies (LGTAS) to ensure that they meet their targets on Municipal Turn Around Strategies (MUTAS). There will be ongoing monitoring on the implementation of the MUTAS through the submission of quarterly progress reports. The need for turn-around plans in municipalities is central in ensuring the reduction of potential service delivery protests and improving the revenue base of those municipalities with limited financial capacity. The achievement of the development outcomes as outlined in the LGTAS and Outcome 9 are within reach.

Honourable Speaker, allow me to announce here and now that after the 18 May elections, BCM will officially become a fully-fledged metro. All the necessary preparatory work is being undertaken as we speak to ensure that this important chapter in our life time goes as planned. More updated information in this regard will be provided in due course. This is an achievement worth celebrating.

This policy statement is a detailed set of programmes aimed at ensuring that the Seven Outputs contained in Outcome 9 are attained and that local

government supports the government-wide focus on job creation. I now give details about the Seven Outputs of Outcome 9 as outlined below:

Output 1: Implement a differentiated approach to Municipal Financing, Planning and Support.

Honourable Speaker, in sketching policy, legislative and strategic environment, one should highlight the growing appreciation of the centrality of local government to the delivery of services and the acknowledgement from various sectors that our country faces a “huge development risk if local government fails.” These policy pronouncements place our department as a vital cog of ensuring that the developmental outcomes of our government are achieved and that co-operative governance happens.

Our department is therefore seized with the responsibility of co-ordinating the delivery of government services so that they are delivered in an integrated and sustainable manner to our people. The local sphere of government derives its mandate from the pieces of legislation and policies which constitute the statutory and executive framework within which local government should operate. These include but are not limited to the following;

- Constitution (Act 108 of 1996)
- Local Government Transition Act, (1993)
- Municipal Systems Act, (Act 32 of 2000)
- Municipal Structure’s Act (Act 117 of 1997 as amended)
- Municipal Finance Management Act (Act 1 of 2003)
- Municipal Demarcation Act (Act 27 of 1998)
- Municipal Property Rates Act (Act 6 of 2004)
- Disaster Management Act (Act 57 of 2002)
- Intergovernmental Relations Framework Act (Act 13 of 2005)
- Provincial Traditional Leadership and Governance Act (Act 4 of 2005)
- Reconstruction and Development Plan Ten Year Vision
- Local Government White Paper
- Local Government Turn Around Strategy
- Local Government Ten Point Plan

With regard to legislation, Mr Speaker, our department is part of the National Legislative Review Project (NLRP) which is looking at reviewing legislation that impedes service delivery. The Bills that have been identified as priority in this regard are the Land Use Management Bill, Human Settlements Bill and the Prevention of Illegal Evictions Bill.

These Bills should be enacted by the President as soon as the drafting and consultation processes have been completed. The provincial legislative review process is also intended to be finalised during the 2011/2012 financial year with the consolidation of all obsolete provincial legislation, including the repeal of the Local Government and Traditional Affairs Bill. There is a total of fifty six (56) pieces of legislation that must be repealed dealing with Traditional Affairs, local government and land use management. Out of this number, there are ten (10) others that deal with Land Use Management and the repeal of those is dependent on the finalisation of the Land Use Management Bill at national level. The Traditional Leadership and Governance Bill is in the process of tabling before our Executive Council (Exco).

Mr Speaker, the Integrated Development Plan (IDP) holds the key to realizing the aspirations of the people on the ground. The IDP must become the central planning tool of government and should demonstrate the will of all spheres of government to work together for the betterment of the lives of the people of our Province. It is for this reason that the IDPs have to be informed by the needs of communities and be aligned with programmes of other spheres of government if reasonable and visible impact is to be achieved. Our department, working with other departments has progressively enhanced the quality of IDPs through support provided to municipalities. The results of the last IDP assessments reflected a positive growth in the number of credible IDPs and adoption thereof within the legislated timeframes. In the same breath, the participation of Sector Departments in the IDP processes to realise horizontal and vertical alignment of priorities and the efficiency in the utilization of state resources, still remains a challenge. The Exco is vigorously monitoring this situation and has resolved to take tougher actions to enforce compliance. Their intervention is already paying off as the level and quality of participation of Sector Departments has improved.

Equally important, Mr Speaker, is making sure that the IDPs are informed by the prevailing needs of our communities. Currently, R3,1 million has been provided to seven (7) municipalities to conduct Ward Based Planning (WBP) as the basis for their respective IDPs. We will also conduct a consultative process with municipalities and other stakeholders to agree on a simplified IDP Model and identify municipalities to utilise such a Model. To achieve all this, our department has set aside R4, 3 million.

Mr Speaker, we participated in the recent hearings of the Medium Term Expenditure Committee (MTEC) to ensure that the programmes and projects of Sector Departments have spatial consideration or expression and that the

importance of alignment of priorities with the local sphere of government and meaningful participation in the IDP processes are elevated.

We urge our Councillors to ensure that they report back to their communities and explain plans, successes stories and even challenges to the delivery of services.

Output 2: Improving Access to Basic Services.

Honourable Speaker, our department hosted a successful and productive Local Government Basic Services Indaba (LGBSI) on 14-15 March 2011. Through this Indaba we achieved our objectives of creating a broader understanding and commitment of all partners and stakeholders towards the acceleration of service delivery to the people of our Province. Firstly, the Indaba gave us an opportunity to scan our environment as a collective both from administrative and political perspectives.

Secondly, we took stock of what we have achieved thus far, looked at challenges and provided solutions in the form of resolutions to unblock bottlenecks that we identified. In our deliberations we were cognisant of the realities of the current political epoch which contain a plethora of shocks and surprises. Against that background, we were able to engage in a focused analysis of our environment from social, economic and political angles to predict the future from an informed position. The Indaba sought to;

- ✓ Establish the root cause of poor basic service delivery and ever increasing backlogs,
- ✓ Create a platform for various stakeholders to assess how far the Province has gone in the provision of basic services,
- ✓ Determine the critical challenges hindering access to basic services and provide remedial measures, and
- ✓ Support the twelve (12) outcomes of the state from which departmental action plans are devised and public sector delivery measured.

Honourable Members, I now report back to the House some of the resolutions of the Indaba;

- ✓ Credible Indigent Policy (CIP) should be funded and the Department of Local Government and Traditional Affairs (DLGTA) should facilitate and assist municipalities.
- ✓ Funding for basic services should be a government priority with interventions from the national level.

- ✓ Monitoring and evaluation must be intensified on backlog programmes.
- ✓ Improve open and honest two way communication with communities on government programmes.
- ✓ Sector Departments must do proper consultation with municipalities before allocating funding for sanitation, housing projects, etc.
- ✓ Funding for LGTAS and MUTAS is needed.

On that score, Honourable Speaker, allow me to thank my predecessor, the Honourable MEC Sicelo Gqobana, our Superintendent General, Stanley Khanyile and his management team for laying a solid foundation for good work which culminated to hosting this progressive two day Indaba.

In our pursuit to ensure that municipalities deliver sustainable services in an accelerated manner, our department has been delegated by the National Department of Corporative Governance and Traditional Affairs (Cogta) in terms of the 2010/11 Division of Revenue Act (DORA) to approve infrastructure projects through District Appraisal Committees (DAC) and has allocated a sum of R1, 95 million mainly to support, monitor, report and evaluate municipal performance on infrastructure grants.

During the current financial year, our department initiated a new programme called Revitalisation of VIP Toilets by targeting municipalities with distressed sanitation systems, which is also linked to the programme on Clean Cities and Towns (CCT). We are the champions of CCT to promote waste management in our towns to attract investment and promote Local Economic Development (LED) initiatives. We have allocated R700 000 for the programme.

Honourable Speaker, the strengthening of Disaster Management (DM) and Emergency Services (ES) is an important factor to service delivery. It is a sad reality that the poor tend to bear the brunt of natural disasters. The country including the Eastern Cape Province has been affected by a severe weather phenomena resulting in hail storms, heavy rains and floods. As a result a state of National Disaster was declared and Gazetted in January 2011. In this regard five (5) DMs in the Province were declared disaster areas. In our efforts to ensure effective and efficient post disaster recovery and rehabilitation, a Provincial Joint Operation Centre (PROJOC) was established. As a consequence thereof, an inter-governmental report was consolidated and forwarded to the department of Cogta through the National Disaster Management Centre (NDMC) for consideration.

In ensuring the speedy response to affected communities during the 2011/12 financial year, the programme will continue to coordinate the process of

acquiring funds for intervention towards the flood affected areas through continuous engagements with National Treasury and other government departments.

We will continue to support the construction of Engcobo Fire Station which will be at 50% of completion as at the end of 2010/11 financial year. It will be completed by the end of the 2011/12 financial year at a cost of R5, 8 million. In ensuring ongoing disaster and risk management operations, the department has set aside R1, 8 million to support Chris Hani and Cacadu DMs towards the operational costs of the established disaster management centres in the two areas. On-going hands on support will be provided to all DMs including Nelson Mandela Metropolitan Municipality (NMMM).

The drought situation has necessitated a co-ordinated provincial response and a Drought Management Task Team (DMTT) was established in 2009 to assess and mitigate drought that affected our Province. The task team consolidated a drought report to the tune of R985 million from the DMs excluding the NMM. During 2010/11 financial year, the report was forwarded to Department of Cogta and National Treasury for financial assistance. Consequently, an allocation of R86million was made by National Treasury through the Department of Water Affairs (DWA). The first tranche of this amount was transferred and proportionally divided amongst six DMs. In the 2011/12 financial year the task team will continue to monitor the expenditure by the municipalities until the whole allocation is fully utilised.

Honourable Members of the House, in 2006 the beginning of the term of the outgoing Councilors, local municipalities had a clear understanding of the implementation of the indigent policy which is inherent in ensuring that indigent households should have access to the package of services included in the FBS programme. However, lack of institutional capacity and limited funding hindered local municipalities in fulfilling this mandate. Consequently, a large number of indigent households did not have information on how to gain access to free basic service like water, sanitation, energy and refuse removal. In the same vein, we do not take comfort to the fact that our Province is rated number eight (8) in the country in terms of service delivery. We have heard about historical backlogs in this regard, however we need to roll up our sleeves and turn things around.

President Zuma in his State of the Nation Address emphasized that we must improve the delivery of services to poor communities. We dare not fail him and the people of our country. The establishment of a Provincial FBS Forum in the new financial year, amongst other things, is a step in the right direction.

Mr Speaker, our Province has a responsibility to ensure that indigent communities benefit from the services offered by government. In this regard, the department has committed itself to strengthening, monitoring and evaluating thirty three (33) municipalities that are receiving support in the implementation of a CIP in the 2010/11 financial year. During 2011/12 financial year ten (10) municipalities will be supported in the implementation of the CIP framework.

These municipalities will be provided with hands-on-support through Indigent Policy workshops to be held with FBS stakeholders in the municipalities. This initiative to establish indigent committees in municipalities has assisted in accelerating the door to door indigent registration process and indigent awareness campaigns to enable access to FBS by all indigent households. The intention therefore is to monitor the updating of indigent registers in all forty five (45) municipalities. A process of supporting DMs in the establishment of district wide forums to strengthen integrated planning will be undertaken in four (4) DMs. A budget of R1, 6 million is available to provide hands-on-support to the targeted municipalities.

Honourable Speaker and Members of the House, the Municipal Infrastructure Grant (MIG) is an integral part of providing municipal services to our people which in most cases are dependent on infrastructure. The MIG programme should be viewed from a holistic perspective where it supports all municipal services including transport, housing, waste management, water supply, sanitation, LED, electricity, Environmental Health and other municipal services. This means that MIG underpins all municipal services since it supports infrastructure development.

We encourage our municipalities, stakeholders and partners to join hands and work with us to implement the resolutions of the Indaba to create better communities by improving service delivery.

Output 3: Implementation of the Community Work Programme (CWP)

Honourable Speaker, I now turn my attention to speeding up growth and transformation of the economy to create decent work and sustainable livelihoods, in our Province. We have steadfastly focused on creating a conducive environment for public and private sector investment, as well as sustainable development to take place in the local municipalities. Therefore, consistent with the five (5) Year Local Government Strategic Agenda (LGSA) and now Outcome 9, the department has in the past four (4) years supported municipalities with respect to the development of LED strategies, deployment of

capacity, cooperation, networking with other organs of state to resuscitate some of the declining economies.

Mr Speaker and Honourable Members we have ensured that all the DMs and local municipalities develop and review their LED and Sector Strategies to respond to their challenges and open up immense opportunities for both public and private sector investments. We have set aside R1, 1 million for the development and review of LED strategies and plans in municipalities.

With that in mind, Policy Guidelines for implementing LED projects provide that LED support offices to be set up in all Provincial government departments, DMs and NMM and staffed by qualified personnel. The local municipalities deserve no less. Our Councillors and officials should be trained in LED principles, processes and practices and we have R3, 6 million for the deployment of LED experts and assistants to DMs and local municipalities with inadequate capacity.

Increasingly, local municipalities are using the District Support Teams (DSTs) as a clearing house for feasible public sector investment. These are inter-governmental forums which are fast giving rise to local coordination and network mechanisms as can be observed in a number of local municipalities. Although the performance and support to the DSTs requires tremendous investment, we have set aside R209 000 for this purpose in the new financial year.

In recognition of the important lessons that are derived from initiatives like the Urban Renewal Programme (URP) our department has set aside R1,1 million to support development initiatives to promote the regeneration of second economies in small towns and rural areas. The small towns that are targeted are Port St Johns, Engcobo, Idutywa, Barly East and Matatiele. The villages that will benefit are Tsibiyane in Mhlonto, Sabalele in Intsika Yethu, Masoleng in Matatiele, Hamburg under Ngqushwa and Mount Fletcher in Elundini municipalities. This work also involves monitoring URP nodes in Ngangelizwe under KSD, Motherwell and Halenvale in NMM and Mdantsane and Duncan Village under BCM.

Mr Speaker, the Community Works Programme (CWP) aims to provide employment safety nets by providing a minimum level of regular work opportunities to participants with a predictable number of days of work per month. During 2010/11 financial year it is envisaged that the CWP would create 18,700 jobs in 17 sites (Municipalities) and is expected to create another 19,000 jobs in 19 sites in 2011/12 financial year in the Eastern Cape.

The programme is expected to notch 39,000 participants by March 2014. Working with of Cogta who will provide the bulk of funding for this programme, we will support the wage and non-wage component of implementing the CWP, whilst our department will monitor its implementation on their behalf. We have therefore set aside R301, 000 to facilitate and monitor implementation of the CWP programme in the Province.

Mr Speaker, we impress upon our municipalities to create conditions for an inclusive economy that will reduce unemployment, poverty, inequality and produce decent jobs and sustainable livelihoods.

Output 4: Actions supportive of the Human Settlement Outcomes (HSO)

Honourable Speaker, the department is mandated to take appropriate actions in support of the Human Settlement (HS) known as Outcome 8. The department will concentrate on supporting the Department of HS for the release of 2721 hectares of land for social development. We have set aside R2 million for this purpose. The development of human settlements must be spatially referenced and it is upon this foundation that credible planning takes place. The department remains committed to promoting effective and efficient spatial planning and land use management practices in both the Provincial and municipal spheres of government. The completion of the Provincial Spatial Development Plan (PSDP) during the course of 2010 has created an important policy basis for achieving this, especially in view of the fact that there is no a spatial alignment with the Provincial Growth and Development Plan (PGDP).

The PSDP has also created a platform for further investigation involving the sustainability agenda as well as providing all spheres of government with a common information and communication base in the form of the establishment of the provincial observatory as a repository for spatial information. This observatory has been designed to be an interactive one and as such will play an important role in promoting good governance in this competency. An amount of R2, 1 million has been set aside to facilitate the above.

Honourable Members, Land Survey and Cadastral Information Management (LSCIM) focuses on surveying properties in the existing settlements for security of title to ensure that all land parcels are appropriately defined cadastrally for the successful implementation of the Municipal Property Rates Act (MPRA). This is necessary since we now have wall to wall municipalities. The department has set aside R1 million for this purpose.

Our Valuation Services (VSs) component will focus its technical support to assist the thirty nine (39) municipalities to conduct Supplementary Valuations (SVs) through the provision of hands-on support. This is necessary to enhance the capacity of municipalities to generate revenue, since they are utilising the Municipal Valuation Rolls (MVRs) as the basis to levy Property Rates (PRs). This exercise is conducted to update the Master Property Register (MPR) which is a pre-requisite tool for land audit purposes. An amount of R1, 1 million has been budgeted to support Engcobo, Sakhisizwe and Mhlontlo municipalities to facilitate the necessary processes to produce updated MVRs.

Our department is encouraging municipalities to establish and strengthen Institutional Social Development Units (ISDUs) to ensure value for money on infrastructure projects they implement to promote sustainable development. To assist this process, we have budgeted R731 730 mainly to facilitate the institutionalization of the ISDUs in municipalities. This endeavour will be supplemented by strong collaborative partnerships with service delivery agents or institutions that serve as reservoirs of technical skilled and knowledgeable personnel. The Development Bank of Southern Africa (DBSA), Siyenza Manje Programme and the Department of Water Affairs (DWA) are some of the institutions that are responsible for streamlining Sector support towards capacity building in municipalities. The department has allocated R975 641 in this regard.

Mr Speaker and the Honourable House, we urge our municipalities to move away from simply building houses for the poor and work towards building more united, non-racial and integrated communities across our cities and towns.

Output 5: Deepen democracy through a refined Ward Committee Model

Mr Speaker, whilst all municipalities qualifying to have Ward Committees (WC) in line with applicable legislation have done so, their functionality has become another contested terrain. There were also changes to the way the functioning of the WC was designed with regard to their remuneration and terms of office were concerned. Through WC and consultation over IDPs, communities can hold their elected representatives accountable. An amount of R2, 6 million has been budgeted for the training of all WC.

As part of our engagement with civil society to realise our strategic thrust of becoming a responsive and caring government, we launched a programme to meet our key stakeholders including Rate Payers Associations (RPA). We targeted those municipalities where there were petitions submitted to us and

those coming via either the Office of the Premier (OTP) and others from the national government. Furthermore, it became clear that the smaller municipalities if not engaged and advised on how to deal with the Associations, they might have opted to disengage or adopt a hostile attitude towards these structures, thus causing more harm to their revenue bases and income generation efforts. In the final analysis, their capacity to deliver services to the people maybe compromised. The affected municipalities were KSD, Great Kei, Sundays River Valley (SRV), Kouga, Koukamma, Ingquza Hill, Ndlambe, Nxuba, InxubaYethemba, Matatiele and Nkonkobe. In Kouga municipality a march was organized by members of the Tripartite Alliance and Councilors who were calling for a rates boycott.

Mr Speaker, an amount of R117, 000 has been set aside for the continuous training of all forty five municipalities on the management of the Presidential Hotline System (PHS). This will promote a responsive, accountable, effective and efficient local government system. In the new financial year our department will support all municipalities to conduct Customer Care Satisfaction Surveys towards improving service delivery. We will also continue to facilitate effective coordination with other Sector Departments towards the realisation of the Government's Programme of Action (GPA) as outlined in Outcome 9. This is part of the Service Delivery Agreements (SDA) that I have signed as the political head of the department.

Our municipalities will be given greater support to communicate issues of basic service delivery and development indicators to promote accountability. The establishment of structured communication arrangements, communication strategies, planning and implementation thereof will be prioritised. The department will work with the OTP, Government Communication and Information System (GCIS) and the South African Local Government Association (SALGA) in this regard. The budget allocation for the Directorate of Corporate Communications is R2, 1 million in the new financial year.

Honourable Speaker, our department convened a successful Public Participation Summit (PPS) to review the Public Participation Policy (PPP) as our contribution to the national processes. A variety of stakeholders including Sector Departments, municipalities as well as Community Development Workers (CDWs) took part in the summit. Its expected outcomes included the resolution of the challenges around the accountability of CDWs and their relationship with municipalities. We have budgeted R1, 8 million for the programme to monitor CDWs. In future we will define clearly and improve the functions and responsibilities of CDWs so that they act in the best interests of communities.

On Transitional Facilitation Committees (TFC) Mr Speaker, our department is doing good work to assist with the transfer of staff and assets to local municipalities within the confines of the Act. This work is carried out by our political and technical TFCs in OR Tambo, Alfred Nzo, Chris Hani and Cacadu DMs. The movement of BCM away from the ADM to become a Metro is also work in process by the TFCs. The work of the TFCs will gain momentum post the elections on 18 May 2011.

Honourable Members, we wish to impress upon our local municipalities to commit to strengthening the voice of communities and ensure that all our Councillors serve the people they represent and are accountable to them.

Output 6: Administrative and Financial Capability

Mr Speaker, in addressing municipal debt reduction, our department together with Provincial Treasury has carried out a detailed examination and verification of all rates and services relating to debtors' accounts. The exercise was to enable the municipalities to recover outstanding debt, implement and maintain effective and efficient credit control measures using a revenue management and debt collection strategy. We targeted and prioritised municipalities that are owed largest amounts of money. To date seven (7) municipalities have already been visited, namely, NMM, BCM, King Sabata Dalindyebo (KSD), Lukhanji, Makana, Blue Crane and Camdeboo. Our government departments including Public Works, Roads and Transport, Education and Health were also visited in the seven municipalities and they made commitments regarding the payment of outstanding amounts to the municipalities.

Mr Speaker, we have budgeted R30 million to provide support to municipalities to improve audit outcomes through Operation Clean Audit (OCA). This is a national initiative aimed at assisting all municipalities and government departments in the Province to obtain clean audits by 2014. However, our Exco has set itself a target to eliminate all adverse opinions and disclaimers in municipalities and government departments during the 2011/12 financial year. It is important that we establish a coordinating structure to drive the implementation of OCA. This will ensure that all government departments and municipalities meet the target of obtaining clean audits by 2014 including the eradication of adverse opinions and disclaimers during the financial year 2011/12. We took a decision to use the sum of R30 million allocated for OCA to appoint thirty (30) contract workers fifteen (15) at Manager levels and another fifteen (15) at Senior Manager levels. This is to enhance the capacity of our department to appoint, resource and cover all operational costs relating to OCA.

To date twenty (20) of the thirty (30) posts have been filled and the incumbents have all been appointed on a contract period of three (3) years.

In order to achieve the targets set for OCA our department has identified twenty four (24) municipalities to be provided with hands on support in the 2010/11 financial year due to their consistently poor audit opinions they received over the last five (5) years. This support will ensure that the national and provincial targets are met. Our local municipalities must ensure that their IDPs are implemented with tangible results including access roads in rural areas, provision of clean water, refuse removal and access to electricity by poor households. All legislated functions by local municipalities must be realised to create better communities in the area of local public services. Currently due to the poor state of affairs some of our municipalities are struggling to attract skilled personnel. To this end, there will no doubt be some of these municipalities and others who will require hands on support beyond the 2011/12 financial year.

The audit reports for these municipalities have serious weaknesses in financial management, which include but not limited to:

- Lack of proper and adequate systems of financial and internal controls.
- Inadequate capacity and resources to deliver services.
- Non-adherence to financial policies, procedures and legislative framework, and
- Lack of proper management of records.

We have also extended our focus to municipalities who have a qualified AG opinion to move them to unqualified outcomes. To this end we have set aside an amount of R5, 1 million to support these municipalities

Honourable Speaker, our department is investing huge sums of money to the KSD Presidential Project through different work streams with clear time lines. This is done in collaboration with our national counterparts and other stakeholders like the DBSA. Amongst other allocations in this regard is R220 million for the upgrading of internal ring roads (roundabouts) from 2011-2013. On the development of human settlements, R1, 1 billion has been set aside for this purpose from 2007-2014. In both instances Memoranda of Understanding (MoU) have been signed.

Mr Speaker, we encourage our municipalities to make sure that they work with Provincial and national governments to turn national programmes into local services and development benefits for their communities.

Output 7: Single Window of Coordination

Honourable Speaker, the building of a developmental state, the improvement of a public service and the strengthening of democratic institutions remain our seventh strategic priority. The 2011/12 financial year will be characterised by strengthening of Inter-Governmental Relations (IGR) systems in the Province, inter alia, to enhance the functioning of Provincial IGR structures such as the Provincial Water, Municipalities and MECs (MuniMECs) which is the technical and political fora to realize a seamless and integrated service delivery approach. This approach is informed by the resolutions taken at the Provincial IGR Summit held in December 2009. The summit resolved that our department should act as a single window of coordination. To this end, we remain the coordinators of the Provincial MuniMEC meetings wherein Sector Departments and public entities participate and inform the strategic agenda of this forum.

Furthermore, Honourable Speaker, we should be mindful of our advanced plans to roll out the Provincial IGR Strategy and the IGR Handbook which will be a useful tool to be utilised by the District IGR. This structure is composed of the District Mayoral Committee (DMC) and Municipal Managers in collaboration with the OTP, SALGA and Provincial Treasury. The rolling out of the IGR Handbook is intrinsically linked to the building of capacity of IGR practitioners, key Senior Managers within the Provincial Departments, public entities, District and Local Municipalities which is necessary for effective IGR coordination.

Honourable Speaker, in furthering the agenda of strengthening cooperative governance and implementing government programmes in the Province, the OTP and our department are key drivers of the Implementation Protocol of the KSD Presidential Intervention which should be realized through its Master Plan and Development Charter by 2030. As a champion of cooperative governance, our department has established an inter-spherical forum mainly to promote sector coordination and collaboration, integrated infrastructure planning and development, IGR and to harness resources from other sectors towards a single window of coordination. We have earmarked R1, 21 million for facilitation, conducting quarterly workshops and monthly coordination meetings in municipalities.

Honourable Speaker, another positive development relates to the sterling work done by our government to restore the dignity of our Traditional Leaders. We will continue the process of transforming the institution of Traditional Leadership to enhance development local government to benefit our rural communities.

This we will do being guided by the South African Constitution. We are also committed to finalise all issues related to functional Traditional Councils (TC) in line with the Municipal Systems Act. We want to realize functional local government that is effective, efficient and accountable to the people it serves. In this regard, the role and collaboration between traditional leaders and local Municipal Councilors cannot be overemphasized.

The time for constructive engagement between the two local structures is now to deepen democracy in rural areas. Our people are expecting to see credible social and local leadership that is responsive to their developmental needs. The service delivery protests are a testimony to that social and political reality.

Mr Speaker, the programme on Traditional Affairs (TA) is charged with the responsibility of driving the transformation of the institutions of traditional leadership to ensure that they operate in line with transformational and developmental policies and legislation of our country.

As part of transformation, we will strengthen our support and responsibility to traditional leadership institutions including engagement with Khoisan communities to create formal structures to enhance development in their areas.

Currently we have the Eastern Cape House of Traditional Leaders (ECHTL), five (5) Kingdoms and Principal Traditional Leadership Institution, two hundred and forty-one (241) Traditional Councils (TC). The King's Councils (KC) have to be established during this coming financial year to ensure that they operate in line with the applicable legislation. Our department will finalise the process of the reconstitution of the remaining seven (7) TC to ensure that they are functioning as required by legislation. The Local Houses have not yet been established in the Province due to gaps in existing legislation. The processes of speeding up the finalization of legislation in this regard will be enhanced and an amount of R8, 9 million will be used to resource the institution of traditional affairs.

The capacity building programme for traditional leaders and their institutions will be enhanced by the department in collaboration with the Department of Cogta. In this regard we allocated R1, 1 million. In order to strengthen the administration of the ECHTL and improve its operational efficiency, the House has been made a separate programme of our department. To this end R1, 3 million has been allocated for the operations of House Committees. In the same vein, R1, 4 million is budgeted for convening the full sittings of the House and operations of its Executive Committees. An amount of R2, 9 million has been

allocated to allow the House to broaden its public participation programmes to include rural areas to regenerate cultural and traditional values in these areas.

The department is in the process of establishing a Provincial Commission on Claims and Disputes (PCCD). This Commission will assist the department to resolve claims and disputes relating to Traditional Leadership institutions and R5, 2 million has been made available for this purpose. We have set aside R1, 5 million to facilitate greater involvement and participation of traditional communities in rural development initiatives.

Honourable Members the summary of our budget allocation for 2011/12 is available on page 24 of my Policy Speech.

Mr Speaker perhaps the single biggest threat to our fledgling democracy is the issue of corruption. The threat has already manifested itself and shown the devastating effects that it has on people. On one front, corruption demoralizes the development state which seeks to build economies, societies and institutions. On another front, it buys into a get-rich-quick philosophy alien to our democratic movement.

In the current financial year alone, a number of investigations in terms of Section 106 have been launched to deal with allegations of corruption and maladministration in a number of municipalities. The Special Investigating Unit (SIU) has been engaged in Sunday's River Valley, Kouga and Alfred Nzo. The reports from the SIU on these municipalities are now available except for Sundays River Valley which still requires it to be tabled to Council. We have also appointed forensic investigators to deal with similar allegations in NMMM, Kouga, Lukhanji, Sakhisizwe and Great Kei municipalities.

Many of these investigations have been triggered by allegations of poor service delivery but upon closer inspection, we unearthed potentially corrupt practices at play. In the forthcoming financial year we will continue with our investigations and to this end we have set aside R543, 000. We will use internal resources to undertake most of the investigations and engage external service providers only when the need for a specialist service arises.

Notwithstanding this negative picture, there are those municipalities who are shining examples by managing their finances within the ambit of the Municipal Finance Management Act (MFMA). It is not all doom and gloom as other municipalities are our beacon of hope. We are proud of them.

Another important issue, Mr Speaker that requires ongoing and serious attention is the level of discipline in our organization which manifests itself in a variety of forms including late arrival in meetings, early departure in the

afternoon and in some cases, questionable levels of honesty. The Auditor General (AG) has identified some weaknesses in our management systems. Our top management must be seen at all times to be acting with integrity and be beyond reproach so that junior employees in their midst emulate such good behavior. However, we are confident that our plans will yield the necessary positive results during the forthcoming year. Our confidence is further boosted as we finalize a fit for purpose organizational structure capable of responding to the challenges of the department. The structure will ensure that the necessary human resources are correctly placed to ensure maximum productivity and outputs from trained staff.

Mr Speaker, on the issue of governance, we are keen to ensure that we maintain and improve our record of clean audits received over the last few years. To this end our department is setting up its internal audit section after the disbandment of shared internal audit services. Although this process is underway we will ensure that this service coupled with risk management, internal controls and audit committee provide us with the necessary capability to strengthen and augment our internal controls to maintain and improve upon clean audits aspiring to obtain an Unqualified Audit with no matters of emphasis.

In the same breath, I call upon the leadership of labour unions to join hands with us in the fight against ill-discipline, fraud and corruption in our work environment. If not properly addressed by means of a collective approach this cancer will have contagious effects that will engulf and contaminate our environment thereby reduce all our good work to naught. However, I am aware that there is work in progress to deal with these issues urgently.

Last but not least Honourable Members, after the elections on 18 May 2011 the new breed of councilors must know that it will not be business as usual.

The attitude to do things the old way is gone. We will impart them with the necessary training to ensure that they are familiar with the terrain in which they will operate. In the same vein, the incoming Councillors have a central role to play to reduce debt in their municipalities by implementing sound revenue collection strategies to provide quality basic services for our people.

Mr Speaker, at this juncture I take this opportunity to remind all of us about the objectives of local government which are as follows;

- To provide democratic and accountable government for local communities,

- To ensure the provision of services to communities in a sustainable manner,
- To promote social and economic development,
- To provide a safe and healthy environment, and
- To encourage the involvement of communities and community organisations in matters of local government.

In the same vein, our Province has recovered faster from global recession than other Provinces. However, we are extremely vulnerable in the following areas, namely

- Not keeping up with infrastructure demand,
- Lagging behind with capital investment,
- Continued de-industrialisation
- Continued jobless growth, and
- Growing unemployment particularly amongst the youth.

Our Councilors are therefore charged with a huge responsibility to respond appropriately to these challenges to be able to justify their membership of Municipal Councils to the communities they serve. They also need as a matter of urgency to instill a culture of ethical conduct for proper governance by both political office bearers and municipal officials on issues around supply chain. In some municipalities there are cases of collusion between officials and politicians to siphon money from municipal coffers for personal benefit.

This illicit behavior has rendered some affected municipalities dysfunctional with adverse audit findings reigning supreme in such municipalities. This is what some may call “organised chaos” by our own people to achieve narrow selfish interests. At the end of the day our people suffer and out of frustration ventilate their anger through violent service delivery protests. Our capacity to provide solid leadership in the midst of such protests leaves a lot to be desired, in some instances.

Our incoming Councilors must always strive to raise the bar when it comes to the delivery of services to our people. The political and administrative interface must always ensure that there is compliance on how they utilise public resources to guard against irregular, unauthorised or wasteful expenditure. The prudent management of their financial resources will enable them to meet their financial obligations including paying for Eskom’s bills on time and without interest. Our department is not going to provide financial bailouts for ever.

There will have to be a cut-off point and such municipalities will have to fend for themselves. Failure to do so, will force us to take hard decisions about the future of municipalities that are not viable. The work of the new Councillors is

cut out for them in the 08 January 2011 statement of the African National Congress and our manifesto for the local government elections on 18 March 2011.

As the department we will do our part by implementing the ANC Election Manifesto through Outcome 9. This we will do with our partners, stakeholders and local municipalities to create better communities for our people.

In conclusion, Mr Speaker, as we approach the date of local government elections, there will be a lot of political shocks and surprises. I call on our people and members of the African National Congress in particular, to be vigilant, exercise political tolerance and exhibit political maturity and restraint at all times even in the face of extreme provocation. All acts of violence and intimidation must be reported to our law enforcement agencies before they develop into full blown political conflicts. In the current financial year we have allocated R45 million to ensure that the infrastructure for the elections is in place. Let us all go out there and exercise the power of X to vote the party of our choice because we love our country.

Let us ensure a free and fair election on 18 May 2011.

As we strive together to build better communities let us be guided by the words of our international icon, our Isithwalandwe, Nelson Rholihlahla Mandela when he said in 2008;

“Where there is poverty and sickness, where human beings are being oppressed, there is more work to be done. Our work is for freedom for all. After 90 years of life, it is time for new hands to lift the burdens. It is in your hands now.”

Indeed, comrades, it is in our hands now to lift the burdens of poverty, misery, HIV/Aids, unemployment and underdevelopment by creating better communities for our people.

I thank you.

Summary of Budget Allocation for 2011/12

Programmes

Administration	170 058 509	22.8%
Local Governance	208 370 358	27.9%
Development and Planning	103 664 281	13.9%
Traditional Institutional Management	243 110 031	32.6%
House of Traditional Leaders	20 881 821	2.8%
Total	746 085 000	100%

Economic Classification

Compensation of Employees	575 932 333	77.2%
Goods & Services	143 722 889	19.3%
Transfer Payments	9 148 666	1.2%
Capital Assets	17 281 112	2.3%
Total	746 085 000	100%