

**Policy and Budget Speech**  
**Vote 4: Department of Cooperative Governance and Traditional Affairs**  
**By Hon. MB Masuku MPL**  
**MEC for Cooperative Governance and Traditional Affairs**

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Honourable Speaker and Madam Deputy Speaker of the Mpumalanga Legislature,  
Honourable Premier: D.D. Mabuza,  
Honourable Members of the Executive Council,  
Honourable Members of Parliament and Members of the Mpumalanga Legislature,  
His Majesties King Makhosokhe II and King Mabhoko III  
Chairperson and Deputy Chairperson of the Provincial House of Traditional Leaders,  
Ikosi SE Mahlangu and Kgoshigadi AS Mohlala, and our revered Traditional  
Leaders, Amakhosi / Magoshi,  
Distinguished Guests, Friends, compatriots and citizens of the Province

**INTRODUCTION**

Honourable Speaker, in December 2000 we brought to life, the political and administrative system that define our new local government system.

It is with great humility that I stand before this August house slightly over a week since we held our 3<sup>rd</sup> democratic local government elections. Many have described these elections as watershed local government elections since the advent of democratic local government in the country.

*Ku phume nesinedolo endlini njengoba ukubaluleka kwabohulumeni basemakhaya sekuqala ukubasobala kubantu bakithi.*

The voter turnout that stands at 55.8% have not only reflected signs of maturing democracy, but has also shown a confidence and given credibility to the system of local government. We should all pride ourselves that we will govern through local government representatives elected by the majority of us all in Mpumalanga. South Africa, indeed belongs to us all who live in it, black or white.

The spirit of the freedom charter, through your action has been reinforced that “the people shall govern... and that no government can justly claim authority unless it is based on the will of all the people”. (Freedom Charter, 1955).

Even the American author James Banovertz wrote, as early as 1984 that:

*“The community level of government has long been recognized as the true source of grass-roots democracy... It is in the communities, and especially in small governments that are truly neighbourhood governments, that the radical slogan of the sixties “power to the people” is actually realized”*

These elections have no doubt been one of the most robust elections. We would like to thank our people and all political parties that have shown tremendous tolerance, restraint and respect of one another. As a province we have not experienced any incidents of violence. We commend such positive and united spirit that was demonstrated by the citizens of this province.

The Independent Electoral Commission (IEC), South African Police Services (SAPS) and other institutions should be commended for the sterling work that they have done in ensuring that we have incident free and fair elections.

This has indeed reconfirmed that we are a nation at peace with itself and at all times looking forward to peaceful solutions to our challenges of the society, of which democracy is the anchor of.

These elections also meant the end of a term of office of **857** of our councillors and ushered the beginning of the term for the 973 newly elected councillors. We would like to acknowledge and appreciate the good work that has been done by those councillors who have left office after the local government elections.

The majority of our councillors have discharged their duties with dignity, humility, honesty and loyalty to our communities, even under difficult situations. Some of them have lost what they have worked for almost their entire life time through community conflicts and protests that has sometimes characterised the difficult nature of the work of serving public tends to be. We would like to salute them for that. As a province and as a country we will always be indebted to these servants of the people for their commitment and courage.

In the same vein I would like to congratulate all our newly elected public officer bearers. As you come in, know that over the next five years, you will represent the aspirations and dreams of our people, irrespective of colour, creed or political beliefs.

I trust that as you execute your tasks, you will do so to the best of your ability and be guided by the will to serve the people. Let us never take for granted the confidence that the electorate has placed on us.

Now that the elections are behind us, we must all get down to work. Let us all work together to bring about a better life to our citizens.

### **MILEAGE OF THE PAST JOURNEY**

Going forward, we will have to begin by appreciating the work that the outgoing councilors and those before them for the sterling job of pulling every stop to make it possible for us to realize significant performance in the targets we set ourselves for those respective terms.

Section 153 of the Constitution which is the ethical foundation for Local Government outlines the mandate as follows:

“A municipality must:

(a) Structure and manage its administration and budgeting and planning processes to give priority to the basic needs of the community, and to promote the social and economic development of the community, and

(b) Participate in national and provincial development programmes”.

The Mpumalanga Province, like any other Province in this country has had some achievements as well as its share of challenges for the past year.

The progressive but slow improvement in the access to basic services with marginal access increases in the water, sanitation and electricity points to such progress in the Province, yet more still needs to be done to ensure that the Province meets the national targets.

The provision of basic services to our people will continue to be a defining indicator on which our successes and failures will be measured. This term has proven that yet many municipalities still face conditions that make it difficult for them to provide equitable and efficient services. We are indeed proud of the achievements that have been scored by our municipalities despite the challenges that they face.

Just as a form of illustration:

- 835 298 out of 909 812 households, representing 91.8% of the households have access to basic water.
- 722 932 out of the 941 980 households who registered for electricity, have access to electricity today.
- Half of the population has now access to basic sanitation in Mpumalanga

Financial management remains an area of great concern in our municipalities. There has been an improvement in the performance of our municipalities.

- In the 2009/10 financial audits three of our municipalities formed part of the seven municipalities, nationally that received clean audits. Let us give a round of applause for Victor Khanye, Steve Tshwete Local Municipalities and Ehlanzeni District Municipality for the good work that they have done.
- We also convey our congratulations to those municipalities that achieved unqualified audit outcomes in the 2009/10 financial year
- Our performance, with regard to the submission of financial statements has seriously improved to 100% compliance.
- 20 out of 21 municipalities have established the Municipal Public Accounts Committees (MPACs), as part of enhancing the oversight function by council.

## **But there are still Challenges**

### ***Financial and administrative stability***

There are still a number of municipalities in the province that are struggling to improve their audit outcomes. These municipalities continue to struggle with matters of non-compliance with GRAP, inadequate internal controls and lack of requisite skills in the area of financial management.

Work will have to be done to pull all these also to come to the fold and be in par with the rest of the others. The operation clean Audit 2014 steering committee will have to focus much on putting a high bar for these municipalities, while maintaining the momentum on those municipalities with clean audits, while improving on those that have unqualified for them to reach a clean bill. 2014 must signify the end of any chance for financial mediocrity in the province of Mpumalanga.

What should serve as comfort is that through the continuous working together with the municipalities, we know what exactly, where the problem lies as we start the new term.

Through the Siyenza Manje programme we have placed 6 financial experts in Mkhondo, Lekwa, Dipaleseng Bushbuckridge and Nkomazi Municipalities. We have also provided support to Thaba Chweu, Mkhondo, Lekwa, Thembisile Hani and Emalahleni municipalities to redesign their financial systems.

When the province was marred by service delivery protests and some municipalities were unable to discharge their mandate, we had no option but to place some of these municipalities under administration in terms of section 139(1) (b) of the Constitution. I am pleased to announce that due to our efforts, we have now lifted the intervention from Pixley Ka Isaka Seme, Mkhondo, Thaba Chweu local municipalities.

We are now winding up our work in Lekwa and Thembisile Hani Local municipalities and in the next few days we shall lift the intervention and hand over to the new councils. We are confident that remarkable work has been done.

We are also building up an advance early warning systems including providing an after care support to avoid recurrence.

Processes are already underway to recover financial losses that have been incurred by the municipalities due to mismanagement and other irregularities. Criminal proceedings have already been instituted against people who have been implicated in any wrong doing.

### ***On Infrastructure Grant spending***

Of concern also is the rate of slow spending on Municipal Infrastructure Grant that is being experienced by the province, particularly when we know that many communities still do not have the basic infrastructure requirements. Currently the MIG spending for the current financial year stands at 48% of the total amount of R1, 1bn allocated to our municipalities.

The poor spending can largely be attributed to lack of appropriate skills, poor planning and improper procurement practises. As new councillors take office during this term, the Department shall emphasize that the following areas are dealt with all efforts required:

- Planning capacity for Projects
- Project Management capacity especially for PMU's established.
- Strengthening of procurement processes and systems.
- Strengthening monitoring, evaluation and reporting systems, which should include physical project visits
- Strengthen cooperation and collaboration with stakeholders, especially our communities, through ward committees, Ward councillors and Community Development workers to ensure that problematic projects are picked up at any early stage.

The Province has assembled a team of experts through the rapid response unit and working closely with the District Municipalities to support all the struggling municipalities to improve their performance on infrastructure spending.

### ***On Servicing of Municipal Bills***

Another area of worry is with regard to inability by some of our municipalities to service their Electricity debts is a matter of great concern for the department. Seven of our municipalities collectively owe Eskom approximately R77 million. We are aware that in most cases this arises from failure to pay by the poor, who in most cases can be described as the working poor.

A contingent that lives from hand to mouth due to meager wages they earn. A matter that society must look at very seriously. Any investment allowed should be to create sustainable decent job that allow them to meet their family needs, including paying for services.

We are please to note that Lekwa and Emalahleni Municipalities have honoured their obligations towards ESKOM. We will continue to work closely with these municipalities to ensure that they explore alternative payment options and they are able to service their debts.

### ***On Community Participation***

Community participation is one of the pillars on which our local government system is built on. This is where most of our municipalities have been found wanting by communities and this results in unnecessary conflict. We must always strive to ensure that our communities are actively involved in matters of local government. We currently have 284 ward committees that are functional, however 81 are not functional. We will be resuscitating these 81 ward committees to make sure that they are functional and also establishing the new 37 ward committees that have come into being with the establishment of 37 new wards in the province.

This increase the total number of Wards to 402 and the increase in the number of Councillors from 857 to 973. There is a process planned for the establishment of the Ward Committees with the new term of councils coming into effect with the 2011 Local Government Elections.

The number of Community Development Workers in the Province has also increased to 420. However, it is sad to indicate that currently the remaining number of CDWs is 396. This is due to some passing on and others resigned for greener pastures. Plans are in place to resolve the relationship of the CDWs and the Traditional Leaders at Ward Level through the Induction process. The Department and SALGA Mpumalanga would be running the Induction process with all municipalities in the Province.

### **Development and Planning**

Our credibility analysis shows that most of our municipalities have Integrated Development Plans whose credibility is rated as either medium or high. This speaks to the improved ability to undertake strategic planning and the ability of local government leadership to provide the necessary political, strategic and policy guidance.

It is also worth mentioning that all municipalities are increasingly meeting the deadlines for the adoption and approval of IDP's and the budgets. Whilst the District Frameworks and Process Plans have been compiled and schedules indicated as a requirement in the systems Act, the quality of the IDP's are not as yet at satisfactory levels.

The Department is currently developing a credible Road Map which will seek to adopt a new approach on engaging sector role players to ensure that all of their plans make a contribution to the Municipal IDP's. 20 out of 21 municipalities adopted IDP's in time for the 2010/11 financial year and assessed in terms of Section 32 of the MSA

The IDP and Spatial Development Frameworks were developed and reviewed. We also ensured that we create a clear Road MAP on the Planning Cycles between Local Government and other spheres of government to ensure alignment of plans and resources.



## **LOCAL ECONOMIC DEVELOPMENT**

Local economic Development is critical in the sustainable growth and settlement of the municipalities. It does not only stimulate economic growth, but it is a spring board for local Business development, SMME development and also critical to the creation of job opportunities.

There are at least 16 municipalities with Local Economic Development Strategies and 5 are provided with support on assistance to put them in place.

The LED Strategies are to be linked to the Economic Growth Path of the Province. Job creation and industrial activation are some of the key areas of performance that we target to grow in our municipalities.

The strategies will also allow ample space for the private sector and other parastatals to play a crucial role on boosting localized economies in our municipalities. Linked to that is the Community Works Programme (CWP) that was initialized successfully at Bushbuckridge and Chief Albert Luthuli Municipalities yielding a total of 4279 job opportunities. (3 wards in Albert Luthuli with 1799 opportunities and 10 wards in Bushbuckridge totalling 2480 job opportunities) the programme will further be rolled out to the other municipalities of the Province.

The Province will strive to ensure that job creation realized in all sectors of the economy from all Municipalities whilst ensuring that structural arrangements are in place in deepening democracy in the Province.

As part of creating short term wins and pushing up the momentum, the department is working with municipalities to facilitate bankable projects to be accelerated for increased economic activity in Albert Luthuli, Lekwa; in Mkhondo, in Nkomazi, Dr J.S Moroka. Feasibility studies for these projects are to take-off during the 2011/12 year. This will provide valuable lessons in scaling up our work in the Local Economic Development.

## **Disaster Management**

Our Disaster Management team at both provincial and local government level have done exceptionally well, when called upon to respond to disaster situations. However more can still be done to improve our performance. The Province has put a clear Disaster Management Framework that is already aligned to the framework of Gert Sibande and Nkangala District Municipalities.

In this current year the province dealt with a number of disaster incidences in the following municipalities: Fire in Mashishing, shack burnt down and lives of two children lost (may their soul rest in peace); in Mkhondo, Albert Luthuli, Bushbuckridge and Nkomazi, where heavy rain caused havoc and left people without shelter.

Interventions in all these incidence were made where blankets, tents and food were provided and post trauma assistance followed up by the municipalities working with line departments such as Human Settlements.

We have also seen the national government coming in most of the areas that were affected by the floods in December 2010, which were declared disaster areas and an amount of R175 122 84m.was allocated and work is in progress.

I am humbled by the response provided to the people of Hhoyi community in Nkomazi where more than 341 households were affected by a freak storm on the eve of the Local Government elections. The provincial Disaster Management Team led by the Department ensured expedient relief provision in terms of blankets and tents working together with Nkomazi municipality and Ehlanzeni District Municipality.

We shall continue supporting our municipalities in developing credible Disaster Management and Contingency Plans so that they are always ready for any disaster incident or eventualities.

We will also be assisting with the assessment of Fire Services capacities in our municipalities. These assessments will help highlight the extent of the plight in our communities and to devise plans for resources to be allocated towards this plight. Municipalities shall therefore be advised to put some of the recommendations as part of their top priorities

Through our collective efforts we are proud as a province that we hosted and incident free FIFA Soccer World Cup in Mbombela Local Municipality.

## **TRADITIONAL LEADERSHIP**

Our ability to promote and sustain steady socio-economic growth will depend in part, on how well we imbricate the institution of traditional leadership into our system of governance.

The current administration has made it a priority to spare no effort in restoring the dignity that should be accorded to the institution of Traditional Leadership. In ensuring that there are guidelines that will guide the support provided to our Amakhosi, the Executive Council has approved the policy for the tools of trade for Traditional Leaders.

The Province has also implemented the Nhlapho commission recommendations as approved by the State President, His Excellency JG Zuma for the official inauguration of the two Kings, namely King Makhosonke II of the Manala and the entire Ndebele Nation and King Mabhoko III of the Amandebele AkwaNdzundza, and accordingly we have procured and delivered two cars as part of tools of trade for the Kings.

The department has also procured 57 vehicles for our Traditional Leaders and 49 have been handed over to them.

The remaining ones have not been handed over due to the disputes in the royal families in some of the Traditional Authorities

Two National events were hosted in the Province; the first was the National Indaba on woman in Traditional Governance in late 2010 and a National led workshop on the assessment of Governance in Traditional areas.

I am also pleased to indicate that the renovation of the 10 traditional councils' offices has been completed through our partnership with the MRTT. I must hasten to indicate we experienced some regrettable delays in completing the work due to unforeseen challenges but now the work has been completed.

Section 81 of the Structures Act, 1998 provides for the participation of traditional leaders in municipal councils.

After consultation with the House, we have published the names of traditional leaders who must participate in the municipal councils.

At Ehlanzeni and Gert Sibande municipalities, traditional leaders are participating however, in Nkangala municipalities traditional leaders are not participating because they are of the opinion that their participation is irrelevant and they think that their duty would be to rubber stamp the decision of the politicians.

The Traditional Councils which were established under the Traditional Leadership and Governance Framework Act 2005 were meant to also assist strengthen and deepen democracy at local government and in Traditional Authorities.

The Department conducted elections of the traditional councils (60 % and 40%), however as we are all aware they have not yet been operationalised due the lack of clearly defined areas of jurisdiction amongst others. We have taken a stance as a department that the issues that have hindered the operationalisation of traditional councils should be attended to and guidelines are being developed in consultation with relevant stakeholders.

The moral fibre of our society is very important in determining the kind of society that we build. We know that there are many social ills that are facing our communities and Traditional Leaders have a very important role to play in addressing these challenges.

The Department will continue to provide annual grants and support cultural ceremonies such as ummeme as part of our culture.

As government we are appreciative of the role that has been played by our traditional Leaders by visiting schools to instil moral regeneration.

Our esteemed Amakhosi, we are aware that there are a number of challenges that you are still faced with. We will engage with our traditional leadership to resolve these matters

I want to assure this gathering that the Mpumalanga Provincial Government remains committed to working with Traditional Leaders to strengthening the working relations on matters of governance Traditional Councils. We also remain committed to working with Traditional Leaders to bring about development in rural areas.

## **GOING FURTHER: WORKING TOGETHER TO BUILD BETTER COMMUNITIES**

Since the beginning of the calendar year, we have been waiting with baited breaths for the people of this province to give us a direction we should take in the 3<sup>rd</sup> term of local government term. The vote on Wednesday brought us finality of thought as it has opted for a partnership with the people to build better communities through the following:

- Build local economies to create more employment, decent work and sustainable livelihoods;
- Improve local public services and broaden access to them;
- Build more united, non-racial, integrated and safer communities;
- Promote more active community participation in local government; and
- Ensure more effective, accountable and clean local government that works together with national and provincial government.

In providing a guiding action towards achieving this, we will be guided by the Delivery agreements we had with the municipalities in October 2010, emanating from the outcomes set by the national government towards creating a better life for all. Our agreement focus on outcome 9, which focus on the following outputs:

***Output 1: on differentiated municipal financing, planning and support***

In 2011/12 financial year we will implement a differentiated approach to municipal financing, planning and support. We will implement a focused intervention to support the development of IDP's that are simplified to focus on planning for the delivery of a set of critical municipal services in smaller municipalities.

This will ensure that all our 21 municipalities have realistic and credible IDP's. We have set aside an amount of R3, 4 million to strengthen integrated planning especially spatial planning framework in all municipalities.

**Output 2: On Improve the Quantity and Quality of Municipal Basic Services**

The Department will continue with the coordination of Plans to accelerate service delivery in line with Output 2 of the Service Delivery Agreement of Outcome 9. Key in the Planning process will be to ensure that Universal Access or Master Plans are developed and put in place which will be complemented by Comprehensive Infrastructure Plans (CIP). We will ensure that municipalities have infrastructure plans in time way before implementation can take place and that the three districts implement a GIS.

In this financial year, the department shall continue to facilitate implementation of the Bloemendal to Delmas water pipeline project, as well as the rehabilitation and installation of Boreholes and pumps on behalf of Human Settlement.

The province will facilitate the finalisation of the provincial electrification plan. This will enable the province to support municipalities on developing a Universal Access to Electricity Master Plan. We will also support municipalities with electrification operations and maintenance plans.

### **Output 3: On Community Works programme**

As part of our efforts to reduce poverty and create more jobs, the department will roll out the Community Works Programme (CWP) in 5 municipalities. The CWP programme will be rolled out in at least two wards in each of these municipalities. We plan to establish co-operatives in these wards which will create 4500 work opportunities at an estimated cost of R3, 5 million.

### **Output 4 on actions supportive of the human settlements outcomes;**

The department will commence with installing ICT infrastructure at the Disaster Management Center. This equipment is necessary for the Command and Control Systems for Coordination and management.

All Districts shall be connected to the Provincial Centre that relays information to the National Centre, in terms of the Disaster Management Act, 2002.

Output 5 focussing on Deepening democracy through refined ward committee model; and by implementing the tools of trade frameworks for CDWs and ensure that community meetings are held every three months for feedback by all councillors.

### **Output: 6 Build and strengthen the administrative, institutional and financial capabilities of municipalities**

This is one of the key areas of focus for the department. We will be moving closer to this space to ensure that we strengthen support to municipalities. Our support will ensure that there is greater transparency, fighting corruption, and promoting good financial management in local government. We will continue to provide support to the 21 Municipal Public Accounts Committees that have been established and make sure that they are able to function effectively. We will also make sure that all municipalities develop anti corruption strategies.

Through the Provincial Rapid Response Unit we will continue to provide support to struggling municipalities. A team of experts will be dispatched to struggling municipalities to provide the necessary support as and when required.

Part of our plan of supporting municipalities will also entail ensuring that we have the right people for the job. We must also strengthen the capacity and capability of municipalities. We will be supporting the municipalities in conducting skills audits and recruitment exercises. This will ensure that we employ competent people. Once the gaps have been identified we will be providing capacity building programmes.

Our municipalities are unable to collect revenue owed to them effectively. In Nkangala the average revenue collection in relation to the total budget is 47%, in Ehlanzeni District the average revenue collection is 42, 16% whilst in Gert Sibande which is the highest revenue collection is 61.57%.

In the 2011/12 financial year we have prioritised improving revenue collection. We will improve municipal billing systems and revenue enhancement plans in 10 municipalities. Our target is to increase the collection on bills to 70% in these municipalities. We must as collective increase awareness on the culture of payment, including Government institutions and departments.

We are working with provincial department to facilitate settling of bills owed to municipalities on time. Cabinet, for that matter, has strengthened our arm by a decision that no department should be in areas over 90 days.

We are engaging with Provincial Treasury to develop intervention measures in case of non-compliance.

### **Strengthen and Support the Institution of Traditional Leadership within government activities**

When opening the of the Provincial House of Traditional Leaders, Premier DD Mabuza reiterated governments commitment to recognising the status of our Traditional Leaders and made a number of pronouncements. In this financial year the department will continue to strengthen its administrative support to traditional councils and the rural development programme.



We will continue to transfer the grants to the 59 Traditional Councils. The department will further renovate 4 traditional council offices and operationalised the Traditional Councils. The Provincial Committee on Disputes and Claims will be established and will begin its work. Our Traditional Leaders and staff of Traditional Councils will receive training on asset and financial management.

## **CONCLUSION**

Honourable Speaker on 18 May 2011, the people of the country and particularly this province have spoken clearly when they cast their votes. As the new councillors take the baton and begin to run, we must all be aware that it will not be an easy feat. Indeed there will be mountains, sharp curves, down hills and even rivers to cross but if we remain true to the ideals of a better life and our conscious is guided by the desire for a better life for the electorate we shall not fail.

We will be called upon to hit the ground running as there is no time, our communities are waiting for services. I want to assure this house that we will be working closely with all local government stakeholders: “We will be in the trenches together and we shall not surrender.”

In conclusion, allow me to express my appreciation to Hon Premier DD Mabuza for his visionary leadership, the Chairperson of the Portfolio Committee, Hon SPD Skhosana, the Head of Department, Mr. MD Mahlobo, the management and the department at large, the African National Congress, and last but not least, my children for their unwavering support despite the many days I spend away from them due to the call of duty.

Mr. Speaker, allow me to table the budget for the Department of Co-operative Governance and Traditional Affairs, and I accordingly request the House to approve the amount of

R 325,643 million (three hundred and twenty five million, six hundred and forty three thousands) for the financial year 2011/12 of which is allocated as follows into the five programmes

- Programme 1 : Administration-R77, 836m;
- Programme 2: Local Governance-R128,732m
- Programme 3: Development and Planning-R36,607m
- Programme 4: Traditional Institutional Management- R70,318m
- Programme 5: House of Traditional Leadership-R12,150m

Let us respond without fail to the call of the ruling party that “Together We Can Build Better Communities”

I thank you.