

# **POLICY SPEECH FOR 2016/17 FINANCIAL YEAR**

## **THEME: THE YEAR OF ADVANCING PEOPLES POWER: LOCAL GOVERNMENT IS IN YOUR HANDS**

**06 APRIL 2016**

**Honourable Speaker and Deputy Speaker,  
Chief Whip,  
Honourable Premier,  
Your Majesties, Kings and Queens,  
Members of the Executive Council,  
Honourable Members of the House,  
Members of the Eastern Cape House of Traditional Leaders,  
Heads of Departments,  
Distinguished guests,  
Ladies and gentlemen,**

Honourable Speaker, on 27 April 2016, our people from the length and breadth of South Africa will celebrate 22 years of freedom and democracy. They will do so united in their diversity, black and white as men and women, workers and business people, rural and urban, young and old, intellectuals and religious formations.

As we enter the third year of our fifth electoral term, I rise to give an account on the work we have done to create better communities through the execution of accelerated service delivery guided by the Back to Basics (B2B) programme.

Echoing the call made by Pixley ka Isaka Seme one of the founding fathers of the African National Congress (ANC), we have returned to this stately house “in order to review the past and reject therein all those things which have retarded our progress, the things which poison the springs of our national life and virtue, to label and distinguish the sins of civilisation and as members of one household to talk and think loudly on our home problems and the solution of them.”

As I stand before you to present the end of the 2015/16 financial year service delivery report card, I pay tribute to the current and departed generation of freedom fighters who have made supreme sacrifices to usher in freedom and democracy we all enjoy today.

We are aware that as we enter the second phase of our transition from apartheid colonialism to a national democratic society we must engage in vigorous and mature political debates on how to deal, in practical terms, with the stubborn triple challenges of poverty, inequality and unemployment.

Guided by the National Development Plan (NDP) Vision 2030, which directs us to create an approach to change (through) enhanced capabilities and active citizenry we have mainstreamed citizen participation in our communities through various platforms to give power to the people. Government recognises that without information, there can be no popular participation, without popular participation there can be no lasting legitimacy and by extension democracy fails.

Indeed, the year under review was characterised by various departmental activities to deliver on the election mandate of the ruling party in its quest to create better communities. The delivery obligations of Cogta-EC are aligned to Outcome 9 to establish a responsive, accountable, effective and efficient local government system. Our main focus areas of Good Governance, Basic Service Delivery and Infrastructure Development, Co-ordination and Integration and Traditional Affairs provided a guide through this service delivery voyage.

The resolutions of the 53<sup>rd</sup> National Conference of the ANC are instructive in this regard; “National and provincial government should monitor and support local government in ways that strengthen municipalities, not erode their powers and functions.”

I submit that, equally important is the need for all of us to identify and emulate success stories and best practices as well as address weakest links in the service delivery value chain.

Our government introduced B2B programme as its service delivery programme over the five year electoral term to serve our communities better. It is a fact that B2B is the mandate of government wherein all departments and every sphere of government including public entities must align their plans to B2B as this will form the basis of assessing the effectiveness of government in terms of delivering sustainable services to the Eastern Cape community.

The execution of the B2B is in full swing to give stimulus to our work to ensure that all Municipalities and Traditional Leadership Institutions perform their basic responsibilities and functions without compromise.

The roll-out of the the B2B programme has seen our Department conducting Diagnostic Assessments and produced Action Plans in all forty five (45)

Municipalities. All municipal Councils in the Province have adopted B2B Implementation Plans (IP) whose progress is monitored and tracked through existing Inter-Governmental Relations (IGR) platforms such as Municipalities and Member of the Executive Councils (MuniMEC) meetings, both technical and political. As a result, the Department is aware of progress made on service delivery and challenges in each municipality. Progress made to-date on B2B include the development of Diagnostic Assessments, Action Plans, Support and Intervention Packages as well as the adoption of Action Plans by Municipal Councils in all forty five (45) municipalities and the establishment of multi-disciplinary teams. In line with phase two of B2B, we hosted an Integrated Planning Session with co-ordinating departments and municipalities to craft an Integrated Implementation Plan to roll out the B2B Ten Point Plan.

The provincial economy is forecast to lag behind the national average thus requiring an integrated sectoral approach to ensure its growth. It must be noted that business and general government services currently remain dominant sectors, in terms of net positive employment creation during these tough economic times.

Honourable Members, the MEC for Provincial Treasury has given clear marching order that under the tough economic conditions we find ourselves in, we must “take tough decisions, make fiscal policy choices that will enable us to mitigate against the effects of a subdued economy.” We must implement austerity measures as prescribed by our government as well as find creative ways to contain costs guided by the Supply Chain Management (SCM) processes.

Our support to municipalities as per the B2B Programme is premised on five (5) Pillars namely;

### **Pillar 1: Putting People and their Concerns First**

The basic premise of Putting People First is that Local Government is Everyone’s business, be part of it. The Pillar calls on all public representatives to respond to issues of service delivery with urgency through the establishment and strengthening of War Rooms at Ward Level to improve services delivery, encourage citizen participation and involvement in decision making and strengthen democratic institutions. So far the department has supported municipalities as follows;

- Conducted twenty two (22) community outreach programmes (Imbizo) to promote visible leadership on the ground.

- Supported thirty two (32) Municipalities to convene monthly Mayoral Imbizo meetings.
- Assisted thirty two (32) municipalities to develop process systems, procedures guidelines, and policies for public participation.
- Community Development Workers (CDWs) conducted monthly “talk to your service delivery departments programmes”.
- Continuous mobilization and engagement with key stakeholders including Rate Payer Associations, Business Community and Traditional Leadership Institutions.

The focus of the B2B programme amongst other things include the acceleration of integrated planning and delivery of basic services like water, sanitation, electricity, roads, storm-water and waste removal. We will also establish programmes to address generic systemic problems like weaknesses in human resource management, supply chain management, infrastructure procurement and financial management.

In the new financial year, our plans include facilitating, supporting and monitoring the establishment of War Rooms in 705 Wards of the Province and the participation of traditional leaders therein. The Premier will launch the War Room Campaign in the current financial year. The intention of setting up War Rooms is to broaden participation of civil society on issues of service delivery, planning as well as to enforce accountability by public representatives.

The War Rooms are organs of people’s power and must be strengthened and capacitated to address complaints and issues raised related to the provision of government services. By so doing we will deepen democratic participation and putting people at the centre of their development.

The establishment and strengthening of Public Participation Units (PPU) in municipalities will receive our utmost attention to address the increasing number of petitions which culminate in violent and destructive service delivery protests in our Province.

## **Local Government Elections**

Madam Speaker, we are all aware that the local government elections will take place this year. The Provincial Election Technical Support Team (PETST) has been established and sits on a monthly basis. One of the tasks of the Support Team is to ensure the state of readiness for the elections by identifying infrastructure needs and undertake civic education awareness programmes. The

assessment of infrastructure requirements has been completed per municipality and an amount of **R13 million** has been approved by the Executive Council for voting station road infrastructure. The beneficiary municipalities are Mbashe, Engcobo, Intsika Yethu, King Sabatha Dalindyebo (KSD), Sakhisizwe, Elundini, Ingquza Hill, Nyandeni, Matatiele, Ntabankulu and Umzimvubu.

In line with our mandate, we will ensure there is proper utilization of financial resources allocated for the elections including the submission of signed business plans in particular for road infrastructure in the thirteen (13) identified municipalities, signed declaration of assurance, acknowledgement of receipt of transfers, signed progress reports on the expenditure and progress made on the implementation of such projects.

We will work with the Departments of Roads and Public Works, Water and Sanitation, Energy, ESKOM, OTP, South African Police Service (SAPS) and the Independent Electoral Commission (IEC) to resolve infrastructure requirements for voting stations. In the same vein, we call on all our key stakeholders including traditional leaders and Community Based Organisations (CBOs) to work together for free and fair elections in their areas.

On customer services, we will enhance our support to municipalities for the execution of the Customer Complaints System in line with the principles of Information Communication Technology (ICT). Municipalities will also be encouraged to conduct periodic Customer Satisfaction Surveys in the next financial year to gauge the level of support or lack thereof to services provided. Cogta will ensure that there is institutional management of petitions and service delivery complaints by all municipalities and that regular feedback is provided to communities through the War Rooms.

### **Local Government Communication System**

The Department has partnered with GCIS to implement the Local Government Communication System (LGCS) with all municipalities taking active participation in the quarterly Local Government Communicators Forum meetings. The Alfred Nzo District Municipality and all its local municipalities have reviewed their Communication Action Plans, in Amathole DM and its locals Communication Action Plans are in place but not reviewed, in Sarah Baartman DM eight (8) LMs have Action Plans in place including the District, but not reviewed, in Chris Hani DM seven (7) LMs have reviewed including the District, in Joe Gqabi DM three (3) LMs and the District have reviewed their Action Plans.

Currently the Provincial Core Team on LGCS is supporting Heads of Communication (HOC) in District Municipalities to craft Communication Action Plans as well as review those that are already in place. The appointment of Communication Practitioners as well as 1% budget allocations to Communication Units in Municipalities is progressing well as per the 2012 political MuniMEC resolutions. In the year under review, twenty (20) new Communication Officers have been inducted in the LGCS from various municipalities of the Province.

## **Public Participation**

To address the current challenges in municipalities our department will assist municipalities to conduct Citizens Satisfaction Surveys in the new financial year, finalize the compliance frameworks for Municipal Community Engagement Plans, enforce legislative compliance with regard to Quarterly Community Feedback meetings by Councillors in line with Schedule 5 of the Municipal Systems Act, No. 2000, establish and ensure the functionality of Ward Committee Indicators, development and implement Ward Service Improvement Plans. The intensification of the Public Participation Training Programme to induct Ward Committees, Ward Councillors, Councillors and Mayors remains a priority post the local government elections.

## **Status of Traditional Leaders**

In line with the restoration of the dignity and status of traditional leaders, our department in partnership with the three spheres of our government and the Xhosa Royal family hosted the inaugural coronation ceremony of high standard for King Mpendulo Sigcawu at his Nqadu Great Place in May 2015 which was the first of its kind in a democratic South Africa. Learning from this event the Department will develop guidelines for the levels below Kingship. The Department has also supported the coronation of five (5) senior traditional leaders, namely; Chief Njokweni of Amazizi, Chief Stokwe of Amaqwathi, Chief Mtwa of AmaXesibe, Chief Sigcau of AmaMpondo and Chief Sigcau of AmaTshawe. In the current financial year, the Department will support the coronation of two (2) senior traditional leaders.

Our department also hosted the 10<sup>th</sup> year celebrations **of Imbumba Yamakhosikazi Akomkhulu** (IYA) at Mngqesha Great Place to showcase their success stories in the theatre of community development. The Queens have a crucial role to play in rural communities to support the leadership role of their spouses, the Kings. In this regard, IYA is registered as a Non-Profit Organisation (NPO) to mobilise resources to support the broader vision towards the

development of traditional communities as well as deal with the socio-economic challenges in their communities. It will focus on challenges facing women, children and initiation through community dialogues.

## **Death of Initiates**

In striving to deal with the escalation of initiation related deaths the Department hosted the Manhood Summit in OR Tambo District Municipality. The summit created a platform of dialogue and conversation with young people and key stakeholders including parents, traditional leaders, tradition surgeons and nurses around the meaning of *ubudoda* (manhood). The outcomes of the Summit, amongst other things, resulted in serious consideration for the strengthening of Initiation Forums at all levels and the establishment of such forums where none existed before.

The long term strategy, places emphasis on traditional leadership and parents taking the lead and ownership in the initiation process of their own children, this is further supported by the Customary Male Initiation Practice Bill which is underway. To this effect, the public hearings to fast track the passing of this Practice Bill into law have been undertaken throughout the Province by members of the Portfolio Committee on Cooperative Governance and Traditional Affairs from **15-17 March 2016**.

Notwithstanding these and other interventions that our department mounted to raise stakeholder and public awareness on the safe passage of our boys to manhood, Cogta regrets the unjustified deaths of 46 young initiates during the 2015 summer initiation season and convey our heartfelt condolences to the affected and bereaved families. Working together with South African Police Services (SAPS) and other law enforcement agencies, the department is determined to put an end to criminal elements and bogus *ingcibi* and *amakhankatha* who maim and kill our young people.

On matters of Policy and Legislation, Madam Speaker, the department has also drafted the EC Traditional Leadership Governance Bill, 2015 which consolidates the House of Traditional Leaders Act and Traditional Leadership and Governance Act of 2005 and makes provision for the establishment of Local Houses within the Province.

Government has initiated the development of Traditional Courts Bill to regulate the role of traditional leaders in the administration of justice. We have received media reports alleging that some of our traditional leaders are involved in

sanctioning the administration of mob justice against people suspected of being stock thieves. We would like to encourage traditional leaders to administer justice in their areas within the confines of the law by respecting human rights and right to life.

We expect traditional leaders to work with their communities including the police to investigate and arrest perpetrators of crime in their areas and avoid taking the law in their own hands. Otherwise the law will take its course as all South Africans are equal before the law.

The current financial year's target of finalising twentyfive (25) cases of traditional leadership claims and disputes have been completed by the Commission on Traditional Leadership Claims and Disputes (CTLCD). This therefore completes the total target of hundred and seventy (170) cases allocated to the Commission for its five-year tenure. A final report will be prepared to wrap up its work and presented to the MEC of Cogta on-route to the Premier of the Province.

We are on a firm course to restore the dignity of traditional leaders to promote social cohesion and nation building including moral regeneration. It is also worth mentioning that strengthening working relationships between our Traditional Leaders and the Councillors to speed up service delivery is on top of government's agenda.

The department remains committed to provide the necessary human resource capacity to traditional leaders in partnership with private sector organisations including Old Mutual and Metropolitan Life and universities in our Province. We also need to tap into the potential of educated and skilled young traditional leaders to do things differently and put the institution in its rightful place. As the isiXhosa idiom says, '*Umhlambi ongenamgqeku awunakamva.*'

## **Pillar 2: Delivery of Basic Services**

Madam Speaker, during the 2015/16 financial year, our Department co-ordinated support for Municipal Local Economic Development (LED) programmes. In this regard, through the Community Work Programme (CWP) 42 000 work opportunities will be created in the Province during the 2016/17 financial year. This is intended to ensure that all municipalities benefit from the CWP programme.

Meanwhile, additional two hundred job opportunities (200) will be created through the Expanded Public Work Program (EPWP). All this will be



accompanied by providing participants with training to gain marketable skills while also ensuring that programmes are designed to attract and expand participation of youth in public employment programmes.

### **KSD Presidential Intervention**

Allow me Madam Speaker to acknowledge KSD municipality through the Presidential Intervention (PI) for the successful delivery of sustainable and quality infrastructure services through the completion of the 11KV overhead line in Mthatha West. As a result winter load shedding and minimal breakdowns have been eliminated due to the stabilised electricity supply to our people. The quality of road infrastructure is improving in KSD mainly due to the work of the Presidential Intervention.

Overall, Madam Speaker, the current budget for the KSD PI is R9,4 billion comprising of the following breakdown, namely;

- Completed Projects amount to R3,7 billion.
- Projects currently at implementation stages amount to R2,2 billion.
- Unfunded Projects amount to R3 billion.

We also note that the financial health of KSD is being negatively affected by litigations as well as challenges to recover debt owed mainly by domestic consumers. To make the situation worse there are a number of interdicts and court orders to prevent the enforcement of by-laws.

The existing land claims are having a negative effect on the socio-economic development of the area resulting in litigations against the Council. We will coordinate the resolution of these claims with the relevant stakeholders.

### **Spatial Planning Land Use Management Act**

Madam Speaker, land reform remains an important factor as we pursue transformation in our country. The Spatial Planning Land Use Management Act (SPLUMA) articulates the development principles of social justice, resilience and sustainability hence these must inform our development processes going forward. Every department therefore has a responsibility in this regard.

To this end, we will support municipalities to establish Municipal Planning Tribunals (MPT), adopt bylaws and service level agreements to implement SPLUMA. In collaboration with the National Department of Rural Development and Land Reform (DRD&LR) and South African Local Government Association

(SALGA), focus shall be on the training of relevant stakeholders including Traditional Leaders.

### **Public-Private Partnerships (PPPs)**

Our partnerships with the business sector and tertiary institutions is maturing in a manner that is mutually beneficial. The partnership concept called Business-Adopt-A-Municipality (BAAM) is between Buffalo City Metro (BCM) and Mercedes Benz, Nelson Mandela Bay Metro (NMBM) and South African Breweries (SAB), Elundini and PG Bison; lastly Nkonkobe and University of Fort Hare (UFH).

As a result of the partnerships, a furniture factory has been established at Elundini Local Municipality, the quality of water has improved at the NMBM and plans are afoot to turn the Alice town into a University town.

Honourable Members the Small Towns Revitalisation Programme (STRP) requires collective approach for optimum mobilisation and utilisation of resources to maximise impact. In this regard, we are working jointly with other Sector departments, to develop a funding and co-ordination model to accelerate revitalisation of the small towns in the Province.

### **Social Infrastructure**

In the 2014/15 financial year our Province spent 97% of its original MIG allocation of R2, 9 billion. Due to the good Provincial performance, the National Treasury provided an additional allocation of R179 million from underperforming Provinces. At end of the 2014/15 financial year, EC spent 93% of the revised MIG allocation of R3, 079 billion. The performance on grant expenditure as at the end of February 2016 stands at 57% of the **R2, 9 billion** total allocations in the current municipal financial year.

However, the department continues to support municipalities to ensure that they spend 100% of their MIG allocations. Indeed, our government is on course to restore the dignity of our people and provide sustainable and efficient services.

On infrastructure projects, BCM is awaiting the tender to be awarded for the construction of the Zwelitsha Waste Treatment Works which is due to commence this year.

To ensure the successful completion of the three (3) year Water Project in Chris Hani District Municipality, an amount of **R70 million** was allocated and **R30 million** has since been spent with the balance of R40 million to be utilised in the 2016/17 financial year.

In our Districts, Madam Speaker, Institutional and Social Development (ISD) forums have been established to assist on strategies to maximise economic benefits of the poor especially the Youth. These forums have been designed for ISD officials to learn and support each other since the Provincial ISD structure is very thin to render effective support in all municipalities.

### **Indigent Benefit**

Honourable Speaker, in line with our programme of Free Basic Services (FBS), we have assisted municipalities to establish Indigent Steering Committees (ISC) which are composed of Ward Committees, Traditional Leaders and Community Development Workers (CDWs). The work of the ISC is to assist in the development of Indigent Registers (IR) for accuracy to enable municipalities to capture credible information for IR. Cogta EC will continue to work with municipalities to improve the credibility of IR.

During the 2014/15 financial year, the Amathole District Municipality (ADM) registered 3,043 indigents through the door to door registration campaigns as against the set target of 2,000.

An amount of **R19 million** has been paid out as indigent subsidy during the period under review. The ADM has increased access in the provision of FBS as follows;

- Access to basic water increased from 137 907 (57%) in 2013/14 to 187 209 in 2014/15 (78%).
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- Basic access to sanitation increased from 96 588 (40%) in 2013/14 to 130 067 (54%) in the 2014/15.

Due to the support provided by the department to municipalities to update their Indigent Registers (IR), we have seen an improvement in the provision of FBS because the illegitimate beneficiaries have been eliminated and that resulted to a decrease and increase in numbers as compared from previous financial year as follows;

Indigent benefit	2014-2015	2015-2016
Number of indigent households with access to Free Basic Water	470 716	431 398
Number of indigent households with access to Free Basic Sanitation	388 588	407 376
Number of indigent households with access to Free Basic Energy	266 922	351 049
Number of indigent households with access to Free Basic Refuse Removal	201 497	201 978

It should be noted that due to the installation of meter boxes in respect of water in some municipalities, the number of beneficiaries has dropped because municipalities do not charge all households flat rates irrespective of income.

We are aware that the roll out of the FBS programme remains challenged due to infrastructure backlogs of rural roads, electricity, water and sanitation hence some municipalities do not provide grid energy in certain areas but provide other forms of energy like paraffin, gel and solar in the following municipalities, Mhashe, Mquma, Intsika Yethu, KSD, Nyandeni, Mhlontlo, PSJ, Ingquza Hill, Matatiele, Mbizana, Ntabankulu, Umzimvubu, Maletswai and Elundini Local Municipalities. In this regard, we will support municipalities to develop costed Comprehensive Infrastructure Plans (CIP) to deal with such infrastructure backlogs.

Honourable Members, development is a combination of social, cultural, environmental and economic ideas and inputs. To this end, resources must be allocated once a collaboration process has been implemented. No one arm of government can regard itself as the sole custodian of development.

### **Pillar 3: Building Capacity**

Madam Speaker, in collaboration with Old Mutual and the Road Accident Fund (RAF) we capacitated one hundred and thirty five (135) traditional leaders and twenty five (25) members of IYA in various areas of skills development.

Our resolve to facilitate the filling of vacant critical posts in municipalities is bearing some fruits. The vacancy rate has decreased from 19% in 2013/14 to 13% in 2014/15 financial years. Out of forty five (45) municipalities seventeen

(17) reflect 100% filled posts namely; Umzimvubu, Blue Crane Route, Koukamma, ADM, Amahlathi, Mbizana, Sarah Baartman, Kouga, Ndlambe, Sundays River Valley, Emalahleni, Engcobo, Intsika Yethu, Joe Gqabi, Senqu, Mhlontlo and Ingquza Hill municipalities.

Cogta will also put in place and enforce the minimum competency requirements for key public participation and communication positions in line with Human Resource (HR) practices in municipalities.

Having said that, we have observed that some municipalities take longer to fill critical vacant posts due to political interference. In some instances the selection panels get constituted outside the Local Government Regulations and this delays the recruitment processes. Complex litigation processes also delay the recruitment processes hence it takes longer to complete.

#### **Pillar 4: Financial Support**

Madam Speaker, in his 2016 State of the Nation Address (SONA) State President Jacob Zuma emphasised the need “to spend public funds wisely and to cut wasteful expenditure, but without compromising on the core business of government and the provision of services to our people.”

Our department through the B2B programme is already eliminating wasteful expenditure by using municipal venues and facilities for its meetings and events. We implore municipalities to follow suite.

Honourable Members, having looked at the 2015/16 Mid-Year Budget and Performance Assessment Report of BCM, it is clear that the Metro pays its creditors within thirty (30) days as stipulated by the Municipal Finance Management Act (MFMA) except when there are disputes. This is commendable progress indeed by the Metro.

As part of its revenue generation strategy the Metro implements stop order deductions for all municipal staff and Councillors in arrears. In such cases, the Metro finds itself in a healthy financial state of affairs. We implore other municipalities to emulate this best practice in the interest of sound financial management.

It is also important to announce that good work has been done to improve the capacity of Traditional Leadership institutions including Traditional Councils to manage their finances properly. Our Department capacitated officials in

Traditional Councils on Financial Management skills which assisted them to prepare quarterly reports.

## **Audit Outcomes**

Madam Speaker, slowly our municipalities are turning the corner from negative to positive audit outcomes. The number of municipalities with unqualified audit outcomes with no matters has increased from three (3) to five (5) namely; Matatiele, Senqu, Sarah Baartman, Ingquza Hill and Joe Gqabi. Municipalities with unqualified audit opinion with emphasis of matters improved from thirteen (13) to sixteen (16), whereas disclaimer and adverse audit opinions have decreased from thirteen (13) in the 2013/14 financial year to five (5) in the 2014/15 financial year. Truly, this is a big improvement.

We will however, intensify the execution of our Audit Intervention Plans (AIP) including improving the functionality of governance structures with special focus to five (5) municipalities with disclaimer audit opinions. In this regard funding to the value of **R4 million** has been made available.

Cogta will enhance its hands on financial oversight support in municipalities in collaboration with the Association of Public Accounts Committee (APAC), Auditor General of South Africa (AGSA), National Treasury and Provincial Treasury. We will also conduct training and induction for newly appointed Municipal Public Accounts Committees (MPACs). A budget of **R650 000** (six hundred and fifty thousand rand) has been made available for this purpose to gear them to hit the ground running working with the South African Local Government Association (SALGA) and Provincial Treasury.

## **Revenue Collection and Generation**

Seven (7) local municipalities namely, KSD, Makana, Inkwanca, Maletswai, Gariiep, Nxuba and Ikwezi continue to experience serious cash flow problems which could be attributed to poor revenue collection resulting in the non-payment of creditors including Eskom. We want to encourage these municipalities to service their current Eskom debts as the time for financial bailouts is over.

We would like to also encourage all our municipalities to implement their revenue collection strategies to non-paying rate payers without fear or favour. In the same vein we expect ratepayers to pay for rates and service charges to sustain the municipal revenue.

With respect to LED Madam Speaker, we have facilitated the completion of Draft LED Strategies in Joe Gqabi, Kouga and Ikwezi municipalities and awaiting Council approval. In the 2016/17 financial year, our department will continue to support Kouga, Ikwezi and Makana local municipalities to finalise the review of their LED strategies, Lukhanji LM to develop an economic profile for their LED Strategy, Umzimvubu, Mbhashe and Joe Gqabi municipalities to implement their LED Strategies.

## **Pillar 5: Good Governance**

Madam Speaker, we concur with the Honourable Premier Phumulo Masualle in his State of the Province Address (SOPA) that, “a vibrant democracy has to be responsive to people’s needs at the local level. Government, therefore, accords high priority to strengthening the developmental state and good governance.”

The Department will focus on the new amalgamating municipalities as well as Inxuba Yethemba, Sundays River Valley, PSJ, KSD, Makana, OR Tambo, Mbhashe, Ntabankulu, BCMM and NMBM for intensive support in governance, financial management, and recruitment of managers as well as address cases of litigation.

Our focused support is on course to guarantee the sustainability of the BCM and NMBM Municipalities as the economic hubs of the Province. In the case of BCM as an example, progress is being made to deal decisively with issues of fraud, corruption and maladministration. Out of sixty eight (68) disciplinary cases fifty two (52) have been resolved and sixteen (16) are still outstanding. Eight (8) of these cases were in relation to acts of fraud and corruption between July and October 2015.

The report card in relation to Section 139 (1) (b) of the Constitutions is as follows;

- In Makana Local Municipality the department intervened hence an external Administrator was appointed for a period of six months and later the appointment was extended for another period of six months. From August 2015 to date a Departmental official has been appointed as an Administrator. Both Administrators have been assisted by officials from Provincial Treasury including the Chief Financial Officer (CFO). Makana Local Municipality has also been assisted towards payment of creditors including Eskom. The Administrator has facilitated the development of the Financial Recovery Plan (FRP) approved by the Municipal Council.

- In Inkwanca Local Municipality, an Administrator was appointed for six months and facilitated the process of hosting by-elections. After the elections, we seconded five (5) officials to stabilise the municipality as Acting Municipal Manager, CFO, Corporate Services Manager, Supply Chain Manager and Internal Audit Manager.
- In KSD Local Municipality we seconded three (3) officials as to assist as an Acting Municipal Manager, Internal Auditor and Contracts Manager.

## **Intervention and Support**

Honourable Members, our interventions and support programmes in the context of Sections 154 and 139 (1) (b) of the Constitution in municipalities are unsustainable. Once the intervention has been withdrawn the situation deteriorates back to its original state wherein the affected municipalities are unable to perform their functions to deliver services to the people. As a result, our work can be described by some as a mission impossible. This could possibly be due to a range of challenges which include;

- Lack of clarity on the legal parameters of constitutionally mandated support and intervention.
- Lack of political will to accept and support the intervention, and
- Underlying political causes, which are not addressed through administrative interventions.

In the light of the above scenario, allow me Madam Speaker to remind all of us that Chapter 3 of the Constitution of the Republic of South Africa, 1996, enjoins us to co-operate with one another “in mutual trust and in good faith by fostering friendly relations, assist and support one another, inform one another on matters of common interest, adhere to agreed procedures and avoid legal proceedings against one another.”

## **Fraud and Corruption**

Honourable Members, our Department wishes to endorse its commitment to combat fraud, corruption and maladministration in its ranks without fear or favour. In the last financial year, the Auditor General made some negative findings amongst others on irregular and wasteful expenditure in our department. A departmental Audit Improvement Plan (AIP) is in place to respond directly to issues raised by the AG’s office. Already, action is being taken against officials who caused the department to incur irregular and wasteful expenditure. As a consequence thereof, some officials who were alleged to be involved in fraud, corruption and financial misconduct activities have jumped ship whilst



investigations were being conducted against them. Others left in midst of continuing disciplinary processes. The department will make follow ups to find out if we have not lost any financial resources in these matters with a view to then implement the debt recovery policy to recoup the money back to the state coffers.

On the same issue, Madam Speaker, we will conduct a forensic investigation on procurement and financial management processes for the 2013/14, 2014/15 and 2015/16 financial years. This will be done in line with the recommendations of the Msiwa Report. Cogta EC also wishes to encourage its employees to always conduct themselves ethically and with integrity at all times. Our employees should also abstain from any temptation be it internally or externally to engage in activities aimed at defrauding the state.

On the same matter, Honourable Speaker, our government remains concerned by reports and allegations of fraud and corruption in some of our municipalities. In the past we have conducted investigations using government resources in Ntabankulu, Sundays River Valley, Mquma, Mbizana, Ngqushwa, Umzimvubu and Lukhanji local municipalities. Forensic investigations were conducted in BCM, NMBM, Inkwanca, Ikwezi, Amahlathi and Makana Local Municipalities. We presented the findings to the municipal Councils for them to implement the recommendations.

However, this matter remains fraught with challenges as there is little or no progress made to execute the recommendations by the respective municipalities. The inaction by the municipalities to implement the findings of the investigations creates negative perceptions about government's commitment to combat fraud and corruption. By extension, public confidence in our government diminishes. We cannot allow the status quo to continue unabated hence we will revoke the necessary legislation to deal with these matters head-on.

In the case of Mquma Local Municipality, I received petitions and complaints from various stakeholders alleging fraud, corruption and mismanagement by the leadership of the municipality. As a result, we sent officials to investigate those allegations. Our plans were aborted many times due to the lack of co-operation by the leadership of the municipality. We are attending to this matter already within the confines of the law.

## Amalgamation Process

On amalgamation, good progress is being made on the amalgamation of small and unviable municipalities with the establishment of the political and administrative Change Management Committees (CMC). The Technical CMC in a process of auditing available resources in the municipalities and systems.

So far new names and seats of the new municipalities have been proposed as follows; Nkonkobe and Inxuba the name is Raymond Mhlaba with a seat in Alice, Lukhanji, Inkwanca and Tsolwana with Enoch Mgijima as the proposed name with the seat in Queenstown, Gariep and Maletswai with Walter Sisulu as the proposed name with a seat in Burgersdorp and for Camdeboo, Ikwezi and Baviaans the proposed name is Beyers Naude with a seat in Graaff-Reinet.

An amount of **R2,8 million** has been earmarked for the induction of new Councillors and Traditional Leaders in the new municipalities to enhance integration in conjunction with SALGA and the Provincial Treasury.

Work is on-going towards the alignment of the Integrated Development Plan (IDP), consolidation of assets, Annual Financial Statements (AFS) and debts, rationalization of the billing systems, rebranding of the new municipalities in line with the names and intense training of new Councillors.

Communication Strategies and Action Plans are in place and being implemented for the amalgamation process and the upcoming local government elections.

## Drought Situation

Madam Speaker, the scourge of drought is affecting our Province negatively and the newly built Disaster Management Centre has become the nerve centre to coordinate disaster issues. All five (5) District Municipalities affected by drought namely Joe Gqabi, Chris Hani, Alfred Nzo, Amathole and OR Tambo have already declared a local state of drought disaster in their areas respectively. They have also compiled Business Plans and submitted those to the Provincial Disaster Management Centre (PDMC) which in turn has completed the pre-classification of drought in the affected areas.

The classification of the declared disaster areas by the National Disaster Management Centre is currently underway in various parts of the affected areas.

The Department of Rural Development and Agrarian Reform (DRDAR) is currently on the ground to support farmers and rural communities with livestock fodder. The Premier of the Province has declared the state of disaster in our Province after careful assessment of the affected areas. We will be co-ordinating the implementation of disaster management plans through appropriate established structures to mitigate the effects of drought.

Madam Speaker, water is a scarce resource hence the need to use it wisely in the medium to long term as we adapt to the impact of climate change. We encourage our communities, businesses and farmers alike to save water by voluntarily rationing water consumption, respect all municipal water restrictions and report water leaks to their local municipalities. Our municipalities must also fix leaking water taps and other water outlets immediately to eliminate waste water. Moreover, to save every drop of water is everyone's responsibility.

## **Conclusion**

Whilst all the support programmes from the Department have yielded some positive results in specific ways in our municipalities, it is still clear that a number of stubborn service delivery and governance difficulties have been identified.

We need to sustain the implementation of the B2B programme including its Ten Point Plan as announced by President Jacob Zuma in his State of the Nation Address (SONA). The plan of B2B priority actions has been developed to guide this next phase which includes the promotion of community engagement to enable them to provide feedback on their experience of local government.

However, we are cognisant of the fact that the B2B programme is not a blue-print that will provide a panacea to all the current challenges in the state of local government, rather seeks to make a contribution to effective service delivery using the existing financial resources to implement the five pillars.

The department leads the Provincial Co-ordinating Team that is composed of the OTP, Provincial Treasury (PT) and the SALGA.

Equally important is our will power to improve the co-ordination of Sector departments through their participation in IGR structures to improve the alignment of plans and municipal IDPs.

We need more hands on the deck to integrate planning and implementation to create better communities.

I reiterate our commitment to the vision of a united, non-racial, non-sexist, democratic and prosperous South Africa as enshrined in the Freedom Charter.

Indeed, local government is in your hands. Together advancing people's power, local government is in your hands.

I thank you.

**TABLE: SUMMARY OF PAYMENTS AND ESTIMATES BY ECONOMIC CLASSIFICATION**

	OUTCOME				Main appropriation	Adjusted appropriation	Revised estimate	MEDIUM-TERM ESTIMATES			% change from 2015/16
	2012/13	2013/14	2014/15	2015/16				2016/17	2017/18	2018/19	
1. Administration	182,861	193,714	213,549	208,128	193,615	209,599	232,771	252,087	240,755	11.1	
2. Local Governance	225,955	404,325	227,863	274,486	296,091	288,876	295,658	308,445	254,298	2.3	
3. Development And Planning	102,316	114,189	134,743	139,298	176,418	138,535	156,906	123,461	124,376	13.3	
4. Traditional Institutional Management	252,979	264,110	270,423	287,725	274,550	286,390	299,510	304,041	319,410	4.6	
5. House Of Traditional Leaders	24,117	25,201	25,515	26,165	16,988	26,390	25,312	24,204	24,415	(4.1)	
<b>Total payments and estimates</b>	<b>788,228</b>	<b>1,001,539</b>	<b>872,093</b>	<b>935,802</b>	<b>957,661</b>	<b>949,790</b>	<b>1,010,156</b>	<b>1,012,238</b>	<b>963,254</b>	<b>6.4</b>	





