

## **ADDRESS BY THE HONOURABLE PREMIER TSP MAKWETLA ON THE OCCASION OF THE PROVINCIAL LOCAL GOVERNMENT SUMMIT**

**Hazyview, Thursday 08 December 2005**

Programme Director

Honourable MEC's

Members of the Provincial Legislature and Members of Parliament

Traditional Leaders and Leaders of Political Parties

Chairperson of Mpumalanga SALGA

District and local Mayors.

Municipal Managers and councillors

Distinguished guests.

Ladies and Gentlemen.

It is my pleasure to address a gathering of this nature, the first to have been convened since the 2004 elections.

A few weeks ago Mpumalanga played host to President Thabo Mbeki and Deputy President Phumzile Mlambo-Ngcuka. It is these two Presidential Izimbizo in the Gert Sibande and Nkangala District municipalities that provided us the opportunity to share our successes and to contemplate the challenges ahead. Both meetings further assisted us in assessing the capacity, or lack thereof, in executing our tasks of improving the lives of our people. At the end of the Izimbizo we all came to the conclusion that although we had gone a long way in delivering on our mandate to improve the lives of our people, many real challenges remain in the future ahead.

Furthermore, the two visits in questions, also enhanced our work by compelling the two regions involved, to prepare reports which demanded them to generate information which they previously never called for and was never packaged.

Today we convene in order to openly talk about and improve on those weaknesses we identified in our governance and service delivery systems, and to further transform our municipalities into a vehicle capable of efficiently delivering the quality services our people need so desperately. We are all agreed that Local Government service delivery is underpinned by the following five key performance areas. These are:

- Basic service delivery and Infrastructure Development
- Local Economic Development
- Financial Viability
- Municipal Transformation
- Good Governance.

During the Izimbizo we became acutely aware that some municipalities have fared very well when measured against the above performance areas. But we also observed the reality that some local authorities still needed capacity injections to improve their situations. What is however common with all municipalities is that the capacity available does not equal the tasks and the functions that have to be executed.

There are still weaknesses regarding project management and the technical skills needed to execute these. Planning also remains a huge challenge in that some activities are rarely aligned to the NSDP, PGDS and the IDP's. A number of very senior crucial posts still remain vacant.

## **It has always been our intention to go beyond Project Consolidate – “Identification of the most challenged of the challenged”**

### **Basic Service Delivery and Infrastructure Development**

Information management is a fundamental challenge. It is a matter for concern to note that the municipal information management systems are not aligned with the sector departments. We need to make a concrete effort to resolve this matter as a matter of urgency. It cannot be right that a municipality's count of households is different to that of the provincial department. The question is - where do sector departments obtain information from? Is it from municipalities or do they cook these figures? We hope that technical advice from institutions such as Stats SA, DBSA and TELKOM can assist us in resolving some of these matters.

We need to determine a common approach to address free basic services throughout the Province. Municipalities have different interpretations of free basic services policies. Some municipalities are using a broad-based approach to benefit all households whilst some are only targeting the indigents. A common policy stance must be honed. Another relevant challenge is that where we only base the count of indigent residents on how many cannot afford services.

We are also aware of the water scarcity in the Province. That is why we are eager to finalise our Water Infrastructure Blue Print before the end of this financial year together with a business plan. This strategy will ensure that the available resources are shared equally throughout the Province and that attention is duly paid to critical areas.

Also of concern is the slow MIG spending and the critical lack of engineering capacity and other key professional categories. A special dedicated attention should also be focused at improving the rate at which we accelerate the supply of electricity in rural and urban areas. Where infrastructure to roll-out electricity is not readily available, alternative arrangements must be looked into to ensure at least 50kwh reaches poor households.

Central to local government duties is planned urban settlement growth.

### **LOCAL ECONOMIC DEVELOPMENT AND FINANCIAL VIABILITY**

It is with great appreciation that Nkangala District Municipality was able to adopt a concrete and sustainable Local Economic Development Strategy with key district economic development plans. The District has to be applauded for the very good plan it has put in place for the development of the region.

We however need to cascade these very means to local municipalities and as well as other districts in the Province. Municipalities must not only develop strategies and plans but must also seek to seize the economic opportunities and to channel growth at grassroots level. Municipalities must play their correct role of coordinator and facilitator through agreed strategies. Business must be at the epicenter by providing resources and assisting with development. It would be wrong to assign government the role of the economic developer without the involvement of the business community. There are a range of government initiatives and programmes meant to provide a platform for investors to play their part. The IDP and LED Fora at municipal levels must be utilized for investors to contribute towards economic emancipation and shared growth.

We must encourage our municipalities to be conscious and alert to their role as facilitators of economic activities. In many of our towns municipalities are not sufficiently collaborating with farmers, for instance to understand their frustrations and fears in order to seek solutions together.

The Department of Economic Development and Planning and the Department of Local Government and Housing have been assigned to work closely with municipalities in ensuring that LEDs are indeed established.

### **FINANCIAL VIABILITY**

With regard to finances, there is a need to classify debtors and be certain that those we cannot recover, are indeed indicated as such. The growing figure of fictional debts have resulted in some municipalities receiving qualified Audit Reports as they could not account for the growing bad debts each year. The fact that most municipalities are operating without Chief Financial Officers is cause for concern. And so is the late or non-submission of financial statements to the office of the Auditor General.

The absence of audit trails and inadequate and/or ineffective internal controls and standards also contribute to a number of qualified audit reports received. We also need to combat the conditioned reliance on grants by our municipalities and to improve the generation of own revenue, particularly from the private sector, government institutions and public entities that do not pay their service bills.

There is a need to ascertain and substantiate revenue sources and to determine the volume of potential income that can be generated. These must be funded on water-tight, stringent but effective credit control and indigent policies as advocated through the Municipal Finance Management Act.

We also need, through this summit, to ascertain whether the municipalities are ready to roll-out the Municipal Property Rates Act. The Act promises substantial rates-income due to opportunities of expanding the valuation rolls. Public Infrastructure is an example of such properties. I hope the Department of Local Government and Housing will be able to co-ordinate a strategy on the establishment of Valuation Appeal Boards whether at local or district level.

### **TRANSFORMATION AND GOOD GORVERNANCE**

In as much as there is a need to fill critical senior vacant posts of municipal managers, I have observed that only two municipalities (uMjindi and eMakhazeni) in the Province have female Municipal Managers. This suggests that leadership at this level is still male dominated with limited intervention thus far.

However, one of the greatest challenges we must tackle, is the level of skills of some of our officials and the need to develop their skills and capacity to perform their duties effectively. This allows for weaknesses to be determined and a development plan or Employee Assistance Programme to be worked out for under-skilled managers. New appointments must be in accordance with the competence audit report and the employment equity plans in order to eliminate any potential risks.

Performance Management Systems have to be put in place as a matter of urgency and accordingly performance contracts with municipal managers have to be signed. Municipal Managers must in turn ensure that they recruit skilled senior managers.

We further need to interrogate the practice which decrees that some municipalities cannot have full-time councilors. A number of municipalities are operating with part-time councilors and mayors. Not much progress can be achieved in such a situation. It is one of the institutional capacity problems we must address.

Let me take this opportunity to appeal to municipalities to provide Community Development Workers and Ward Committees with the necessary support and facilities they need to execute their tasks. Whilst we are in agreement that no remuneration shall be paid to Ward Committee members, the Department of Local Government and Housing must facilitate a policy document with a clear strategy for the payment of out-of-pocket expenses for Ward Committee members. It is therefore expected that the work of the Ward Committees be budgeted for where possible.

Furthermore, we need to integrate all these facilitation structures at local level and define clearly their roles and responsibilities. A harmonious relationship between Ward Councilors, Ward Committees, CDW's and Sector Departments is of pivotal importance. It is important that issues of term of office, reporting mechanisms to councils require further scrutiny and elaboration.

Programme Director, I hope that as we go to the polls on March 01, we will not make that mistake of voting for **ABOHLHLESAKHE** (Those who fill their own pockets). We must protect public funds meant for the development of the poor.

Let me wish you well during this Summit with the hope that the quality of plans and strategies that will come out of here, will serve to advance our quest to create a better life for all. Lets all prepare ourselves for the March 1 st 2005 local government elections.

In conclusion, this has once again been a very long year of challenges and exciting breakthroughs in our quest for freedom for all our people, a better life for all. We all are entitled to a well-deserved rest with family, friends and relatives as we edge towards the Christmas holidays.

May I take this opportunity, on behalf of our government, to wish everybody a Merry Christmas, a peaceful festive season and a happy and prosperous 2006.

**I thank you.**