

=====

**RESPONSES TO QUESTIONS FOR ORAL REPLY  
BY HONOURABLE PREMIER DD MABUZA**

=====

**20 November 2014, 14:15**

**1. \*Hon. JM Mkhathshwa, ANC, to ask the Hon. Premier**

**The Auditor-General visited Mpumalanga on Thursday 09 October 2014 on a road show to communicate the Provincial Government's audit outcomes for the 2013-2014 financial year**

- i. What are the major successes and progress the Province has made on financial governance as outlined in the Auditors Report?*

**Response:**

Overall, provincial departments have seen significant progress in enhancing drivers of internal controls. There has been notable progress made in leadership and governance, financial management and performance management.

This suggests that Departments have progressively improved in the following areas:

- provision of effective leadership;
- exercise of oversight responsibility,
- effective human resource management, policies and procedures;
- proper record keeping;
- implementation of internal controls;
- monitoring of compliance; as well as
- the preparation of accurate financial and performance reports

*ii. Which departments in the province got clean audit outcomes and what positive lessons can be drawn from the departments that got unqualified reports with no findings?*

**Response:**

The Departments of Finance, Co-operative Governance and Traditional Affairs and Social Development received clean audit outcomes for the 2013/14 financial year.

The important lesson learned is that managers must focus on the key daily and monthly duties of processing, monitoring and reporting. This must be coupled with proper record keeping. For other departments to receive clean audit outcomes, it is important to focus on the following areas:

- Improving financial management;
- Improving the quality of financial statements;
- Strengthening supply chain management processes and controls;
- Enhancing human resources practices, including compliance with policies and regulations; as well as,
- Ensuring effective information and communication technology (ICT) governance systems and processes

*iii. What strong measures will be taken to deal with departments, which are still lagging behind in terms meeting clean audit target?*

**Response:**

Poor audit outcomes are a consequence of poor leadership and management performance. As a result, the Provincial Treasury has been tasked to provide comprehensive support to all Departments to ensure that they all achieve clean audit outcomes. Among other key measures, we will focus on:

- Improving internal controls
- Ensuring that there are consequences for poor performance and transgressions at all levels of senior management.
- Holding all Accounting Officers liable for poor performance where poor audit outcomes result from the dereliction of duty by Accounting Officers

Financial management is a key performance area of Accounting Officers. Disciplinary measures will be implemented when there is no improvement after all the support efforts we have put in place.

## **2. \*Hon.VV Windvoël, ANC, to ask Hon. Premier**

**Our Provincial Government have indeed done a lot to promote safety on our roads as well as create awareness and inform motorists of any outstanding traffic infringement:**

- With the introduction of the new automated number-plate system in Mpumalanga, how will it improve traffic safety?*

**Response:**

One of the contributing factors for drivers not to obey the rules on the roads is that there has been no effective follow-up for those who break the law. Many drivers would break the law with impunity. Where summons are issued, they are ignored until they expire.

The Department of Community Safety, Security and Liaison did not have a system to track down these drivers. The introduction of the new automated system will assist the Department with the identification of all those who were issued with summons and did not respond to them.

This system will also help the Department to ensure that drivers know that when they break the law, they will in one way or another be found. This will also discourage drivers from breaking the law, since they would be found one day and tickets will never be ignored again in the Province.

*ii. What happened to the similar system that has been used before?*

**Response:**

The contract of the appointed service provider expired on the 31<sup>st</sup> of January 2012.

*iii. What is our general strategic approach to road safety for the 2014 festive season?*

**Response:**

The department is intending to intensify its road safety campaigns during this festive season. There will be a number of initiatives including rest stops, prayers, road blocks and speed operations, execution of warrants of arrest as well as border control operations. The plan is a joint plan with the SAPS. This will be done in all major roads.

### **3.\*Hon. AM Benadie, DA, to ask the Premier**

**With regards to the rebranding/repositioning exercise that the province is undergoing, can the Hon. Premier please answer the following:**

- i. How does the Premier envisage the rebranding exercise restoring public confidence in government's ability to deliver services?*

#### **Response:**

The essence of rebranding is to change the perception of the consumer towards a more positive disposition towards the product. Mpumalanga, as a product, is progressive and relentlessly seeks to deliver a better life for all its citizens and visitors who visit the Province.

Our task is to change the consumer behaviour towards embracing the good that has been achieved and indeed the good that we are constantly working on. Very often the void created by the non-communication of the essence of the product creates a platform for even the slightest negativity to set in.

The rebranding of the Province will not only serve to fill that void but will, with time, infuse a positive sense of acknowledgement of all the work that has been done and continues to be done by the Mpumalanga Provincial Government as well as inculcate a sense of pride and patriotism among the people of our beautiful Province.

- ii. What are the full costs associated with this rebranding exercise, what does it entail and by when will it be completed?*

**Response:**

The cost of the rebranding project is R60 million for a three year period starting from 2013 – 2016

- iii. When the tender for this exercise was advertised, how many companies tendered for this and which company has been awarded said tender?*

**Response:**

Nine (9) companies tendered and the tender was awarded to Blue Flame Advertising and Marketing.

*iv. Can the Premier please divulge what market related research was done to justify the re-branding?*

**Response:**

In the process of reviewing the relevance of the provincial brand, it was established that two big brands own the brand positioning statement, “A Pioneering Spirit”, i.e. Rolex and Glenfidich Single-malt Whiskey and use the payoff line as “A Pioneering Spirit” and “The Spirit of a Pioneer” respectively.

What we sought to do in reviewing our brand was to bring the essence of it back home to our name, “Mpumalanga” which when translated means, “the place of the rising sun”.

Secondly, the rising sun signifies a new dawn, a sense of freshness, a new beginning that presents the opportunity to infuse the culture of achievement and excellence. The place of the rising sun could be equated to the land of new opportunities.

- v. *Upon announcing the rebranding, it was said that the ‘province of the rising sun’ represents the hopes and opportunities of a new day. What guidance, mentoring and training has been given to MEC’s and or officials that their behaviour must reflect this brand and what will they do differently in the future to illustrate how they ‘live the brand’ of our province?*

**Response:**

A full presentation was carried out to the Provincial Management Committee and the Executive Council where the justification of the brand transition was resolved. The ethos of change and the new beginning was shared and scrutinized.

A positive message of change and diligence in doing our work is the guiding principle of the functioning of government’s political and administrative leadership. The message of hope and a fresh beginning is cascaded to all levels of public service. As a result the brand will be lived by the People of the Province.

One of the communication focus elements is to educate and guide all public servants to become ambassadors of the new brand.

The desired personality that we envisage for public servants are:

- Progressive, innovative and positive
- Customer service driven
- Caring and approachable
- Transparent and
- Service excellence.

**4.\*Hon. MC Sedibe, EFF, to ask the Premier**

**Honourable Premier in your State of the Province Address you quoted National Development Plan as a national plan that aims to eliminate poverty and reduce inequality by 2030 and it lays foundation for the long term planning for the radical socio-economic agenda over the next 20 years:**

- i. What is a radical socio-economic agenda when our infant industries are not protected?*

## **Response:**

Honourable Speaker, the call for a radical socio-economic agenda must be understood in its proper context. The triple challenges of poverty, unemployment and inequality require extraordinary measures to changes the lives of ordinary people for the better. In the context of the national democratic transition, it has become evident that despite all successes and progress made, socio-economic challenges remain.

The point is that despite all the major strides we have made to liberate our people economically, a large majority of them remain stuck in poverty and underdevelopment. This calls for a radical socio-economic agenda that responds to these challenges.

We are convinced that the failure to transform or change the structure of the Provincial Economy to reflect the country's racial gender demographics in both the ownership and participation pattern is the core reason why poverty, inequality and unemployment continue unabated.

The intervention we seek to focus on entails robust government implementation of policies and strategies.

Along practical lines, we are promoting issues of localisation, beneficiation, infrastructure development, skills development and entrepreneurship development.

At the heart of it all is the urgent need to modernise and industrialise our Provincial Economy thereby raising its potential to create much needed jobs in order meet the targets set out in the National Development Plan.

Honourable Member Sedibe must find comfort that within the five year plan of this Administration, amongst other key targets, is the establishment of the Special Economic Zone (SEZ) in collaboration with the Department of Trade and Industry, local government, the private Sector and other role players.

This project seeks to promote exports and enhance and put together Industrial support Programmes and manufacturing incentives.

To protect emerging industrialists, which is the core of your question, we will parallel to the SEZ establish Industrial hubs in each District Municipality to provide value chain linkages with the SEZ.

We will also use these Industrial hubs to attract investors and set incubators for SMMEs and cooperatives development as a way of bringing them into the main stream economy.

More importantly we will ensure the following:

- Expand the incubation programmes to create opportunities for SMMEs and cooperatives
- We are working on key barriers such as access to funding and export markets by linking entrepreneurs with the Jobs Fund and Development Financial Institutions such as IDC, NEF, SEFA, and SEDA.
- We are supporting SMMEs and cooperatives with access to market opportunities, starting with opportunities within the public sector supply chain environment.

*ii. How would the country and the province in this radical socio-economic agenda reduce inequality when we import chickens from countries like Brazil whose agriculture is subsidised?*

## **Response:**

During the first five years of implementation of the NDP emphasis will be on providing opportunities for the unemployed, especially young people. Achieving this aim will depend crucially on programmes that will enhance economic growth and employment. Among others, these interventions include:

- A targeted sectoral approach to economic growth to enhance the participation of SMMEs and Cooperatives
- Investment in social and economic infrastructure.
- Targeted interventions to broaden the expanded public works and other programmes.
- Special economic zones to promote exports, industrial support programmes and manufacturing incentives to boost competitiveness and promote inclusive growth.
- Focused resource-based skills development, notably mining, agricultural extension, tourism, and manufacturing.
- Supporting exports, taking into account the constraints as well as the opportunities arising from the structural shifts now taking place in the global economy
- Strengthening relationships with social partners to leverage resources from the private sector.

*iii. Why don't we look at China for entrenching this radical socio-economic agenda because as we speak now, China has eclipsed USA it now the world's best economy?*

**Response:**

South Africa's bilateral trade with China increased by 32% last year to R270bn from the 2012 figure of R205bn. China became South Africa's single-largest trading partner in 2009. There is scope to expand South Africa's exports to China in value-added manufactured products, particularly as the Chinese economy continued to register strong growth rates. As a Province, we are continuing to engage with the Chinese Provinces and businesses to identify opportunities for cooperation.

*iv. What mechanism have you put in place in this radical economic agenda that will make the country and the province not to be a net importer of food?*

**Response:**

South Africa and the Province remain net food exporters. The key focus in the agriculture sector over the MTSF will be on investment in agricultural infrastructure, increase agriculture production and promotion of export markets. The establishment of the Mpumalanga International Fresh Produce Market is progressing well. The development objective of this project is to promote export of our agricultural produce to international markets.

**5.\*Hon. C Maunye, BRA, to ask the Hon. Premier**

**With regards to the challenges MEGA have been facing since it was formed:**

- i. Why is the Premier and his Provincial Cabinet not considering dismantling MEGA?*

**Response:**

Notwithstanding the challenges faced by some of the Provincial Public Entities, MEGA is part of the Government service delivery machinery. The objectives for which MEGA was established remain relevant.

The fact that the institution is experiencing challenges does not make it irrelevant. Building MEGA into a centre of excellence is not an overnight exercise. Any new organization needs time to mature.

Notwithstanding this, we are not happy with the pace of organizational transformation at MEGA to position this institution appropriately to deliver on its key mandates.

We are continuing to implement measures to improve the performance of our public entities.

Some of the decisive measures include, amongst others:

- Doing more due diligence in the recruitment and appointment of board members with the right mix of requisite expertise and technical know-how, competencies and thought leadership
- We are also working on the organizational culture of our Public Entities which is currently not receptive to turn-around strategies.
- As you might have seen over the last few months, we are not compromising when it comes to the implementation of 'Consequence Management'.

- We are establishing a dedicated governance and oversight unit for Public Entities within the Department of Economic Development and Tourism. The intention is to strengthen monitoring and institutionalize early warning systems to avoid institutional failures

Our starting point is to get at least the basics right, namely:

- Good governance and leadership focusing on ensuring that government resources are accounted for and are used efficiently and economically.
- Building internal capacity of Public Entities to execute programmes of government in priority areas. This we will do and must achieve.

*ii. Submit a list of entities that have benefited from MEGA funding and that are sustainable?*

**Response:**

Honourable Speaker, we have provided a list of sustainable entities that benefitted from MEGA funding together with the number of job opportunities created. We are requesting not to read the list and present it for consideration by the honourable members

*iii. If their sustainability how many jobs have they created?*

**Response:**

The following number of jobs were created per District:

- In Gert Sibande, 228 jobs were created
- In Ehlanzeni, 660 jobs were created,
- In Nkangala, 179 jobs were created

*iv. What monitoring mechanism exist to make sure MEGA subscribe to the rules of cooperate governance?*

**Response:**

This question has been responded to in 5 (i) above. The interventions referred to above apply to this question.

v. *Of the funded projects by MEGA, how many relate to arts and to capacity building?*

**Response:**

No project was funded for art and capacity building related activities. Most projects funded related to agriculture, construction, manufacturing, tourism, retailing, bridging finance, etc.

**6.\*Hon. GC Shabalala, ANC, to ask the Hon. Premier**

**In the Occasion of celebrating your 54<sup>th</sup> Birthday event on the 23<sup>rd</sup> of July 2014, the Hon. Premier made a remarkable milestone in the life of needy youth in the Province as he announced the DD Mabuza Foundation:**

*i. Can the Premier give details of the foundation?*

Honourable Members, I beg for understanding that the Foundation I established on the 23<sup>rd</sup> of August 2014 is an initiative I am involved in outside my capacity as the Premier of the Province. As a matter of principle, we would request this House to allow us not to present and discuss the details of the Foundation. Instead, I would be happy to share information with interested organizations and individual members in their private capacities.

In the main, the Foundation will focus on education, healthcare, environment, youth, sport and support to People with Disabilities.

*ii. How will this foundation help develop youth of Mpumalanga and what will be the target areas of youth development?*

Note the response in 6 (i) above

*iii. What are other community social interventions the Premiers 54<sup>th</sup> birthday brought to the people of Phola community?*

Note the response in 6 (i) above

## **7.\*Hon. SPD Skhosana, ANC, to ask the Hon. Premier**

**The ANC led government has prioritize Rural Development and land reform as part of the necessary measures to address poverty and food security for people living in rural communities:**

- i. What can be reported as major progress of the CRDP program, which the Provincial Government has undertaken as part of the Medium Term Strategic framework 2009-2014? Progress should include sector departments and in the three Regions?*

### **Response:**

In the past five years, the implementation of the Comprehensive Rural Development Programme contributed significantly to our response to poverty and unemployment challenges in underdeveloped rural parts of our Province.

In the main, the CRDP has seen improvements in the following key areas:

- Increased farming and agricultural development, including livestock improvement programmes,

- Support to subsistence farmers to ensure food security,
- Expanding access to Early Childhood Development through the provision of requisite infrastructure in rural areas. ECD centres increased from 14 in 2009/10 to 487 to date,
- More and more rural communities have access to libraries,
- The provision of key social infrastructure such as houses, schools, healthcare facilities, bulk water infrastructure and social amenities in many parts of the Province attest to the positive impact of the CRDP.

Over the period of five years a total of 78 278 job opportunities were created.

- ii. *What major progress has the Provincial Government achieved in addressing the Premier's apex priority of water provision for rural people?*

**Response:**

When the CRDP started, we targeted to ensure that at least 60% households have access to water. It is pleasing that now 85.4% has access to piped water. This has been attributed to progress made in the provision of bulk water infrastructure.

To support agriculture, the CRDP has seen investment going to support the establishment of irrigation schemes to increase agricultural production.

- iii. What measures are being taken to fasten the pace of land redistribution and agrarian reform to address challenges of landlessness and farm evictions in the Province?*

**Response:**

Working together with the National Department of Rural Development and Land Reform, 38 000 ha of land was acquired and redistributed. Thirty eight (38) farms were recapitalized and developed in CRDP municipalities

We are still pursuing our idea of convening the Land Summit this financial year to engage all stakeholders in dealing with the issues around landlessness and farm evictions. We have already conducted district summits in all the regions to engage with key stakeholders in the agriculture sector.

**8.\*Hon. AM Benadie MPL to ask the Hon. Premier**

**With regards to MTPA and the different constitutional powers the board, senior management and the parent departments holds, can the MEC please answer the following:**

- i. Who is in charge of managing expired contracts for Executive Managers and recruitment processes?*

**Response:**

This question requires that reference is made to the enabling legislation so that members have a better understanding of how the powers of the Board are exercised in respect of recruitments and contracting, including the management of expired contracts.

Section 5 of the MTPA Act directs that the affairs of the Agency shall be managed and controlled by a Board to be known as the MTPA Board and which Board shall be the Accounting Authority for the Agency as contemplated in section 49(2)(a) of the Public Finance Management Act, 1999, and which Board shall exercise and perform the powers and functions conferred or imposed upon the Agency by the MTPA Act or any other law. Section 5(2) further directs that the Board shall, in respect of the exercise and performance of its powers and functions, including the corporate governance of the Agency, be accountable to the Member of the Executive Council.

Section 13(2) instructs that the Chief Executive Officer is the chief administration and accounting officer of the Agency, subject to the control of the Board. Section 13(9) further directs that the CEO shall be a member of the Board, ex-officio, without voting powers.

Section 19(1) of the MTPA Act further instructs that the Board may, subject to such conditions as it may determine, in writing delegate any power or function conferred or imposed upon it under the MTPA Act, except the powers or functions conferred or imposed upon it under section 17 or this section, to - (a) the CEO, (b) the Chairperson, (c) a committee of Members; or (d) a committee of Members and personnel.

Part of the planning and governance instruments developed and approved by the MTPA Board are the various administration and human resources policies as well as the delegation of authority manual which provides a framework for the delegation and sub-delegation of authority across all levels of the MTPA.

In terms of this framework, the MTPA Board, being the Accounting Authority of the MTPA as defined in terms of Section 49(2) (a) of the Public Finance Management Act, supported by the Chief executive Officer, who is the ex-officio member of the Board, is responsible for the executive management recruitment process.

Section 19(2) of the same MTPA Act directs that a delegation under subsection (1) shall not prevent the Board itself from exercising the power or performing the function concerned.

Now, to provide a direct answer to the question, the responsibility for the management of executive management contracts including the recruitment processes of executive managers lies squarely with the Board, whilst some of the elements of these processes could be delegated to the Chief Executive Officer.

*ii. Does the board have the authority to override a decision made by the relevant member of the Executive Council?*

**Response:**

No, in terms of the founding Legislative Mandate, the Board reports to the responsible member of the Executive Council. However, the Act further provides roles and responsibilities between the shareholder representative (MEC) and the Board Members as the Accounting Authority and CEO as the Accounting Officer.

*iii. Can an individual be removed from the employment of MTPA and seconded to DEDT and still enjoy benefits of being an MTPA official?*

**Response:**

Yes, there is nothing wrong with the secondment of government employees to another organ of state, as long as there are good reasons for it and it is done within the policy framework.

*iv. Is there any mechanism in place to ensure that board members do not have excessive Special Board Meeting that depletes the resources of the parastatal?*

## **Response:**

Honourable Speaker and Members, the challenge of the excessive number of Board meetings has been brought to our attention. Our approach is that this practice must be discouraged so that meetings are not called when it is not necessary.

Currently, we are working with the public entities on guidelines to ensure that there is some measure of control without stifling the work of the Boards. We are also exploring the introduction and use of information and communication technology platforms such as teleconferencing to enable the Board to deal with urgent matters in-between the scheduled meetings. However, I must hasten to say that not all Board members are guilty of this practice. We have responsible Board members with integrity.

- v. *What is the Premier doing to ensure that the relevant member of the Executive Council does not politically interfere in administrative/operational matters of the entity, thereby compromising the functioning of the parastatal as it has been the case in the past?*

## **Response:**

As indicated in 8 (i) above, the role of the shareholder representative, the MEC, is regulated by the legislative mandate governing that particular agency. The relationship between the Board and the MEC must always be guided by the provisions of the Act.

### **9. \*Hon. MC Sedibe, EFF, to ask the Premier**

**Honourable Premier in your State of the Province Address you said “Mpumalanga’s vision 2030 Strategic Implementation Framework which provides a provincial expression of the key priorities objectives and targets enumerated in the NDP, and we will be further be informed and guided by the Mpumalanga Economic Growth and Development Path whose primary objectives is to place our economy on a sustainable growth trajectory”:**

- i. What sustainable growth trajectory are you referring to when the agency responsible for growth is also embroiled and responsible for the R1 Billion that was irregularly spent in the province as per the Auditor General’s findings 2013/2014?*

**Response:**

It is true that MEGA is experiencing a number of challenges as it grapples with the implementation of its mandate. Our approach is that we must assist and support MEGA to develop the necessary capacities that enable it to deliver on expected outcomes.

However, we should point out that the implementation of the NDP and the responsibility to drive sustainable growth and create employment does not lie with MEGA alone. It is the responsibility of all government institutions and social partners to ensure that economic growth is expected to be at least 5 percent per annum and the labour market is expected to reach the unemployment level of 6 percent by 2030.

- ii. *Could you please tell us what projects in this financial year were funded by MEGA and to what amount?*

**Response:**

Two business loans to the value of R500 000 were approved between April and October 2014. Five housing loans to the value of R1,5m were approved. No loans relating to agricultural activities were approved during this period.

MEGA is faced with cash flow constraints which are influenced mainly by insufficient revenue as well as poor debt collection. Agricultural loans could not be funded as planned since the budget was based on MAFISA Fund which was withdrawn.

The remaining Bulk Water Infrastructure projects that were above 80% completion at the time of handing over the water projects to Rand Water were successfully completed and handed over to the relevant municipalities.

- iii. The CEO was charged for the non-performance, so what informs this golden handshake of R4, 5 Million?*

**Response:**

There were no charges levelled against MEGA's CEO due to non-performance. The departure of the CEO was based on mutual agreement between the Board and the CEO since the two parties were not sharing the same vision in terms of how to implement MEGA's mandate. The parties agreed that it was necessary for the CEO to be released from his duties in order to allow the Board space to implement its vision in line with its new strategic positioning.

The remaining period of his contract was three and a half years and since the contract had a clause that empowered the Board to part ways with the CEO where disputes or differences arose, a two-year settlement was reached instead of compensation based on the three and a half years of his remaining term of contract.