

POLICY SPEECH FOR 2013/14 FINANCIAL YEAR

Theme: Towards more integrated Co-operative Governance as part of a Developmental State to eradicate poverty, reduce unemployment and eliminate inequality.

Honourable Speaker and Madame Deputy Speaker

Honourable Madame Premier and the Executive Council of the Province

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 institutions in the Province

Directors-General and Heads of Departments

Our Superintendent-General, Mr Stanley Khanyile, and the Management of the department

Representatives of State Owned Enterprises and Non-Governmental Organisations

Religious Leaders, Representatives of Civil Society and Organised Labour

Our strategic partners and stakeholders

Distinguished guests

Members of the media

Colleagues, Compatriots and friends

Ladies and Gentlemen

Honourable Speaker, The foremost liberation movement in the Continent has begun its second Centenary of entrenching the country's democracy in order to bring about hope, peace, unity, progress and development.

Election after election, the people entrust the African National Congress with their aspirations thereby enabling it to take another leap forward in reconstructing and developing the country.

We enter the second phase of transition from apartheid and colonialism to a national democratic society determined to improve the quality of life of our people, promote nation building and social cohesion.

The tabling of the fifth Policy Speech of the department creates a platform for us to share the monumental strides taken in this term to advance the struggle to eradicate poverty, reduce unemployment and eliminate inequality.

The dawn of the fourth term of government solidified our intent to deliver a national democratic society and bring about lasting change in the lives of the people.

Guided by the mandate of our department we will consolidate our capacity to deliver and implement our programme using the budget allocation at our disposal to build better communities.

In his State of the Nation Address, President Gedleyihlekisa Zuma said the National Development Plan (NDP) contains proposals for tackling the problems of poverty, inequality and unemployment.

“It is a roadmap to a South Africa where all will have water, electricity, sanitation, jobs, housing, public transport, adequate nutrition, education, social protection, quality health care, recreation and a clean environment.”

In his January 8th statement of the African National Congress, President Zuma announced that four (4) of our District Municipalities stand to benefit from 23 infrastructure projects in the provision of water, electricity and sanitation. These are Alfred Nzo, OR Tambo, Chris Hani and Joe Gqabi district municipalities.

With this assurance from the highest office in our land, we commit to do our part as a department to work together with our strategic partners to create better and sustainable communities.

The Honourable Premier of our Province Noxolo Kiviet during the State of the Province Address committed to “heed the call of our President for the immediate

implementation and effective implementation of the NDP.”

We will go out and encourage our municipalities to participate in the consultative process for the development of a provincial “long range development perspective” to be facilitated by the Eastern Cape Planning Commission.

Given the rural character of our province, we are equally inspired and invigorated by the Minister of Finance Pravin Gordhan during his Budget Speech presentation for 2013, identified “a new look local government formula (that) benefits rural municipalities” as one of the pillars of the budget.

A performance review of this term demonstrates the gigantic steps taken by our department towards realizing the ideals of creating better communities.

Honourable Speaker, what follows are some of the highlights of the impact that the Department has made in the province since the unveiling of four Apex Priorities in 2009, namely, **Good Governance, Basic Service Delivery and Infrastructure Development, Co-ordination and Integration and Traditional Affairs.**

Honourable Members, in 2008 only 3 municipalities had registered credible IDPs whilst in 2012, a resounding 32 municipalities have achieved this status. This augurs well for the next phase as we seek to move in unison towards realizing the NDP through improved integrated planning.

The Performance Assessment results revealed that municipalities that attained weak overall performance in line with the tool reduced from 29 in 2006/07 financial year to 8 in this category in 2010/11. None of the municipalities received disclaimer performance in 2010/11 financial year. This coupled with the movement of municipalities from the disclaimer grid indicates that the tireless efforts to strengthen local government performance are bearing fruits.

Moving into municipal governance, all municipalities in the province have established Municipal Public Account Committees (MPAC) and Internal Audit Units (IAU) are in

place in 44 municipalities. The structures are critical for improved oversight and internal controls at a municipal level.

The total percentage of filled posts in our municipalities stands at 88% with only a 12% vacancy rate recorded during the current year.

Allow me Mr Speaker to take this opportunity to congratulate and welcome Dr Lindiwe Msengana-Ndlela and Mr Vincent Pillay on their appointments as the Municipal Manager and Chief Financial Officer (CFO) for Nelson Mandela and Buffalo City Metropolitan Municipalities respectively. Indeed, we are turning the corner through the appointment of qualified, professional and competent South Africans to entrench good governance and effective service delivery.

This is a key feature of building our institutions and we will not rest until we have also ensured suitable capacitation of staff in municipalities.

The Department invoked Section 139 (1) (b) of the Constitution in Alfred Nzo District Municipality, Koukamma and Sundays River local municipalities to ensure that they fulfill their statutory obligations.

In 14 municipalities the department invoked Section 154 support to strengthen the capacity to manage own affairs and exercise powers to perform their functions. These municipalities are Sakhisizwe, Engcobo, Nxuba, Mbizana, Mbhashe, Amahlathi, Ngqushwa, Buffalo City, Nelson Mandela Bay, Great Kei, Makana, Mhlontlo, Port St Johns and Emalahleni.

I must hasten to add that in the affected municipalities, there has been a number of improvements which include but are by no means limited to, administrative stability, financial recovery plans, governance systems are in place, improved public participation in municipal programmes and improved revenue collection.

The re-establishment of Ward Committees (WC) has proceeded without delays in most municipalities with the exception of Nelson Mandela Bay Metropolitan Municipality.

Honourable Speaker, on basic services provision, allow me to mention the following highlights;

- Access to water improved from 74% in 2009/10 to 81% in 2011/12 financial year.
- Access to decent sanitation increased from 58% in 2009/10 to 66% in 2011/12.
- 72% of the province's population enjoy access to electricity as opposed to 38% in 2009/10 financial year.

In 2009, our department was awarded the prized National Vuna Award for the Most Improved Provincial Department in supporting municipalities.

The Provincial MuniMEC quarterly meetings which promote co-operative governance and unblock service delivery bottlenecks, was hailed by the Minister of Co-operative Governance and Traditional Affairs Mr Richard Baloyi as the best countrywide and an example to be emulated by other provinces.

In 2012, President Zuma applauded the co-ordination of the King Sabata Dalindyebo Intervention (KSD PI) as co-operative governance in action. This demonstrates what can be achieved if all spheres of government unify and collectively beat the drum of service delivery.

Similarly, the transformation of traditional leadership institutions during this term recorded monumental milestones. These include the transformation of two hundred and thirty two (232) Tribal Authorities into Traditional Councils. The councils are empowered to administer the affairs of the tribe, within their area of jurisdiction, including land administration and co-ordination of development in their areas.

This term also ushered in a new state-of-the-art building for the House of Traditional Leaders (HoTL) with the entire Executive of the House enjoying full-time status.

Traditional leadership capacitation programmes were rolled out in Integrated Planning and Local Economic Development (LED). In a similar vein, the process of integrating traditional leaders in municipalities was initiated and is ongoing.

We also forged partnerships with the Women's Caucus in the Provincial Legislature, South African Social Security Agency (Sassa), department of Health and the Provincial Aids Council to advance common initiatives with the House.

The revamping of Amakomkhulu and the provision of resources to the Kingdoms and the Executive of the HoTL proceeded well. They can now engage more effectively with their traditional communities.

The Initiation Monitoring and Intervention Strategy (IMIS) was implemented in the midst of enormous challenges and public outcry over the death of initiates. The traditional initiation ritual requires the participation of all key stakeholders including parents to realize the safe passage of our boys to manhood. Our schools should also be considered as platforms to communicate messages about safe initiation practices.

Notwithstanding these successes, the department has encountered a number of challenges since 2009. These include, limited funding to eradicate service delivery backlogs in the province, unfunded mandates, the slow speed of resolution of land claims which impact on development, the absence of national norms and standards on conditions of service of traditional leaders and some municipalities that are not viable.

Honourable Speaker, the department has consolidated its achievements and drew vital lessons since the advent of the fourth term in order to effectively discharge its mandate moving forward. Armed with this knowledge, we embarked on a journey of aligning the emerging policy priorities to our Annual Performance Plans (APP) and re-energized the department to move with a fresh vigor towards their implementation imbued with the significance of being frugal and insisting on value for money for the appropriated funds.

The Department reaffirms its commitment to unity in action with all strategic partners towards the socio-economic freedom of all our people.

The aforementioned apex priorities are the department's torch as we support municipalities to facilitate service delivery in the areas of their jurisdiction. In the same vein, traditional leadership institutions have a legitimate and necessary role to play in the reconstruction and development of rural communities as well as matters of preserving and promotion of traditional customs and culture. They are vital players

in the development of their constituent communities especially in a province that is the second poorest in the country.

This policy statement outlines the delivery imperatives aligned to Outcome 9 whose vision is to ensure a responsive, accountable, effective and efficient local government system. These imperatives will be our guiding beacon as we march to improve the lives of the people in the 2013/14 financial year.

Honourable Speaker, Output 1 in Outcome 9 directs us to Implement a Differentiated Approach to Municipal Financing, Planning and Support.

In the regard, the NDP constitutes the country's roadmap for providing improved basic services, health and education for all, job creation and sustainable livelihoods. This is a cohesive element that binds the whole of government and various sectors of society on the journey to 2030 and beyond.

The IDP is at the centre of making government's plans such as the NDP a reality in the municipal space for the ordinary citizens of our Developmental State. In the 2013/14 financial year, the Department has set aside **R4,7 million** to ensure that the IDP becomes an expression of co-operative governance in action. Driven by the ethos of co-ordinated planning and integrated delivery underpinned by Ward Based Planning, we will pay particular attention to the implementation of IDPs so that voters can receive a return on their investment.

Honourable Speaker, Output 2 namely Improving Access to Basic Services is one of the key pillars of local government service delivery. It remains imperative for a pro-poor government that its citizenry is able to access basic services in general and Free Basic Services (FBS) in particular. FBS is our vehicle to enable the indigent population to keep poverty at bay whilst also building better communities. This service is however open to abuse by those who should not be entitled to it hence the ongoing measures to clean up indigent registers and pave the way for service provision to credible beneficiaries. **R1, 9 million** has been allocated for ensuring integrity of the indigent registers that are in place at various municipalities.

Basic service delivery provision is further more enhanced through supporting and

monitoring the performance of municipalities in spending qualitatively their Capital Grants. These conditional capital grants like MIG form a critical priority of the province because the grant holds the key to unleashing a province-wide infrastructure revolution and guaranteeing that requisite infrastructure is in place for basic service delivery to unfold. This grant also provides necessary work opportunities to surrounding communities which also undercut the effects of unemployment and poverty.

The Department has budgeted **R1,1 million** for communities to participate in the infrastructure programmes that will change their lives and **R4,2 million** for supporting municipalities to achieve 100% expenditure in their Capital Grant allocations in spending in excess of R6 billion annual allocation of Capital Grants towards municipalities. All these combined with **R196 000** dedicated for the Local Government Turn-Around Strategy (LGTAS) will no doubt yield the desired acceleration of infrastructure development during this term.

Honourable Speaker, in the previous financial year, the department pledged to build a world class Disaster Management Centre (DMC) in Bhisho for effective and efficient disaster management in the province. The development of plans and the consultation processes towards the implementation phase has already been done. This year, we will be initiating the construction process through the **R4, 6 million** allocated for this project. The DMC will allow more effective proactive and reactive responses thus increasing the province's state of readiness to manage disaster situations.

Honourable Speaker, the revitalization of small towns seeks to deal with the existing challenges of urban migration. Small towns in our hinterland show very low levels of economic activity and become a push factor that brings people into urban areas searching for work. In this initiative, seven (7) Small Towns have been identified to benefit from the allocation of **R2, 6 million** namely, Alice, Ngqushwa, Port St Johns, Engcobo, Kirkwood and Jansenville.

Honourable Speaker, Output 3 commits our department to implement the Community Work Program (CWP).

In pursuit of the goals of the NDP to create jobs and sustainable livelihoods as well as a conducive environment for the attraction and retention of private and public sector investment, our Department will continue to strengthen and build LED capacity to produce credible LED strategies, coordinate LED activities and ensure the success CWP in municipalities.

May I put on record Mr Speaker, that in 2012/2013 financial year we achieved employment targets of over 35 000 job opportunities in 29 municipalities in the Eastern Cape. We have strengthened the administrative capacity through the funding of LED Practitioners in 27 municipalities and supported the co-operation between municipalities, business institutions and universities through the Business Adopt a Municipality Programme. These include solidifying the relationship between Nelson Mandela Bay Municipality and South African Breweries (SAB), Buffalo City Municipality Metro and Mercedes Benz South Africa and Nkonkobe local municipality and Fort Hare University. In 2013/14 more partnerships of this nature will be solidified to support municipalities.

Mr Speaker, in order to reconstruct the spatially distorted economy, the Provincial Executive Council took a conscious decision to adopt the implementation of an Integrated Small Towns Revitalisation Strategy (ISTRS), in 2012. The strategy ensures that the Provincial and National departments work as a collective to develop the socio-economic infrastructure of towns, coordinate their economic development and anti-poverty initiatives and the beautification and environmental management, as well as heritage and tourism and marketing.

To this end, we have allocated **R2.4 million** in 2013/14 to the ISTRS programme. This figure will be augmented by our partners, the Departments of Roads and Public Works, Transport and of Economic Development, Environmental Affairs and Tourism and Social Development.

Our department has been supporting several municipalities to implement the flagship programme of Clean Cities and Towns. We will continue to facilitate and work

together with all other relevant institutions to ensure appropriate environmental management in municipalities of our province.

In the new financial year we will continue to grow the CWP participants beyond 35 000. Furthermore, we will ensure that appropriate skills are nurtured and that participants exit the programme with a fair level of skills to survive post the programme.

Honourable Speaker, we will continue to build strong LED governance and support in 23 municipalities with capable LED professionals and will spend **R2.8 million** towards this endeavour.

Furthermore, Mr Speaker, in the pursuit of serving as a single window of coordination, have six (6) functional LED Inter Governmental Relations (IGR) structures for the coordination of all public sector planning and implementation activities. To enrich this coordination, our department works with the South African Local Government Association (Salga) and Institutions of Higher Education provide the much needed education and learning network.

We are ahead of other provinces when it comes to the implementation of the CWP as at the end of February. In the same vein, we will finalise employment of 15 local implementing agents to ensure sustainability of the projects including youth participation in the programme.

Honourable Speaker the 4th Output binds the department to undertake Actions Supportive of the Human Settlement Outcomes (HSO) to address apartheid spatial patterns which are a reality in our towns and cities.

In this regard, the department has budgeted **R3, 6 million** to assist identified municipalities with the development of Spatial Development Frameworks (SDF), General Plans and Cadastral Banks. These frameworks and plans lay the basis for better and more economically viable land use within municipalities and have to be reviewed annually to ensure that they address current realities with respect to land development.

The provisions of the Municipal Property Rates Act 6 of 2004 (MPRA) will be implemented to the letter to enhance the revenue generated by municipalities in the next financial year. To this end, an amount of **R1, 3 million** has been allocated to provide hands on support to 39 local municipalities to implement the MPRA.

In the same vein, the department will facilitate engagements with the Land Claims Commission to fast-track the outstanding land claims and make available land for development purposes in our municipalities. The Department will also ensure the timeous delivery of decisions relating to land development. In this regard, an amount of **R1, 8 million** has been set aside.

Honourable Speaker, Output 5 directs us to Deepen Democracy through a refined Ward Committee Model (WC).

In the financial year 2013//14 the department aims at supporting municipalities with the establishment of Public Participation Forums (PPFs) as a platform for the general public to participate in the affairs of the municipality thereby improve communication on the work that the municipality is doing and will do.

The PPFs should work as a one-stop shop service within municipalities to combat service delivery protests. The office of the Speaker in municipalities will play a central role in coordinating the programmes of the forums.

Because our department places a high premium to public participation and development in all municipalities, an investment mount of **R7, 8 million** has been made available in this area.

The department has deemed it necessary to develop a Ward Committee Framework (WCF) to have a uniform approach of operation in all municipalities in the province. In the new financial year the department plans to develop a monitoring tool that will assist in assessing the functionality of WC. The facilitation of ward governance programmes as well as the establishment of WCF is also planned for 2013/14.

Output 6 is about Administrative and Financial Capability in our institutions, hence our flagship programme, Operation Clean Audit (OCA). The programme will take the

next steps towards the realisation of clean audit outcomes with an allocation of **R42, 125 million**. The first four years of implementation have shared vital insights into how we ought to accelerate our progress to make a difference in this area. Our partnership with the department of Provincial Planning and Treasury as well as the Office of the Premier (OTP) will place us firmly on the path to making a dent into the national targets set for 2014.

In addition, approximately **R3, 6 million** is allocated for dealing with the archiving systems of 8 municipalities namely, Makana, Sakhisizwe, Nxuba, Kouga, Baviaans, Koukamma, Great Kei and Ikwezi. The allocation will improve the complexion of audit outcomes as records management constitutes one of the areas that municipalities tend to be qualified on.

Revenue enhancement strategies will also be attended to as part of the overall internal fiscal environment within municipalities. A total allocation of **R5, 9 million** will be channelled towards these endeavours.

An additional budget allocation of **R15 million** for institutional support is available to supported targeted municipalities. **R37 million** from the Department of Provincial for Planning and Treasury has been earmarked for the support of CFOs in municipalities.

Having said that, we are aware of the challenges faced by some of our municipalities in the implementation of their revenue collection strategies. In this regard, I urge all our stakeholders to pay for service consumed without fail and hindrances. In the same vein, we call on our communities to play their part and stop illegal connections as this account for loss of revenue and negative audit outcomes. Equally, we depend on the support of our Councillors to make this work.

Honourable Speaker, Output 7 talks about Single Window of Coordination.

Our department undertakes to work tirelessly to play its coordination role to municipal support including, but not limited to provide support to convene meetings of the Provincial Water Forum (PROWAF), implementation and coordination of LGTAS

and Municipal Infrastructure Service Agency (MISA), convene the African Peer Review Mechanisms Forum (APRMF) which has been assigned to us in collaboration with OTP for appropriate coordination and implementation. This will be done with a budget of **R227, 968.00**.

The Provincial government has set aside September as the IDP month to support the implementation of single window of co-ordination and take planning to greater heights. Our department will monitor compliance in this regard through the production and implementation of credible IDPs.

It is our intention to enhance the implementation of the single window of co-ordination through the integration of annual calendars of six (6) District municipalities, two (2) Metros and sector departments.

In the same vein, Honourable Speaker, we will continue to implement the single window of co-ordination with regard to community development work amongst the various departments. This will ensure the provision of services to communities in a sustainable manner, promote social and economic development, promote a safe and healthy environment and to encourage the involvement of communities and community organizations in matters of local government. We have budgeted **R1, 854 235** for the smart pen system to monitor the operations of the Community Development Workers (CDWs).

A draft District Co-ordination Model (DCM) has been developed and will be approved and implemented in the coming financial year. This will effect the departmental decentralisation of the Strategic Service Delivery Model which is provided to municipalities in an integrated and coordinated manner.

A budget of **R2 274 million** for the implementation of DCM for municipal support and the co-ordination of programmes of traditional council at Metro and District municipality levels to enhance the quality of municipal IDPs for effective service delivery.

Honourable members, Chapter 2 of our Constitution recognises the institution, status and role of traditional leadership within our democratic dispensation. To date, 257 Traditional Leaders are participating in twenty eight (28) Municipalities, namely, five

(5) District Municipalities, one (1) Metro and twenty two (22) Local Municipalities. We commit to work with our traditional leadership institutions to find solutions to vexing questions in our quest to build unity and social cohesion for development to thrive.

In the same vein, the ANC in its 53 National Conference resolved to improve relations between councillors and traditional leaders in the interest of service delivery since both parties share the desire to improve the lives of their constituencies.

Let me take this opportunity, Honourable Speaker, to applaud good work done by traditional leaders for working with municipalities to unlock development in the interest of the people. Indeed, the role of traditional leaders in the realisation of the single window of co-ordination, cannot be overemphasised.

I concur with Honourable Premier Noxolo Kiviet during the State of the Province Address when she encouraged traditional leaders to “stop stifling development by demanding personal rewards.”

Inkosi yinkosi ngokusebenzela abantu nesizwe sayo. (a traditional leader is a servant of his/her subjects).

The continued active participation of members of the House, traditional leaders, departments of Health, Education and Social Development, South African Police Services (SAPS, District and local municipalities and other stakeholders in the initiation programme is indeed commendable. We will work tirelessly with our key stakeholders to curb the deaths of our sons, root out negligence, end abuse and deal harshly with those who use this old age custom as a money making scheme.

I am aware that the House has already sent out teams on an outreach programme starting with the ‘hot spot’ areas in preparation for the June/July season to curb the number of deaths. In the year under review, we have allocated **R1, 8 million** towards the implementation of the IMIS to ensure the safe passage of our boys to manhood.

We have allocated **R12, 7 million** to support two hundred and forty six (246) traditional leadership institutions to effectively perform their statutory and customary

obligations including **R6 million** for the construction of two (2) traditional councils of Amadiba in Bizana and Manzamhlophe in Port St Johns.

An amount of **R417 639** has been earmarked to support two (2) constituencies through outreach programmes and **R509 102** will go towards supporting five (5) poverty alleviation projects in traditional communities of the affected areas.

We have allocated **R215 177** to ensure that traditional leaders participate in 28 Municipal Councils. The targeted municipalities are Buffalo City Metro, Nkonkobe, Ngqushwa, Mquma, Mbashe, Mbizana, Emalahleni, Intsika Yethu, Amahlathi, Senqu, Elundini, Nqguza Hill, Tsolwana, Lukhanji, Engcobo, Matatiele, Umzimvubu, Ntabankulu, Mhlontlo, Port St. Johns, Sakhisizwe, King Sabatha Dalindyebo, Nyandeni, Amathole, Joe Gqabi, O.R.Tambo, Alfred Nzo, and Chris Hani.

The Provincial Committee of the Commission on Traditional Leadership Disputes and Claims (PCCTLDC) has been established and is fully operational. The Committee has already engaged in activities to restore the dignity of traditional leadership and communities through resolution of claims and disputes.

Going forward the department will focus on the reconstitution of the remaining eight (8) Traditional Authorities, registration of members of the Royal Family, renovation of Traditional Councils of AmaGqunukhwebe in Ngqushwa and Nqusi in Centane, construction of Traditional Councils of Lindinxiwa in Willovalle and Amandela in Bizana.

Last year we have facilitated a process with Public Works department to create an asset register of Multi-Purpose Community Centres located in Great Places so that we can budget for their maintenance plan.

Honourable Speaker, in on 20 April 2013, our provincial government will mark the 20th anniversary of the assassination of our leader and Commander of uMkhonto weSizwe, Chris Thembisile Hani. We will make full public pronouncements about our support to the traditional leadership and the community of the area, in due course.

Honourable Members, our department shall continue to strengthen the functionality of IGR structures both at local level through the District Mayor's Forums (DIMAFOs) and provincially through the MuniMEC meetings to ensure a coordinated, integrated and aligned service delivery model to realize a better life for all. On the other hand, the IGR structures will serve as deterrents to the growing scourge of service delivery protests. Furthermore, the implementation of the NDP requires a coordinated approach towards the tackling poverty, inequality and unemployment.

I wish to call upon all the three spheres of government to need to manage the new wave of urbanisation in ways that also contribute to rural development in the context of implementing the NDP. A sum of **R1, 008.016** has been set aside for the IGR function.

We all know that in 2009 President Zuma identified KSD as a Presidential Intervention (PI) node to revitalise the area as the economic hub OR Tambo District.

In this case, our department will therefore continue to provide support in the implementation of the KSD PI for the success of this intergovernmental approach to service delivery that can be emulated in other parts of the country. A budget of **R356, 880.00** has been set aside for this function.

Honourable Members, the interaction with key stakeholders can never be overstated hence supporting the convening of the EXCO, Minister and MEC outreach programmes to municipalities remain one of the departmental critical programmes as well as ensuring that issues emanating from such engagements are properly distilled and monitored for implementation. A budget of **R155, 044, 00** has been set aside for this function.

Mr Speaker, in line with the provincial effort to curb fraud and corruption in the Public Service, 14 allegations of fraud and corruption at municipal level were received by the department in this financial year. The matters were investigated and two (2) investigation reports were tabled to the Municipal Councils. We have also conducted advocacy sessions within our department on fraud, corruption and unethical behavior.

Working in collaboration with the OTP and Provincial Planning and Treasury, we rolled out Anti-Corruption awareness programmes to District Municipalities and also established a Fraud Risk Registers after conducting an internal Fraud Risk Assessment.

The department has also developed and established a Fraud Risk Register after conducting an internal Fraud Risk Assessment. To this effect, we encourage members of the public to blow the whistle using the national hotline number **0800 701 701** for any fraudulent activities, theft and abuse of state resources.

To ensure good governance, **R334 288** will be used to support municipalities to fill critical posts, **R454 350** to conduct investigations on allegations on fraud and corruption.

Honourable Members, In the 2011/2012 financial year 30 municipalities, out of a total of 45, spent approximately **R130 819 181.00** on legal and related fees. Court rolls in all five (5) seats of the High Court in the province including the Labour Court are literary littered with litigation and disputes involving our municipalities. A considerable amount of municipal revenue is spent in these legal disputes. These are funds which could be ploughed back to the ratepayers to improve service delivery and bring us closer to the realisation of a better life for all.

I implore our Councillors to resist the temptation to refer every Council resolution to the High Court for a determination on its legality to avoid unnecessary expenses incurred in soliciting legal opinions for negligible issues at exorbitant costs. Equally, we are determined to put a stop to this embarrassing and costly practice engineered by our Councillors. Our department will monitor closely all litigation trends in municipalities to ensure that the propensity to litigate on every point of disagreement is minimised and the expenditure on legal fees is brought down to acceptable levels.

Honourable Speaker, in some Municipal Councils the quality of resolutions has caused more confusion than relief. In this regard, we encourage our municipalities to employ qualified legal advisors who, amongst other things, are going to manage properly cases of litigation and sit in Council meetings to provide advice in drafting Municipal Council resolutions.

The department will further endeavour to provide legal advisory services to those municipalities which do not have legal advisors in their employ.

With regard to the development of legislation, a consolidated legislation for traditional leadership governance and the House is already at the drafting stage and shall be ready for public comment by June 2013.

The registration and Gazetting of names of royal family members shall be commencing soon as part of our mechanisms to curb the amount of disputes and litigation in the identification and recognition of traditional leaders. Alternative dispute resolution mechanism shall be the only option of choice available in the resolution of traditional leadership disputes. We are confident that we shall overcome these challenges.

The level of legislative compliance in municipalities is of great concern to us with regards to the employment processes of Senior Managers, the conduct of Councillors in Municipal Council meetings, how Municipal Council meetings are conducted and the resolutions that get taken in those meetings.

It has been our observation over time that many Municipal Councils are disintegrating due to disagreements with the employment of Senior Managers including the renewal or termination of their contracts of employment. In our attempts to restore order and stability in our municipalities, strict compliance with legislation will be implemented without fear or favour in the coming financial year and beyond. In all of these Municipal Council disagreements the law has to prevail regardless of anyone's personal preferences.

Our department will also respond to the need for Councillors to be trained on legislation applicable to local government, including the Code of Conduct for Councillors. This will a long way to ensure that legislation is well understood and as such legislative compliance is improved with regards to their conduct and resolutions passed by Municipal Councils. This will through the assistance of the Legal Advisors' Forum, SALGA and PALAMA.

In conclusion Mr Speaker, the socio-economic realities prevalent in municipalities make transformation challenges seem insurmountable at times. Nevertheless, we have made substantial progress in extending basic services to our people to

eradicate poverty, reduce unemployment and eliminate inequality. In this context, there is a great need for more effective co-operative governance to advance service delivery and development at municipal level.

As the representatives of the ANC in government we carry the aspirations and hopes of millions of our people to take them to the promised land of a united, democratic, non-racial, non-sexist South African. United in our diversity, we shall mobilise all South Africans to unite and work with our government in the implementation of the NDP to become their own liberators.

As Minister Gordhan puts it, “looking back the path we have travelled since 1994, we see the importance of a long term perspective on development and change. It is people acting together for a common vision that connects the past to the present and makes a better future possible.”

Indeed, working together we have done more, to create better communities. I implore all of us to move forward united in action towards social and economic freedom.

I thank you.

SUMMARY OF BUDGET AND ACTUAL PAYMENTS

Programme	2013/14	% of Budget Allocated
Administration	185,246	22%
Local Governance	248,313	29%
Development & Planning	119,269	14%
Traditional Institutional Management	263,224	32%
House Of Traditional Leaders	24,818	3%
Total	840,869	100%
Compensation of employees	648,929	77%
Goods and Services	155,160	18%
Transfer and Subsidies	21,656	3%
Payments of Capital Assets	15,125	2%
Total Economic Classifications	840,869	100%