

WEDNESDAY, 2 JUNE 2010

***PROCEEDINGS OF THE
LEGISLATURE OF THE PROVINCE OF THE
EASTERN CAPE***

The House met at 14:15.

The Chairperson of Committees took the Chair and requested members to observe a moment of silence for prayers or meditation.

The Chairperson of Committees: Thank you, hon members. Are there any notices of motion.

Mr C H MAXEGWANA: Chairperson I move without notice in terms of Rule 130 that despite the provisions of Rule 20.3, the sitting of the House commences at 10:00, tomorrow, 3 June 2010

APPROPRIATION BILL (EASTERN CAPE)

Consideration of Vote 11 – Housing

Mr D NEER: Chairperson, I stand here to represent the Portfolio Committee on Housing and Human Settlements. I commence by indicating that there is a reflection of an increase of 23.65% on the conditional grant, which places a huge responsibility on the department in terms of spending. I will not bore you to go to the detail. I will commence on the findings on page 88.

Programme 1: Administration.

Findings:

- (a) The improper alignment of measurable objectives, targets and timeframes demonstrates confusion and lack of understanding of strategic planning;
- (b) There are different allocations for the office of the CFO in the Operational Plan, which is that figure reflected and the Annual Performance Plan, which that figure is reflected, but having calculated the latter figure it is the incorrect one;
- (c) The Special Programmes Unit is not budgeted for in this financial year. This is a new section within the department;

- (d) The office of the Chief Operations Officer is not adequately staffed;
- (e) Monitoring and evaluation remains a desktop exercise because of the lack of personnel.

Recommendations:

- (a) The departmental officials must be provide with relevant training within three months to ensure that they understand strategic planning issues as a matter seems to recur year after year;
- (b) All documentation submitted to the committee must go through a strict verification process and be quality assured;
- (c) The Special Programmes Unit must be adequately budgeted for in the next financial year;
- (d) The department must reprioritise its budget to ensure that the office of the Chief Operations Officer has adequate budget;
- (e) The monitoring and evaluation unit must be properly staffed to carry out its operations effectively.

Programme 2: Housing Development, Planning and Research.

Findings:

- (a) The strategic management section does not have sufficient funds for operational purposes;
- (b) Some of the pilot projects had stalled. The department intends to employ consultants to investigate this matter;
- (c) The planning and research for housing development in this programme does not inform forward integrated planning between the province and municipalities.

Recommendations:

- (a) The department must prioritise its budget to ensure that the strategic management section is adequately budgeted for;
- (b) The department must utilise all the available expertise of their staff, communities and municipalities. Consultants must a last resort;

(c) The department must ensure that this programme coordinates evidence based integration housing development planning and renders ongoing support to municipalities and provincial housing stakeholders.

Programme 3: Housing Programmes, Facilitation and Administration.

Findings:

- (a) The empowerment programme of emerging contractors does not translate into the graduation of emerging contractors into established construction companies and integration with relevant role-players;
- (b) The Breaking New Ground pilots fail to reflect elements of socio-economic activities and sustainable human settlements;
- (c) The department's presentation on housing delivery planning did not convince the committee that the budget of R1.3 billion would be fully utilised by the end of the financial year;
- (d) The process to recover all proceeds from King William's Town Housing Association (KWTHA), emanating from a Supreme Court ruling, has not yielded the required results because it is not yet completed;
- (e) The budget for sub-programme 3.1 has been omitted in the total budget of Programme 3 in the White Book.

Recommendations:

- (a) The department should redesign the programme so that it incorporates other government entities and development institutions which deal with business entities and co-operatives. A report must be submitted to the committee within 30 days after the adoption of the report;
- (b) In the MTEF planning the department must clearly reflect a systematic process with all BNG elements and consult with all relevant stakeholders for the readiness of the projects, which are:
- Land identification and availability;
 - Readiness of projects for construction;
 - Land survey and infrastructure development; and
 - Storm water drainage, electricity, water supply and roads.

A clear developmental socio-economic activity three-month plan must be submitted and the committee must be briefed monthly.

(c) The department must ensure that it presents a breakdown of each project with clear timeframes of the commencement and completion for each project in each municipality and submit a report within 30 days;

(d) The department must ensure that this process is accelerated and all the necessary procedures must be followed to recover the full amount;

(e) The department must ensure that the necessary procedure to correct this anomaly is followed. A report must be furnished to the committee within 30 days.

Programme 4: Housing Assets Management.

Findings:

(a) The department delayed the process of developing legislation to dissolve the Housing Board.

(b) The bulk of the budget of this programme goes to payments of rates and services to municipalities.

(c) The department is awaiting reports from the Auditor-General, Servcon and an internal investigation team on the registration of housing assets.

Recommendations:

(a) The department must fast track process of developing relevant legislation to dissolve the Housing Board and facilitate the ownership of its assets;

(b) The department should consider outsourcing assets to municipalities and the Department of Public Works;

(c) The reports from the Auditor-General, Servcon and the internal investigation team must be submitted within 30 days. The committee must be provided with a plan at the end of the financial year on how the outstanding land parcels will be utilised.

General Findings:

(1) There are no responsible personnel for each measurable objective on the Operational Plan.

(2) The documentation submitted by the department contained inadequate information and incorrect figures, which made it difficult to interrogate.

(3) Three conflicting operational plans were submitted with different figures, which demonstrated wasteful expenditure.

(4) The presentations of the sub-programme's budget on personnel, goods and services, and the conditional grant were not systematic and demonstrated confusion among departmental officials.

(5) The area of strengthening the leadership at the senior management level is not covered in the directives of the national intervention team.

(6) The national intervention team seems to be executing their mandate of supporting the department very well.

General Recommendations:

(1) The department must ensure that relevant personnel are attached to all measurable objectives and reflected in the relevant documents.

(2) All the documentation to be submitted to the committee should undergo a quality assurance check.

(3) The MEC must investigate this matter and appropriate action must be taken against officials responsible. The committee must be provided with a progress report within 30 days.

(4) The departmental officials must be provided with relevant training on how to prepare annual performance, strategic and operational plans.

(5) The MEC and the Executive Council must ensure that the directives of the national intervention team cater for the strengthening of the leadership of the department at SMS level.

(6) The committee must be provided with a progress report in September 2010.

Hon Deputy Speaker, having presented the above, I wish lastly to say having listened to the national intervention team, one seems to see theoretically how the department will function if certain areas are covered. That is also confirmed by the national intervention team, but practically we are still not convinced that the department is performing effectively and efficiently on the ground. I just want to leave you with those words. Thank you very much.

The DEPUTY SPEAKER: Thank you, hon chairperson. We will now ask... You may proceed if you want to clap. [Applause.] I will now invite questions to the committee. The former member Mkabile is back. He is watching you, hon Galo. [Laughter.] Hon Nuysile, hon Mvenya, hon Stevenson – in that order – hon Ntenjwa and Gqiba and yourself will be the last.

Mr M NYUSILE: Thank you, hon Deputy Speaker. On page 91 the committee in their findings, finding (d), they talk of the process of recover all proceeds from KWTHA,

which is an old problem and there is a ruling which we are all aware of. I wanted to know Deputy Speaker what are the problems that are actually causing a problem for this delay for the department to get this amount because KWTHA are one of those associations that are actually causing problems for Government?

The other one is on page 93, hon Deputy Speaker. You know, they talk of the bulk – finding (b) – that the bulk of this programme goes to payment of rates and services to municipalities; then their recommendation they say the department should consider outsourcing. When you talk of this word “outsourcing” in our view you actually are causing problems because we don’t normally want government to outsource its function. Is it because of the bulk or are there any other reasons that made the committee to have such a recommendation? Thank you.

The DEPUTY SPEAKER: Thank you, hon member. Next member.

Ms V MVENYA: Thank you, hon Deputy Speaker. On page 88 on SPU that has not been budgeted for. Does the unit have personnel? If yes, what is it doing?

Question 2 on page 89; M&E that is done ku desktop; does that mean there are no site visits at all; and secondly, can you say something about project managers? Are they there? What are they doing? Thank you.

Mr R S STEVENSON: Thank you, hon Deputy Speaker. My question dovetails on the hon Mvenya. I would like to know what the shortage is. Did the committee interrogate the question of the shortage of project managers; and what is the norm for a project manager? Is it 500,000 or 1,500 houses; and is there a shortfall for project managers for housing; and if so, can the committee give us some detail? Thank you.

The DEPUTY SPEAKER: You are covered. Hon Gqiba.

Ms N GQIBA: Hon Deputy Speaker, with finding, page 88, finding (c); I understand the Special Programmes Unit is not budgeted for. My question basically is based kwi into ethi Deputy Chair, SPU is an instrument to guide and monitor departments in all matters pertaining to gender relations. My question there is the commitment. I wanted the department to reflect basically on the commitment they have in addressing gender issues in that department.

Mr N KULUTA: Thank you, hon Deputy Speaker. Three documents were produced on the same issue with conflicting information and the chairperson is correctly saying that amounts to wasteful expenditure. The question now is; has this wasteful expenditure been attributed to an office or to an individual; and what is being done about that individual in terms of the Finance Management Act. Thank you, Chairperson.

The DEPUTY SPEAKER: Thank you, hon members. The hon members can you respond to the questions?

Mr D NEER: Hon Deputy Speaker, I will start by the question on page 88, Special Programmes Unit. I think we clearly indicate there that there is no budget, so obviously there are no personnel.

The other question by hon Gqiba will be answered by the MEC.

Coming to the question asked by hon Nyusile on KWTHA. You see, we have been engaging with the department on this matter for quite some time now and therefore when we engaged we wanted to know where they are with the process and then we were informed by the department that there has been a ruling by the Supreme Court and then the process of trying to get the assets of the department back, but seemingly the way they report it, they won't make any progress.

Although we don't give details here, but we have advised them to engage even the police, the SIU Unit and the Forfeiture Unit, etcetera, etcetera, so that they are able to dig deep into KWTHA and try and get the resources back. Thank you. Maybe members would answer other questions.

Mr M MATOMELA: Thank you, Deputy Speaker. I will deal with the outsourcing question. Maybe it is poor English, I would say so, because really it is not about outsourcing. We were just worried about the assets of the department which are not producing any revenue for the department and we are saying the best thing to do is just to do an audit and after that audit has been done, if there are pieces of land they still need to use for construction of houses in whatever form, they utilise that, but those they don't need they must hand over to the municipalities or Public Works. Effectively that is what we are saying.

The issue of three documents; we did not go to that extent of identifying an individual or an office. We were holding them responsible as a collective. So it is the responsibility of the MEC to investigate and check a particular office or an individual and take appropriate action and then report back to the committee.

Mr D B HADDON: Pertaining to the BNG issues; that is something that we will let the MEC deal with.

Mr M MAKUPULA: The last question by hon Kuluta; what is happening with the person who submitted three documents. This is the issue that we say the MEC must investigate because we couldn't get the answer ourselves. We further say that action must be taken. Thank you.

Mr R S STEVENSON: Thank you, hon Deputy Speaker. I would like to ask the hon MEC what plans there are in the department to deal with the shortage of these project managers because this becomes critical to the management of these housing projects so houses are properly built. Thank you.

The DEPUTY SPEAKER: Hon Korkie and then hon Ndabeni.

Mr J C KORKIE: Baie dankie, Madam Speaker. Hon MEC Mabandla, east bank location on Mdanstane access road; there are houses built for members in that squatter camp. Not all the residents are housed, so some of them are still living in squatter camps. The houses that were built are now crumbling and people have moved back into the shacks. What is being done about that particular issue? Is it known to the department and can we get a sense of which project manager was working on it and what is being done about it?

Then they have also been without electricity or sanitation or water supply for 15 years. Will you be able to help with that response? Thanks.

Ms NDABENI: Thank you, hon Deputy Speaker. Mine is on 282 houses that were built in Butterworth during the year 2002, with no infrastructure. There is no water, sanitation and electricity. Currently hon MEC, the municipality is renting the hired toilets as an intervention. I would like to know the department's concrete plans to correct this abnormality. Thanks, Chair.

The DEPUTY SPEAKER: Thank you, hon members. Hon MEC, can we get responses to the questions?

The MEC RESPONSIBLE FOR HOUSING: Thanks, hon Deputy Speaker. Can I combine my response with the comments after the debate? Thank you very much.

The DEPUTY SPEAKER: Can I put that to the members? Do you accept that the MEC can respond towards the end of the debate to your questions, or do you want her to respond now?

Mr R S STEVENSON: Chairperson, it is a maiden response. We will agree.

Mr M M NDUBE: Hon Speaker, Members of the House, I am going to be very short because some of the issues were raised earlier by the committee and other members, but I must first on general issues before I go to the particular issue of Housing.

The skills gap in construction is a problem. Capacity of service providers, if there is money, it is a bigger problem and of course the skills gap in senior public management is one of the issues that impede development, the impediments that inform the driveway to a developmental state, and that promotes growth on the capacity of top bureaucrats to effectively discharge their duties and responsibilities.

In all these departments when we have these reports the question that must come into being is that our current selection and recruitment methods and processes are appropriate. We need to do competency tests on our staff. We need to tailor executive training to suite department needs. Hon, we can no longer after 15 years tolerate incompetency. ASGISA must not be offices; it must work and I have already seen officials who like

vertical, horizontal and complicated diagrams showing, which have no real meaning at all.

We need a clear competency framework to cover strategic capabilities, project management and financial management in all departments. Whilst the public service regulates MECs and Ministers to appoint finally top managers, the national arm of government cannot be staffed by senior managers who fail to add value in the jobs. This hinders efforts to ensure service delivery.

On Housing, Madam Speaker:

After elections people want houses, food security, crime-free society and access to jobs and opportunities. The last two months the portfolio committee met and interacted with the administration. We met with the administration. This interaction is to interface our desires and those who implement them. Oversight role played by the portfolio committee confirms the centrality of our parliamentary institutions and the need for both to cement relations.

The mission and vision of the hon MEC of Housing says “creation of integrated sustainable human settlement so as to provide quality human settlement for quality life.” The hon members for 15 years have made these statements and little qualitative development have happened. I know there is a lot of quantity that has gone into play; townships according to the plan in an apartheid fashion. Communities that are built are not planned with amenities. The current project links projects and those approved in this financial year are far from bringing integrated and creating quality living. Let us have new thinking. Let those who plan change their designs of townships and embrace the street of true integration.

The strategic objectives and the many papers are not precise on how we treat conducive environment for housing. They are not even meeting our desire to address the backlog of housing; that of 800,000 in the province. We are not going to eliminate informal settlements until we adopt a clear implementation plan, integrated with district councils and the municipalities. We must prevent invasion of land by planning site and serviced plots in place so that when people invade urban areas already sites are being planned.

We know where bus services are in our cities, but we are scared to upset the rich by building houses where bus services are. The Government need to think for stakeholders. This is what we do for them. The top dialup approach in planning is not conducive-creating conducive environment for housing delivery.

What is to be done? Let us identify land for housing. Let us do a thorough research on the status of the land. Questions are simple – is there bulk infrastructure there; is the land suitable for housing; what is the cost of that land – and many other issues. We must cut down the period of approvals. Let us create a financial system that makes money move. Don't employ teachers as project managers.

Who are stakeholders; the department and the contractors, their primary and secondary stakeholders. The department, contractors and communities in my understanding are primary stakeholders. Project managers, consultants and politicians are secondary stakeholders. The primary stakeholders need to put their house in order. The department must stop taking short cuts in addressing the needs of contractors and communities. Even in the existence of supportive development programmes, the small contractors and medium ones cannot be sustainable and their performance is unsatisfactorily.

The critical things are lack of effective management, including financial management, lack of proper training, lack of entrepreneurship, lack of technical and contract management skills and late payments or no payments at all, inability to get credit from suppliers, fronting for established contractors.

The sector is the greatest tool for development and creation of jobs, to occupy a space where large companies are not accepted due to profit margins. Their low overheads enable small contractors to work at competitive prices. This sector of property development, hon members, can create a platform for growth and distribution of work in this country.

The province must do a study, examining the current challenges facing small and medium contractors and provide us with findings so that they are able to partner in the housing development. We need to check what skills they employ. The recommendation from Cope is they need business courses; they need management skills, access to capital, well managed cash flows, focus, budgets, and cost benefits, etcetera. They must be able to separate businesses from family obligations. The BNG, the Breaking New Ground Project is not negotiable. It is not something new. It is doing right things right for the first time.

The Housing Development Agency has been launched. This structure must work not as Thubelitsha or Housing Finance Trust; it must really revolutionarise housing. Communities don't need much; all they need from us is the fulfilment of their needs. We need to set up housing support centres throughout the province. The current housing budget cannot be spent if we now start planning, we don't start planning project-by-project. The housing managers must be on top of their work. The most vulnerable communities, the Gompo and Katanga, really are a disaster, Madam Speaker.

The 30 days payment must be reduced to 14 days if you really know what we are talking about. [Interjections.] If in 15 years we have not mastered housing processes, in 150 years you will not. This government kills SMEs, I don't know deliberately or not, or they are sabotaged within the system.

The land release plan must be the key issue. How many serviced sites are we delivering every month?

The DEPUTY SPEAKER: One minute left.

Mr M M NDUBE: We can no longer be talking about a discount benefit scheme, which has been closed long time ago. I am talking about rental stock.

In conclusion:

All these four programmes that we have put today, which Cope supports, we support the vote, can never succeed unless we close ranks for the sake of our citizens. I thank you. [Applause.]

Mr D B HADDON: Hon Speaker, Madam Premier in her absence, MECs and hon Members of the House and honoured guests. A house gives a person dignity. A house gives a person security. A home is where love and relationships are nurtured in the family unit and the ownership of a house is the biggest asset most people possess. Unfortunately most of our population still lack access to decent dignified housing.

While the intentions of Government to effect sustainable housing is well intended, the state of housing in this province is beset with many problems. The house process at all levels of Government need to be made as simple as possible. Currently, Housing nationally and provincial is cumbersome, with too much interference in a myriad of different bodies and boards. The Housing Act and the Housing Code speak to several of these different finance bodies and help schemes for housing beneficiaries. Every effort must be given to house the province.

Hon Speaker, there is currently a backlog in this province of 800,000 housing units. As this figure was based on the 2001 census as stated in the report of the Public Service Accountability Monitor of 2008/09, the amount could by now be higher. It is pleasing to see that some R10 million has been allocated to do a thorough verification study of housing demand and the exact extent of the backlog in this province.

The Department of Housing needs to get back to the basics in order to become an effective housing facilitator. What are these basics I am referring to? The three biggest problems facing the department are No 1 lack of capacity, No 2 no forward planning and No 3 lack of reliable information. All critical staffing vacancies must be adequately filled. There is a dire shortage of building inspectors to quality control and monitor ongoing construction projects. There is also a general staff shortage in most of the departments.

With regard to planning; the most important aspect to departmental planning is a clear and concise strategy operational plan. The Operational Plan must be specific, with clear measurable objectives and quarterly quantifiable measurement indicators. If there is a concise clearly understandable operational and strategic plan with measurable objectives than half the battle will be won. The Operational Plan presented to us for this vote is inherent. The globular figures and numbers of housing units reflected in the plan do not show the names of the projects and from what areas the projects are being developed. Lack of planning has caused much wasted expenditure on projects where houses were built with no services or poor workmanship.

The Sweetwaters, Tyutyu and Dimbaza projects where houses were built back as far as 2001 still stand empty. These houses have been vandalised and with no services due to incompetency and lack of monitoring of emerging contractors. These are some of the examples of such wastage.

On Thursday last week I myself was at Sweetwaters and Dimbaza. The amount of people who are paying municipal rates on houses that are not built and where only concrete slabs exist is legendary. I publically challenge you, Madam MEC Mabandla, to tell this House today exactly what you intend to do and by when you intend to solve this serious problem.

The DA is concerned about the lack of funding in Programme 2; Housing Planning and Research. A mere R15 million has been allocated to the department. This is a low funded programme and R12 million or 17 percent of this funding accordingly to the budget statement No 2 is for the compensation of employees. I refer to the budget analysis of the Eastern Cape Department of Housing 2008/09 from the Public Service Accountability Monitor, PSA, by Chantal De Nobrike, which says under Programme 2, and I quote:

“Insufficient capacity at the local government level to plan, implement and monitor housing projects is one of the biggest barriers to the delivery of low cost housing.”

I refer the House to the famous saying that goes “if you fail to plan, you plan to fail”.

With regards to the collating of basic information; the department needs to be more accurate in its function. It is still unclear as to the exact amount to be spent on the housing rectification project for the province. A year ago the department was still not in possession of this information.

Hon Speaker, another area of weak information from the department relates to a waited reply as to written IQP questions. My colleagues and I have sent the department numerous questions on housing issues going back more than a month. The lack of prompt reply from the department in this regard is quite frankly disgraceful. Furthermore, this hampers us in our report back constituents with answers in this regard.

Hon Speaker, there is also good work being done in the department and it deserves to be publicly acknowledged. Notwithstanding the return of R270 million to National Treasury, the achievements of last year where houses have been built, staff employed and housing chapters developed by municipalities must be applauded. The rectification of 148,000 out of 157,000 and exceeding the target of 15,000 houses to be built is great indeed and all departments’ staff need to be congratulated on these achievements.

We also applaud the Premier on delivering another 500 housing units during her outreach programme last week. The good work is being achieved by interventions from National Department of Housing intervention as an instruction from the Minister. So what is the

solution to all this? Hon Deputy Speaker, it is not the duty of Government to provide housing for citizens. A government has a duty to facilitate housing provision. This statement is backed up by a statement quoted in the Times newspaper of 7 July, titled:

“Strangled by the red tape”

Written by Journalist Glen Ashton. He states:

“If we are to build houses we need to encourage communities to do so themselves. Habitat for humanity has a great model. Participate in building five houses for others and then you will get one built for yourself. This results in more than home construction. It builds communities and imparts skills ...

The DEPUTY SPEAKER: One minute left.

Mr D B HADDON: “...into the formal economy.”

This is what the Democratic Alliance believes in. Firstly hon Speaker, we believe all government land not being used should be freed up to create need. This is also achieved by allocating citizens a serviced site. By so doing the random building of houses with no services in remote areas is avoided. The concept of equity where citizens can build their own houses and communities can assist. Speaker, in order to give choice and opportunities to citizens the DA believes that citizens should be able to access a loan from their pension. By investing this into property the equity on the property can appreciate and hence make the repayment of the loan quicker, paying less interest.

On Speaker, all parties in this House have heeded our President’s call during the election. We in the DA support this call unequivocally. The people of this province deserve better housing assistance. I urge this House to work together for the common good and not let the errors of the past be repeated in this term.

Hon MEC, we in the DA will work with and support you when effective housing delivery takes place. I thank you. [Applause.]

The DEPUTY SPEAKER: Thank you. United Democratic Movement; hon Mhlati.

Mr M M MHLATI: Hon Deputy Speaker, hon MECs and hon Members. The report of the committee is giving a bleak picture about the capacity of the department to deliver quality services expected from it. My plea goes to the hon MEC of the department to try by all means and fill the vacancies in the department. Moreover, the vacancies which require people with necessary skills which are required in the Department of Housing, like engineers, land surveyors, town planners, building inspectors and building technicians.

The UDM is satisfied that the Section 100 intervention will make an improvement in the delivery of quality housing in the province, provided that that team is getting full

cooperation from the department and that they work as a team, not work in separate compartments. I have been fortunate to be among the members of the committee who met the intervention team yesterday. They were upfront. They know what they want to do in their intervention within the province, but what concerns the UDM is that in the documents which we are considering now they were not part and parcel of feeding to the information which is contained there.

That is why the UDM is pleading with the MEC that he must see to it that there is full cooperation between the two; that is the staff of his department and the members of the intervention team. The programme they have shown can take this department to another level if it can be followed correctly. The UDM supports the report as tabled by the committee. Thank you. [Applause.]

The DEPUTY SPEAKER: Thank you, hon member. I wish to apologise to the hon Haddon. I forgot this is a maiden speech. Were there any other points hon Haddon you wanted to raise? There are still a few minutes from hon Mhlati.

Mr D B HADDON: No, I have a second speech lined up if you want...

The DEPUTY SPEAKER: Oh, thank you for that. I am sorry. AIC; hon Galo.

Mr M P GALO: Hon Deputy Speaker, hon MECs and the Members of the House. Hon Deputy Speaker, may you allow me to reflect briefly on the history. When the RDP framework was produced and agreed upon by those who were involved just before the first general elections in 1994, the activists then were very happy because the programme was intended to ensure that the service delivery, including the provision of decent houses to the needy people, was going to be speeded up.

The rural housing programme was also a priority, hence the then Minister without Portfolio, Mr J Naidoo, was appointed to implement the programme, but the programme was abandoned with no apparent reasons simply because the capitalists were not happy with the programme because the programme was to bring about economic freedom to the poor masses of this country. Let us hope, hon Deputy Speaker, that the newly appointed Minister of Human Settlement will work hand-in-hand with the provincial MEC to fast track this service to the needy people.

The DEPUTY SPEAKER: One minute left.

Mr M P GALO: A clear programme to inform the people about housing subsidies. With that hon Deputy Speaker, the AIC has no problem in supporting the budget vote for the department. Thank you. [Applause.]

The DEPUTY SPEAKER: Thank you, hon member. African National Congress; hon Matomela.

Mr M MATOMELA: Thank you, Deputy Speaker. I realise that at least there were positive comments generally from the other parties. I hope that they realise that i-transformation, which includes provision of housing is a daunting task. I heard some of them talking about 15 years, as if 15 years is equivalent to the damage which has been done to this country over more than 300 years. We just want to remind particularly members of the opposition that I wish they would acknowledge that all the time to say the damage done went to this extent that is why the current government is struggling to meet to the discretion of our people the demands.

The housing backlogs you are talking about, they are backlogs all over the show. Why? Because the previous Government ignored to develop infrastructure in the areas where black people and Africans in particular were residing. So we are dealing with that legacy, but we are not overwhelmed by the challenge. [Inaudible] were not overwhelmed by the challenge of deliberating our people.

We are really committed and we have courage to deal with the huge challenges we are facing. So, the context therefore regarding the backlogs must be taken into that account, although unfortunately in this department we have failed to spend the money given to deal with these backlogs. As you have said, the national department has sent a team to assist the provincial department to overcome these challenges. I will just indicate for example how their presence here had a positive impact.

Deputy Speaker, let me just quote what was said by the President of the African National Congress, as the President of the Republic of South Africa when he was addressing the National Assembly. He said - I quote:

“As part of social infrastructure development we will provide suitably located and affordable housing and decent human settlements. We will proceed from the understanding that human settlement is not just about building houses; it is about transforming our cities and town and building cohesive, sustainable and caring communities, with closer access to work and social amenities, including sports and recreation facilities.”

This is one of the apartheid legacies we are dealing with. People have employment opportunities elsewhere, they happen to travel hours and hours, wasting their resources to get to work. This is one of the legacies then we are trying to overcome. I hope the hon members, ebecinga uba ndithetha ngaye apha when I am quoting the speech of the National Minister when he was addressing the National Assembly. He says; I quote: “That the congress demanded.” This congress ke is not the imitation of the historical congress of the people of 1955. [Laughter.] So the congress of the people, the true congress of the people says:

“There shall be houses, security and comfort for all, clearly mindful of the consequences of apartheid socio engineering. The congress demanded that all people should have the right to live where they chose, to be decently housed and to bring up their families in

comfort and security. Slums shall be demolished and new suburbs built where all shall have transport, roads, lighting, playing field, crèches and social centers.”

Once again we are dealing here with, as I have said, the legacies of apartheid and I want to repeat; the African National Congress is committed to overcome these challenges as we overcome colonialism and the oppression of a special type here in South Africa.

Now let me just indicate that there is, the national team is giving us hope as we were meeting with them yesterday. They have identified the challenges we are facing in this province. Clearly they have identified how they are going to respond to that. Even before I say that let me just indicate in the last financial year how they turned the situation around so that we understand. When I say as ANC we are committed to overcome the challenges; indeed that may be demonstrated in the outcomes of what we are doing as ANC Government.

For example, in the last financial year, through the assistance of that team working with the provincial team, they were able to complete 15,000 houses. (2) in that financial year before the last one – that is 2007/08 – the expenditure improved from R379 million to what, R981 million in the 2008/09 financial year. So they trippled what was done in 2007/08. Now we asked them a question yesterday; do you think then one comma something billion allocated for housing for this current financial year you will be able to spend that money? They said with confidence there are specific things we know must be done and if we have done those we will be able to spend the money. Now for the first time I could see that members were really excited that there is hope and what give us that hope is that in the last financial year they were able to spend, as I have said, R981 million.

So, we must not think that things are falling apart. There is progress we are making. With the support of all political parties here I am confident that we will be able to bridge the legacy of returning money to national. By the way, they also indicated to us that once the improvement of expenditure is demonstrated, national is going to give us back the money we lost in the previous years, which is giving us hope then that we will be able to recover the money we lost to other provinces. It is a huge amount that we lost to other provinces. If we succeed, definitely we are going to get that money back.

We did of course, as a committee, emphasise that the issue of leadership in the department needs to be attended to as a matter of extreme urgency because I don't want to go through the specific instructions given by the National Minister to the team, but those instructions or decisions exclude assisting the leadership. The leadership is new, the department is new, so we would love that at least somebody from national comes and assist your department to deal with leadership issues, particularly at an SMS level so that by the time the team leaves we are able to stay behind their leaving a solid team.

We asked them a question; are you going to be here for five years or so? They said we are given mandate only for this financial year. Then we said we want to see a plan going up to the end of the term; that is for a period of five years so that when you leave there is

a team solid which is going to implement whatever plans you have put in place; and they have committed to do that. As the committee we demanded that by end of September we want to get a comprehensive report from your department and they must be part of reporting. They committed themselves because they said you have already opened responding to one of the members, particularly hon Mhlali who was concerned, that they are going to – you have given him an opening during August so that they can contribute, so that the strategic plan for the next five years will include what they have identified and put as a way forward to solve these problems.

Therefore, members of the opposition, we are a seasoned organisation, we are aware of the challenges, we know exactly what we are going to do and we are going to demonstrate this year that ANC lives and it is living to govern.

Thank you. [Applause.]

The DEPUTY SPEAKER: Thank you, hon member. Hon MEC.

The MEC RESPONSIBLE FOR HOUSING: Thanks, hon Deputy Speaker. Let me acknowledge the findings made by the Portfolio Committee on the Housing Department and recommendation thereof and the comments also made by all hon members that were speaking here. I appreciate them because all of them shifted from housing provision. They are all talking about creating integrated and sustainable human settlements. That is why hon Mvenya was talking about sanitation in the 282 houses in Butterworth and other members are talking about electricity and roads. So that means that there is a shift in the thinking; they are no more talking about houses only.

On the question around the 282 Butterworth Housing Project:

As a department we are aware of the problem in that project. That project as we speak is blocked and I have already signed an application to approve for the unblocking of that project so that within no time we will be able to start that project again. There is ongoing consultation with the Mnquma Municipality, though we have challenges because of the instability that is in that municipality, but we are busy talking with the officials to ensure that we unblock that project.

On the question of why we are using the consultants, particularly in the area of blocked projects:

We have taken the advice from the portfolio committee that the use of the consultants should be the last resort. The members of the portfolio committee know exactly what is happening in those projects. As a last resort we will use them to document successes and failures on those pilot projects and the outcomes from this study will enable us to generate clear solutions for successful rollout of the BNG project, but we will use them as the last resort. I can you assure.

On the area of project management:

It is true that the project management of the Housing Department is very weak. That is why as part of capacitating that department we are focusing on that area, but the reality of the situation is that the department is under-resourced and the area that is hit hard is the area of project management. We are prioritising that area because if you don't have building inspector, you don't have project managers, at least three per project in the vast rural areas, you cannot have successful projects, you cannot have quality houses, but that area is our area of focus in our institutional capacity building as the department.

On the question of KWITHA:

It is correct that there is a court ruling in that area. The department is implementing the court ruling, but hon Deputy Speaker, most unfortunately that process is very lengthy and I know some people will be impatient with us, but we are working on that. As a result we are on the route of liquidation of KWITHA, including individual board members. Beneficiaries are on board and are fully kept abreast of the progress.

On crumbling houses:

I know this is not a very good thing because it also relates to poor quality management and it is linked to project management. We have a programme that is underway already; the rectification programme, but that doesn't mean we must not monitor the houses that are built now because the rectification programme is targeting the pre-1994 houses up to 2002 houses. The houses that are being built now will ensure that they will not – we will not fall in the same trap.

On the area of emerging contractors:

The department has a policy on the development of emerging contractors, but we have identified that that policy is lacking if you are talking of the current environment. That is why we are currently reviewing that policy as a department. In fact the portfolio committee will be given a chance to input on that policy which we are reviewing.

With regard to the national intervention team, it is true that it has made a great impact, particularly on the expenditure in the last financial year. This financial year the intervention has been extended for another year. It will end at the end of March. What was lacking in the last financial year in that intervention team; there was no joint programme in the department. It was like there were two teams. There was a national intervention team with its programme and the department with its programme and therefore there was no transfer of skills to the departmental officials.

In this financial year we have already met with the national intervention team, we have already met with the Minister, both Minister and Deputy Minister, to say in the instructions and directives on the intervention at least there are key areas that as a department we want also the intervention team to assist us on because at the end of the day when the intervention team is not here we must be able as a department to deliver as

expected. We have identified the area of project management. We identified the area of finance management and supply chain as the department. So those are the critical areas that we have said to the intervention team we need to work here as an intervention team.

Also, now we have scheduled meetings as a department where both the national intervention team and the departmental officials will report as a joint team. That is why hon Matomela was talking of the session in August where they will put up that plan and ensure that they will implement that plan together so that when they go out of this province we will be able to walk on our own as a department. Thank you very much, hon Deputy Speaker. [Applause.]

The DEPUTY SPEAKER: Thank you, hon MEC. That concludes the debate on the matter.

Report adopted.

APPROPRIATION BILL (EASTERN CAPE)

Consideration of Vote 7 – Local Government and Traditional Affairs

Mr M QOBOSHIYANE: Thank you, hon Deputy Speaker. On the ATC I am on page 94, but I will start on page 96 to move quickly; on the findings. Greetings to the Executive and the Members of the House.

On findings:

- (a) The vacancy rate within the department is very high – 54.4%. The situation is worse in Programme 4, as only 371 out of 1,590 posts have been filled and 1,219 are still vacant;
- (b) The Special Programmes Unit does not have a manager and it is not fully populated to deal with the mainstreaming of the special programmes;
- (c) The department is operating with two critical acting officials – that is the Superintendent-General and the Chief Financial Officer;
- (d) The department failed to comply with Rule 196.1 of the Legislature with regard to submission of quarterly financial reports;
- (e) The legal unit of the department has been allocated an amount of R250,000.00 for cases that will be settled out of court and R1.2 million for defending cases, instead of rather putting plans and systems in place to avoid litigations;
- (f) Without a good reason the department has damped an allocation of R580,000.00 for the beneficiation of municipalities. This is a duplication of functions of

intergovernmental relations (IGR) and activities in the actual IDP process of assessing coordination of other sector departments;

- (g) The department aims to improve enabling ICT facilities to municipalities and traditional councils, which are already in existence as local municipalities;
- (h) The department has set aside an amount of R180,000.00 for service providers to induct and orientate new and old staff members who are in the main general assistants unit, as well as for work that must be done in-house.

Recommendations:

- (a) The department must submit a detailed plan on how it intends to deal with the vacant posts;
- (b) The department must also explore the possibility of utilising excess general assistants to fill the vacant posts at lower levels, such as cleaners and labourers;
- (c) The department must ensure that all funded posts within SPU are filled by the end of the second quarter;
- (d) It must provide the committee with a plan to fill the two critical positions by the end of second quarter;
- (e) It must provide the committee with the financial expenditure trends as required by the Rules of the Legislature on a quarterly basis, including the first quarter;
- (f) A full account of cases to be settled out of court and cases to be defended through litigation to the value of R2 million must be provided to the committee;
- (g) A clear plan of the benefit of communities must be provided to the committee and it must provide the committee with detailed and costed action plan on how they will provide ICT facilities to municipalities and traditional councils;
- (h) The department must conduct the orientation and induction programme in-house and redirect the money to actual training programmes.

Programme 2.

Findings:

- (a) There is no pre-audit intervention by the department at municipalities to check their readiness before they are audited by Auditor-General;

- (b) There are Municipal Managers and Section 57 managers who do not have performance contracts despite the fact that the above people may only be appointed in terms of written employment contracts and subject to a performance contract;
- (c) The department has to complete the Section 46 report guidelines despite the fact that they started reporting on Section 47 in the 2005/06 financial year;
- (d) The department has not yet submitted to the Legislature a performance report of municipalities for 2007/08 as per Section 47 of the Municipal Systems Act and is planning to submit same at the end of the third quarter. This will be too late, as the Legislature should have considered this report by 8 July 2010;
- (e) The department intends to appoint consultants to produce different by-laws and policies for different municipalities for a value of R1 million;
- (f) It has failed to monitor the submission of annual reports by municipalities in terms of Section 132 of the MFMA. Only five municipalities have submitted reports to the Legislature;
- (g) The department's attempts to develop and strengthen municipalities' capacity are confusing, hence the hopping by the department between municipal support and intervention MSIF the turnaround plan and the MSIF at the later end. At the time of consideration of the budget both MSIF and turnaround plan were not continuing, as it is discouraging to note that the first quarter of the financial year is dedicated to developing the MSIF deployment strategy and consultation with stakeholders instead of actual implementation;
- (h) The department has set aside funds to intervene in the Buffalo City, Amathlali and Mbashe Local Municipalities, whereas in actual fact they intend assessing these municipalities to determine whether to intervene or not.

Recommendations:

- (a) The department must develop a municipal pre-audit intervention plan to ensure that municipalities are prepared for audit;
- (b) They must put in place a plan to ensure that all Municipal Managers and Section 57 managers have performance contracts and that their performance is assessed accordingly; and must develop Section 46 guidelines and submit same to the committee;
- (c) The MEC must submit Section 47 of the Municipal Systems Act report as soon as possible, together with an explanation as to why this was not done in time;

(d) As the department admits to having capacity of drafting these by-laws, it is recommended that rather than using consultants the department must draft generic by-laws for customization by municipalities.

I think I omitted of having not capacity.

(e) The MEC must provide the committee with a report on monitoring and compliance with Section 132 and steps taken to ensure that municipalities submit their reports to the Legislature;

(f) Before the department rolls out any assistance programme it must precede by assessment of needs, capability and weaknesses of municipalities;

(g) It must implement one strategy and evaluate it instead of moving between various strategies;

(h) The department must conduct an assessment as to whether municipalities are able to execute its executive obligations or not before announcing the decision to intervene, to avoid legal challenges.

Programme 3.

Findings:

(a) The department has not yet set standards to measure credibility of IDPs, as it is in a process of developing a credible framework without a clear criteria as to what they intend to achieve;

(b) The province is under threat of ageing and inadequate infrastructure, which has not developed despite the growth in the population and the backlog for the province, which is estimated, according to the costed plan, at R730 billion in total.

(c) The department has no plan in place to ensure that municipalities only use Municipal Infrastructure Grant for intended purpose. The department only responds after misuse of MIG by deducting the misused amount from the equitable share and no other remedial action is taken, e.g. the MIG is used for personnel expenditure and the 15% ring-fenced for sport and recreation is used for other purposes;

(d) The department is silent on the eradication of bucket system, despite the fact that this is one of the PGDP and MDG goals;

(e) The Provincial Spatial Development Plan which is a Blue Print for integrated development is in a draft form and as such renders spatial plans and rezoning schemes of municipalities ineffective;

(f) A total amount of R2 million has been allocated for service providers to assess, monitor and obtain progress reports from SDF;

(g) The department insists that it has land use management guidelines despite the fact that land continues to be sold to private developers for expensive developments such as golf estate, instead of being made available for sustainable human settlements accommodating the poor;

(h) There is a problem with municipalities with regard to implementation of Municipal Property Rates Act and there are no plans to assist all 45 municipalities to establish valuation rolls and finalise appeals flowing from the process as required by the Act.

Recommendations:

(a) We recommend that the department must fast track the process of developing standard to measure IDPs to ensure that they are credible;

(b) It must urgently finalise an assessment into infrastructure needs of the province and prioritise areas that need urgent intervention. It must also indicate whether it has plans to take over these areas that are on a brink of collapse;

(c) The department must act proactively and put in place systems to ensure that MIG is used for intended purposes;

(d) It must submit plans on how it intends to respond to GPDP MDGs;

(e) It must furnish the committee with signed and adopted PSDPs, reflecting envisaged Integrated Sustainable Rural Development Plans (ISRDPs);

(f) The department must provide the committee with details of service providers to perform assessment in relation to SDFs;

(g) It must put in place plans to ensure that land is made available for human settlement as opposed to developments which do not benefit ordinary people of the province;

(h) It should put in place programmes to ensure full implementation of Municipal Property Rates Act, including setting up Appeals Boards.

Last programme; Programme 4.

Findings:

(a) There is a lack of coordination between Departments of Public Works and Local Government and Traditional Affairs as evident by the fact that MEC for Public Works reported that the construction of the Provincial House of Traditional Leaders was

complete, whereas the Department of Local Government and Traditional Affairs has a new completion date of August 29;

(b) There is a lack of planning within department's construction of the Provincial House of Traditional Leaders is underway while Supply Chain is securing furniture for which there is no storage space;

(c) The department has plans to capacitate traditional councils from the first quarter with an amount of R950,000.00 despite the fact that no traditional councils have been established;

(d) Despite the fact that there are no local Houses of Traditional Leaders of legislative framework for the establishment of local houses, the department is envisaging to spend R2 million for the rental for the accommodation for local Houses;

(e) An amount of R572,000.00 has been allocated for conducting quarterly reviews of non-existent local Houses of Traditional Leaders;

(f) There is a doubled-budgeting and duplication of functions within the department;

(g) The department reflects that it will conduct desktop research function on policy and legislation to the value of R100,000.00, whereas in actual fact it will be outsourced;

(h) It has been noted that in other programmes the department has allocated funds for non-financial matters such as monitoring expenditure and traditional councils to a value of R50 million;

(i) The department has a target of facilitating the creation of filling of traditional leadership, which is spread through all the quarters. This is irrelevant and creates a wrong impression that they are on a mission to create new traditional leaders positions;

(j) The department does not fund any project of Imbumba Yamakhosikasi. These are funded by other sister departments. The department instead budgeted an amount of R400,000.00 for capacity building of its members.

Recommendations:

(a) The respective political heads of these departments must collaborate and align their programmes for immediate completion of the House;

(b) It must devise proper means to secure the purchase of furniture and ensure that proper planning is always adhered to;

(c) It must submit a plan with timeframes to be followed in the establishment of traditional councils;

- (d) The department must, prior to acquiring land for accommodation and leasing, ensure legislation is passed to avoid wasteful expenditure;
- (e) The department must redirect the allocation of R572,000.00 to other activities of the branch and submit to the committee a full report thereof;
- (f) The department must ensure that it develop strategies to include research unit of the branch in the broader functional areas that will complement the work of both department and the branch;
- (g) A comprehensive report must be provided on the role of research unit and responsibility of the legal unit to fund all legal related matters and grounds that warrant outsourcing of the function;
- (h) It must redirect allocation to other service delivery needs of the communities;
- (i) The department must ensure that there are no new traditional leaders' positions which are creating without following the correct traditional practices;
- (j) The department must ensure that allocated amount of R400,000.00 is invested in communities to benefit all women and youth without being confined to the traditional communities.

General Findings:

1. Despite the creation of the new quality assurance unit, the department continues to produce reports which are not credible; e.g. measurable objectives are not smart in terms of simple, measurable etc, and a number of errata were submitted to rectify the Annual Performance Plan.
2. Each of the four programmes has set aside a budget to undertake imbizos in various forms.
3. Most of the activities of the department are outsourced to consultants.

General Recommendations:

1. The department must submit to the committee a clear plan and show how it is going to improve the quality assurance.
2. It must provide the committee with a plan detailing how imbizos of various programmes will be integrated in order to maximize benefit to the community.
3. It must furnish the committee within 30 days with a bidding service provider for the work, criteria used for selection, formula used for allocation throughout the quarter and how they arrive at the estimated amount; credibility of service providers and skills to

be imparted to both the department and municipal officials employed to perform the function within 30 days.

In conclusion, hon Deputy Speaker, the committee wishes to express its gratitude to the MEC, the Superintendent and the senior management team of this department, the staff, the researchers who contributed to the compilation of this report. The committee also wishes to thank the committee coordinator for the efforts in putting the report together. With all its huge challenges the budget is still meager to cater for the needs of this department.

As the committee, we support the budget. Thank you very much. [Applause.]

The DEPUTY SPEAKER: Thank you, hon member. We will now allow questions to the committee. Hon Haddon.

Mr D B HADDON: Deputy Speaker, thank you. I have two questions. The first one is; does the department have sufficient staff budget to fulfill the vacancy rate in the cooperative governance section.

Then the second one on page 99; by when will the Section 57 managers have their performance contracts and performance assessments in place? Thank you.

The DEPUTY SPEAKER: Are there any other questions to the committee? Hon Mngomonye.

Ms F NKOMONYE: Thanks hon Deputy Speaker. My question is on page 99, finding (a). The finding reads:

“The department has not yet set standards to measure the credibility of IDPs, as it is in the process of developing a credibility framework without a clear criterion of what they intend to achieve.”

My question is; what has been used in the previous years to assess the credibility of the IDPs of the municipalities? My understanding is that assessment has always been made. Thanks Chairperson.

The DEPUTY SPEAKER: Thank you, hon member. Are there any other questions? Can the committee respond to the questions?

Mr M QOBOSHIYANE: Thank you, Deputy Speaker. On the issue of the IDP credibility and assessment; as we indicated that we got from the department that there has been a developed draft policy that was operational, so that is that draft policy that must be put to permanency so that it indeed give guidance to credible IDPs, as they are source documents from various municipalities.

Let me attempt to respond to question 2; by when would the Section 57 managers sign their contracts. I think hon member that is what we are actually raising; that we are having concerns around these municipalities that some of these Section 57 managers haven't signed their contract. But I think it boils back to the issue of the capacity at that level, you know, that most of these municipalities you don't have CFO, you don't have MM, you have a number of people that are actually acting, which becomes very difficult for them to be given contracts to sign. I am saying the department has actually promised to follow that up.

The DEPUTY SPEAKER: Thank you, hon members. That concludes this session of questions to the hon committee members. Thank you. We will now proceed and ask questions to the hon MEC of Local Government. Are there any questions from members? The first question being MEC do you have sufficient staff in your department to deal with the challenges. Is there any other question hon members? Hon Hlekiso, hon Korkie and Ndabeni. Hon Hlekiso-Thabaneng.

Ms Z HLEKISO-THABANENG: Thank you, Deputy Speaker. My question is on page 102, finding (j):

“The department does not fund any project of Imbumba Yamakhosikazi.”

My question is, why?

The DEPUTY SPEAKER: Hon Korkie.

Mr J P KORKIE: Hon MEC, I did ask this question earlier to the MEC for Housing and I think ebeyiphepha la question khange ayiphendule. The question of the municipal services. I know it is not your core business or your business as such to do it, but what are you doing in connection with services not being rendered to people where you have for instance installed a township. The entire township is complete and municipal services break down. What is the MEC for Local Government doing about it? Is there a plan? If there is such a plan can we be provided with such a plan MEC? Thank you.

Ms N NDABENI: Thank you, hon Deputy Speaker. Mine is with regard to disaster management. Does the department, hon MEC, have signed SLAs with the district municipalities, as I believe that disaster management is with the competency of the department? Thank you.

Ms N GQIBA: Deputy Speaker, there is a visible lack of commitment by the departments to the provincial gender policy framework and that cannot be over-emphasised. I am worried because the department could not answer my question which basically was on the commitment of the department. I am asking the same question to this department in terms of equity plan in addressing issues that are of gender-related.

The DEPUTY SPEAKER: MEC, are you committed with your department? That is the question. Do you address gender imbalances? Can you respond to the questions MEC?

The MEC RESPONSIBLE FOR LOCAL GOVERNMENT AND TRADITIONAL AFFAIRS: Thank you, hon Deputy Speaker. We are in the process, from the 24th moving forward we shall be completed filling the vacancies at a general management level, those that are vacant and we present it to the committee. They range from security manager: communications, general manager: corporate, general manager and so on, but even within various sections of various sections of the department some of them are understaffed. It is a matter that we are dealing with. Because of the fact that there are budget constraints we are unable to go as far as we wish to go precisely because the resolution is that on all posts that are budgeted we must move with speed to fill them.

I think the issue of the IDP assessment has been answered.

Section 57 managers, their signed contracts; I think we agree with the observation because at some point we have made that report to the leadership of government to say at a leadership level at municipalities, both politically and administratively, there are these challenges of turnovers that result into say when a particular municipality prepares to enter into a contract with a particular municipal manager and for some reasons and then that municipal manager finds it difficult to spend a little more time within the institution and he gets changed or chased away, these are some of the challenges that contribute as well to the instability within the administration.

Of course there are additional political factors that impact on the ability of the administration to discharge his responsibility, some of whom are getting frustrated by the fact that some, one way or the other politicians interfere in their functions in the administration. But it correct that not all municipalities whose municipal managers have signed their contracts and the department is going to make a serious follow-up on that. In fact, we have discussed with SALGA and SALGA concurs with us. We have discussed it in the MUNIMEC and all Mayors of various municipalities agreed that we must collectively deal with this matter as a matter of extreme urgency.

Hon Deputy Speaker, I take it that the staff are found there is sufficient to discharge its responsibilities. I think our approach when we assumed the responsibilities of that department was to focus on what we have and change the way things are being done in a manner that would produce good results. That is the campaign we are busy with; turning around what we have so that if in the final analysis we realise that there are some of them who cannot be changed anymore, we will then get into a process of therefore dealing with non-performers, with a view to get people who are ready to discharge the responsibilities. I think up to now we are making some progressive movement towards changing what we have into what is required by the democratic Government.

The only outstanding issue in terms of the sufficient staff is the fact that – perhaps I will respond to it when I am dealing with the entire report – the two critical positions that the report of the committee was talking to. Perhaps I should reserve answering that directly and deal with it at that point. I think we just need to put it into context so that it is understood properly.

The EIA funding; I think I am surprised. I don't know whether the officials are the ones who have provided that information to the committee. I am surprised that the department is not funding EIA. At the time I was Qaukeni to launch the EIA project we informed them that we have earmarked R160,000.00 over and above what we have been contributing to those projects, together with some other departments who, for instance Agriculture, would assist us with some seedlings, would assist with some small plants and other departments coming in with some other – rural development and so on, but it is not accurate. I guess that our officials are the ones who provided this information, somebody who had no clue of what is going on around this issue.

I think if were to give more details going forward we will indicate again how much are we earmarking to fund that because it is a project that is now cutting across all 10 regions, traditional regions in the province and it is producing a lot of food, like in some cases many people who were carrying a lot of potato bags arising from the seeds of what the women in kumkhulu are doing. So we are therefore saying that perhaps it is just a matter of detail hon chairperson of the committee that we give your committee some detailed analysis of what is it that we are providing.

The municipal services - I guess I couldn't capture this question properly, but if you still insist that we should deal with it we will find space to do that.

The disaster management - any money that we want to use for whatever municipality goes through the district municipalities. All disaster related and fire services, all funding that we provide as a department, we do so through the district municipalities because of the cooperative nature of the department together with some of the local Government structures.

The DEPUTY SPEAKER: Can you wrap up MEC?

The MEC RESPONSIBLE FOR LOCAL GOVERNMENT AND TRADITIONAL AFFAIRS: Okay. So that as we land into a particular municipality, we go together, we understand together the nature of the challenges facing that particular municipality.

It is true that the issues of gender is a challenge in the department; that is why almost all the remaining general manager posts are earmarked for women precisely because we have found igxudululu labantu abangamadoda pha and we are seeking to change and we are committed to changing that. Thank you very much.

The DEPUTY SPEAKER: Thank you, hon MEC. We will now proceed and debate the vote. Congress of the people; hon Ntenjwa

Mr M W NTENJWA: Enkosi Sekela Somlomo, amalungu ye Executive, Chief Whip, imembers zonke nabasebenzi members of the public.

Okokuqala ndicinga ukuba kubalulekile unkoncoma usihlalo walekomiti yakwa local Government and Traditional Affairs, uHon Qoboshiyane nesikhokelo sakhe kumaxesha amaninzi nendlela esebenze ngayo le komiti siyasincoma eso sikokhokelo. Kwakhona njengekomiti sibenesivumelwano sokwakha ububuhlobo obububo nabo bonke oMasipalati ngenjongo sokokusebenza kwethu ingabiko kusebenza kokuphikisana nokulwa nokubonwa njengabantu abangamapolisa elocal sphere,koko sibonakile ubunkokheli bokusebenzisana kwesisphere sikagovernment.

We request the department to do the same in assuring that ukuya koMasipalati akuyiwa ngokokuliwa koko kuyiwa ngokubana kuyokuncediswana ekusondezeni inkonzo. The congress of the People Support this budget vote and believe that MEC you would be able to carry the programmes and implement all the programmes as articulated, elaborated on the documents.

We are, however, concerned about the vacancy rate in the department and especially MEC that the two senior officials of your department, the SG and the CFO, are on acting capacity. As the Congress of the people we call upon the department to speedily fill the vacancies if we are to realise the monitoring and support role that we are supposed to be doing. We are saying MEC if you have a shortage of staff in the department it will be difficult to monitor all the 45 municipalities, but if you have a team that is able to provide that support there will be less utilisation of the consultants.

We are aware, MEC, that the department is busy trying to invoke Section 139 (b) of the Constitution in Amathlathi and Mbashe Municipalities. Our question is; what support quantitatively has been rendered to the above municipalities in terms of Section 154 of the Constitution before considering Section 139 as required by the Constitution. Does the department have sufficient budget to continue with this intervention? Is this intervention, MEC, sustainable? Is it the best way of running these municipalities by continuing this intervention? In our view as the Congress of the people the appointment of skilled staff, especially the municipal managers and the Section 57 managers it is going to be important that we get people with skills so that we are able to work with those, coach and monitor. The mentoring of the people with skills would be better than just kuthunyelwe abantu bengenazizikills and again empowering the councillors so that there could be an understanding of the roles between the officials and the councillors. We think that is the solution as this party.

On the issue of election of traditional councils, we ask the department to closely monitor the process, as already there are reports of manipulation of the election process. As the Congress of the people we wish that this programme do not leave our communities divided on what is supposed to be uniting them due to the failure of the department to manage that process.

Hon MEC, there is a question of these disclaimers that are coming from these municipalities. We are advising as the Congress of the people that there is an important section in the province, that of finding systems and unfortunately if you apply from this unit to be assisted on the filing system it takes time and in the majority of cases you

would agree with me that the disclaimers or other opinions from the Auditor-General are as a result of the missing documents that have not been provided. So we are saying the department must assist on that.

Again MEC, we are worried about the CDWs. We are saying these community development workers, whilst they are working with the municipalities, the department seems not to be assisting them in terms of transport. Even the majority of them, they have to call you to meetings, but the municipalities would be called upon to assist in transporting the people and the offices, as a result you don't find them in offices. These municipalities are to assist, but there is no budget that follows that function. So we are appealing to your office MEC to give support ku le area of the community development workers.

Around the LED programmes hon MEC, the Amathole District through the [inaudible] got an amount of plus/minus R260 million for a neighbourhood project to inject LED projects to the small towns of the Amathole District Municipality, the 28 town. Unfortunately it is three years now and that money, we don't see, we don't realise what it was intended for. The unfortunate thing is to see those funds buyelwe ku Treasury because of the capacity.

Let me touch on this issue, MEC, before I sit down. There are expelled councillors in this region in particular, I am told. My interest on this MEC is when are we going to get the declaration of vacancies? When are we planning to have bi-elections in these areas? [Interjections.] Remember MEC, remember eBuffalo City we have a similar problem, Buffalo City and Nqushwa, where there was councillors expelled by their organisation and there was a different pronouncement by the court and I ma not sure ngala [unadiable]. So, I am saying, MEC, we would like to know when are we to get bi-elections and the declaration of the vacancies. Thank you, MEC. Thank you, hon Deputy Speaker. [Applause.]

The DEPUTY SPEAKER: Thank you, hon member. Democratic Alliance; hon Mvenya [laughter]

Ms V MVENYA: Enkosi hon Deputy Speaker. Hayi uyandihlekisa lombuzo ubuzwa ngu hon Ntenjwa lo wokugqibela. [Laughter.] Hon Deputy Speaker, ndizakuqala kuqala ndinike icredit apho ifuneka khona. Improvement ibonakala kakuhle pha edepartmentini ukuqala kwiquality yedicuments ukuya kwindlela ekuphendulwa ngazo iquestions apho kuthiwa impendulo ayonelisi uSG angenelele siyayincoma kakhulu inkqubo ekuqhutywa ngayo ngoku kuyabonakala uba bakhona abantu abafikileyo uMEC mtsha, uSG oh hayi unamandla kakhulu.

Andazi nokuba kukhona noNozulu na phaya. [laughter] ndiphinde ndirhalele uba ndimncome kakhulu uMEC ngoba kaloku umzekelo kukho into kwakumane kuthethwa ngayo apha yase Ndlambe Municipality uMEC ogqithileyo yayireyizwa kakhulu kodwa yena ithe yakureyizwa kuye wakhawuleza wayokufika pha wadeala nayo. nakulento yabamasipala ba-identifiweyo for section 139 akathanga asakufika watsiba uqale

wayokuvaluwayitha uba ikhona ineed kwabamasipala into yokuba mabenziwe lonto, ayokussabela amamele, sifuna ooMEC abanjalo ke.

Ndingayishiyi nalento yenzekayo kuMhlobo Wenene uyaya uSG uyaya uMEC bayokuchaza ngeprogrammes ze department iyancomeka kakhulu ke lonto leyo. Kodwa ke kunjalo umbinqo wona kuzakufuneka ibengathi unyuselwa pha phezulu ngenxa ye crisis esinayo nomasipala, asinokuba sayibaleka lonto, nerecent agent report ayatsho ukuthi iadverse opinion iku 3% komasipala udisclaimer uku30%.

Kakuhle ke noNational Minister uyavuma noMEC adli ngokuyibaleka lonto leyo hence kukho operation clean audit 2014. iworry yam ke pha kula operation yinto yokuba isike ingathi akuzutreatwa icourse ingahi kuzakutreatwa isymptoms. Ingaske kuqala asizukuyibaleka naleyo uba kukho osection 57 manager abadiployiweyo politically.

Asinakukwazi ukubagxotha ewe ngoba bancontracts banefamilies but ngaske sikhe siqalele siba-identifaye, sibatreiyine sithi sakugqiba sipheze nge political deployment sisiyeke tu ngoba siyayibaona uba ayisisindawo sijonge imerit. Ndivile uba idepartment iskuba yipart yokuqeshwa [applause] kwezi section 67 managers nalapho ndinexhala uba ipoliticians enyanisweni zinepower ezinayo ifuna ipolitical will lento ubana sisiyekeneni lento yale political deployment.

Enye into esingakhe siyenze sisonke kukuba siqulunqe ispirit se patriotism koceba ngoba ingxaki ipha, khe bakhe babenezazela bayazi into yokubana bona lento it's not just ijobs it's about ukutshintshwa kwelives zabantu babenalanto yezazela babenalanto yokuthanda ilizwe ngaske ke nazo ipolitical parties nazo zinediseziqeqeshe amalungu azo. Nalapha kwicouncilors xa zibekwa ngaske lento yemerit iphinde ijongwe kungatswalwa nje umntu uba ebeyiward councillor yalapha engakhange aqale kuqala ayazi lento uba kanye yintoni kuqhubeka ntoni kwagovernment ngoba ayipheli ngoba ubenelali oyikhokeleyo okanye iward oyikhokeleyo zikhona izinto ekufuneka uzazi xa uyicounsellor nalapho ke imerit iyafuneka. Ngoba singayenza yonke lento yoku oversighter sithethe needepartments sithini sithini ingxaki ipha koceba ezantsi.

Ndigqithe ke MEC ndiye kumncimbi we Grade kei Municipality kudala ikhona ingxaki eGrade Kei, ikomiti iyile pha yayokuidentifaya ingxaki ezipha. Yazenza ifindings yazenza irecommendations akhange de sibone nto kuthwe nantsi ichange kengoku implementation yeza recommendations. Into eye yakhona ndabona ukuba ke yintervenrtion ke ngoku ye department kukususwa nje uMayor. Kaloku ukususwa kweMayor akusebenzi kukutrithwa kwesymptom, umkele ntoni kutheni aze abeyingxaki yintoni le ibibangela uMayor abeyingxaki pha, kuqale kujongwe lonto uba kutheni kuqala kungatshintshwa nje yena ngoba kuzakushiyeka ingxaki zikhona pha. Sizivile ke ingxaki ebezikhona ebesingaziesingakhange sisizive uba zilungiswe njani na lonto yokusetyenziswa kwe pin yesenior official kwenziwa ifraud phayana kwathathwa imali ezingaphezulu koR500 000 nalapha khange sive uba ngubani obanjiweyo emva kokuba kwenzeke lo nto.

iDepartment of Transport ikhe ya allocated imali pha for construction of vehicle testing centre khangela yakhiwe la testing centre kodwa khangela sive uba kwenzeka ntoni ngubani obanjweyo kutheni ingakhiwanga itesting centre, zonke ezizinto nezinye ze financialist management siyaziva ziyavakala kumntu wonke kodwa akhonto ude uyive kuthiwe kwenzeka lento eGrade Kei as the way of intervention. Siyarhalela ke MEC uba ukhe usixelele apha ehousini uba ithini iplan yakho naglo mcimbi wase grade kei, sivile residence sithi zifuna usection 139 but sifuna ukuva wena uba urhalela uba kwenzeka ntoni na.

Iphinde lento yase Grade kei indixake kulento yokuba ebeyipart ugrade kei yalipilot project ka Msizi uphuncuke phi udlule phi umsizi apha kulento zekushiyeka kusenje pha egrade kei, and kulento kamsizi MEC siyayifumana ivalue for money ikhona improvement kwistate somasipala bethu njengokuba uMsiz wayekhona nje ngaba uqhuba kanjani. Akatyebisi mhlawumbi nje eziconsultants qha zisetyenziswayo payana sibona nje ingathi kanti sibona nje improvement kulento iconsultants ziyabhaqa pha.

Sithini isuccess stories MEC zapha. Ndigqithe khukho icall okanye iannouncement eyenziweyo nguSG weANC kengoku unoD wedepartment umnumzana uMantashe kaloku ezizinto zisethivini hon member uthi kuzakwenziwa iaudit kwicouncillors zeANC noMasipala berana iANC siyayamkela lonto qha ngaske kubonakale iseparation phakathi kwepolitical party nogovernment singagilwa iresources zikagovernment xa kusenziwa lonto. Kwaziwe uba lento yeyepolitical party sizakuyigada ke lonto leyo neprogrammes zikarhulumente zingagileki zingachaphazeleki uANC enze into yakhe noceba bakhe.

Kukho lebranch ndigqibalise hon Deputy Speaker, le branch yetraditional leaders sithethile kakhulu ngayo ekomitini asizuphinda ndizakucel nje uSG noMEC khaniyiqwalasele kakhulu lebranch ibikhe ya eleveyithwa yasiwa kwiofisini ka DBG kodwa ngoku ikugeneral manager andiqinisekanga uba lonto izakusincedisisa ngoba akamtshanga ugeneral manager apha edepartmentini bezikhona iingxaki ekhona nemibuzo ebedla ngokuyiva angancendisi ncam ngaske nophinde nijonge uba ningakhe niyiphucule njani na labranch.

Uyabona ke lento yosoloko ireport zika SIU zisoloko zingazi ngaphambili soze side siyibangule icorruption kwabamasipala, makuze ireport sijonge kuba ngobani abamoshileyo ingabaphi omaipala abamoshileyo sideale nazo ezo zinto.

Ndiyabulela ke kuMEC kuSG neteam yakhe nakuchairperspon ngendlela eye wasiphatha ngayo noko izinto azimntakangqika siyayisapota ireport Enkosi. [Applause.]

The DEPUTY SPEAKER: Thank you, hon member. AIC; hon Galo.

Mr M P GALO: Hon Deputy Speaker, perhaps let me start by thanking uchairperson bam kweziportfolio siserva kuzo kuba ndifunde lukhulu wena pha and ndisezakufunda.

The objects of local Government are to provide democratic and accountable government for local communities and to encourage the involvement of communities and the

community organisations in the matters of local government, to name a few. Also, the Local Government Municipalities Systems Act (No 32 of 2000) in Chapter 4 on community participation; Section 16.1(a) is stating that:

“A municipality must encourage and create conditions for the local community to participate in the affairs of the municipality, including amongst other things the preparation, implementation and reviews of its IDP in terms of Chapter 5.”

Again, in Chapter 6 on performance management:

“Procedures established in terms of Chapter 4 must involve the local community in the development, implementation and review of the municipality’s performance management system and in particular allow the community to participate in setting of appropriate key performance indicators and performance targets for the municipality.”

The Act, hon Deputy Speaker, is silent on what must be done if a municipality is...

The DEPUTY SPEAKER: One minute left.

Mr M P GALO: ...the abovementioned functions according to the Act. The local municipality council is supposed to be an engine house for democracy at that level, but what is happening in these municipalities is the opposite, unless the hon MEC for Local Government can tell us something else in this regard.

On traditional leaders, hon Deputy Speaker, we are of the view that our chiefs are not given enough powers. I am very reluctant in calling our chief traditional leaders. To me it doesn’t sound well because seemingly everything when it comes to Africans, blacks in particular, is traditional, i.e. traditional medicine, traditional healers, etcetera.

Hon Speaker, we need to debate...

The DEPUTY SPEAKER: Your time is up.

Mr M P GALO: ...this in the near future. Thank you. [Applause.]

The DEPUTY SPEAKER: African National Congress; hon Wana.

Ms T WANA: Thank you. Good evening hon Deputy Speaker, hon Premier in absentia, Members of the Executive Committee present here, Traditional Leaders in absentia, the senior managers present, distinguished guests, ladies and gentlemen. I greet you all in the name of love. [Laughter.]

It is an honour to me, Deputy Speaker, to stand here and humbly deliver the courageous input on behalf of the leading party in governance. The African National Congress is not afraid to occupy the space between the poor and the rich so that it can make the difference of the better life of the poor people and the working class in particular. As

well as we are aware the ANC is a very unique organisation, hon Pienaar, in terms of taking resolutions and implementing them.

I would like to tell this House, Deputy Speaker, the proud history of the achievements of our former president of the African National Congress, Chief Albert Luthuli, in November 1952 when he was challenged by the apartheid regime while they were dismissing him as a chief; that was a history of the African National Congress because a leader doesn't go out and howl; a leader is a leader to the masses. Then the masses of South Africa, they were rallying around Chief Albert Luthuli and they were angry because judgment was saying he must be dismissed as a chief. I would like to quote when the judgment was announced in front of him and he tells the masses: "Don't panic. I don't wish to challenge this dismissal." That is a leader.

But I would like to suggest that in the interest of the institution of chieftainship in this modern times of democracy, the Government should define more precisely and make more widely known the status and functions and privileges of the chiefs. My view has been and still is that the chiefs are a primary servant of the people. He is the voice of his people. He is the voice of the people of the local affairs. In the same statement isitolandwe, Chief Luthuli goes on and says:

"It is conceivable how chiefs could effectively serve the leaders of the people, both the natural leaders, leaders elected democratically by the people."

So, as African National Congress, we are standing here with that commitment; that if you are a leader you cannot say to your own organisation you want to file for divorce. You cannot do that as a leader. [Interjections.]

To close this I would like to say to this House, Deputy Speaker, as the African National Congress let us congratulate the department and the strength it has took to address the House, Traditional Leaders, building the councils, building the capacity of the Traditional Leaders and making a plan to support the Amakhosi in terms of the administration in their localities.

Secondly, as we are aware that all these small parties, when we are talking about the programme of the ANC to make a better life to the poor people, we appreciate that they will also follow us because they have a little capacity of confusing the masses and on 22 April they have failed to confuse the masses. [Interjections.]

Let me go to the committee and say the committee. [Interjections.] The committee has highlighted the following critical gaps to the department in terms of the human resource and there is a low percentage in the executive positions within the department and there are critical posts that the department need to fill as soon as possible. As a committee we also noted that there is no clear terms of reference in terms of intervention to the local municipalities as a result of that lack of capacity to the municipalities. The National Government has proposed an Amendment Bill of Section 156 so that they can intervene in the crisis that is taking place in the local municipalities.

There is also a finding that the department has lacked the pre-auditing interventions before the Auditor-General can go to those municipalities and conduct auditing.

Lastly, our finding as the committee, you will notice that Programme 4 is shorting of a budget and this committee and the ANC are supporting that the budget must be put in place to that department.

We recommend as the committee that the MEC must try and submit Section 47 report. Secondly, the MEC must look very carefully in the issue of demarcation. As much as now we have that confusion within Matatiele and the Eastern Cape, as a result we have one member here who was part of that confusion. [Laughter.] So we would appeal to the MEC.

Lastly Deputy Speaker, I wish to congratulate the acting HoD and his department and our MEC for the task that they have done to that department and the HoD has managed to resuscitate the department. Today our MEC was opening a traditional council at Peddie. We congratulate the MEC for that.

Lastly, the African National Congress is appealing across the workers that let all the workers in this province, they must try to be very patriotic and protect this province for the near future. Thank you. [Applause.]

The MEC RESPONSIBLE FOR LOCAL GOVERNMENT AND TRADITIONAL AFFAIRS: Thank you, hon Deputy Speaker. We just want to thank the committee, hon Deputy Speaker, for the good work and the close interaction that they put between the department and themselves, the vigorous debate that took place even though as a result of the outreach I could not be part of the many meetings that they convened, but I was kept abreast at all times of the developments after each meeting. That is reflected by the quality of the report that they produced.

On the content of the report of the committee, we have no intention of putting arguments on all the findings and recommendations. To us they set a programme for the department to pursue and they add to what we already identified as some shortcomings within the various sections of the department and we think therefore that using some of the findings and recommendations we will strengthen the systems within the department and its approach to the mammoth task that it is facing in the province.

As I indicated at the time I was dealing with questions, the interviews are starting I think on the 24th going forward for the critical general manager posts to which we have earmarked women on all of them.

The second issue is the issue of the acting SG and CFO. The current CFO is acting precisely because the CFO is suspended, so the post is not vacant. He is suspended arising from our investigation of what took place during the turnaround plan which was

announced by the then Premier, hon Sogoni, to attend to that mini programme of intervention as it was developed by that administration.

So, the development of the turnaround plan in a way tempered with MSIF which was already there yielding some good results. Part of the products of MSIF were the little change of the audit opinion that we are now enjoying. Even though we are the last compared to the rest of the provinces, but when you look at how we have intervened using municipal support infrastructure framework, we have managed to have, compared with the last financial audit, to have four unqualified as opposed to one. We have explained to the committee. I don't want to get into those details. All what I wanted to raise was to say the effect of using MSIF before the turnaround plan was introduced by the then Premier, yielded these kinds of results.

Therefore, our approach to dealing with disclaimers and dealing with adverse and dealing with qualified, to the effect that our attack is on adverse and disclaimers so that we are able to push them to the area of qualified. We have also analysed and realised that those that are in the area of qualified have a potential of going up to the unqualified level and therefore we think that if we focus and vigorously push for the change of those audit opinion we would then be in a position to contribute to the national campaign of clean audit. We have put a timeframe. Perhaps we may be ambitious in the eyes of many people given what they perceive to be the crisis faced by municipalities. We have said by 2011 we must move from where we are to a better position. Now, with the assistance of the committee that has got this kind of caliber of members, we have no doubt that we will move with speed, especially when they sit on us we shall then be moving forward.

The third point is that within the committee, which is finding no (f), the dumpings and so on in terms of the IRG. You see, what we want to explain is that we introduced a new shift from dealing with matters of local government and coordination in general. We have then said for us to make any serious impact we must collaborate with other departments whose function is similar to that of local government as a department; coordination and collaboration, monitoring and so on. We have filed partnership with OTP and Provincial Treasury. We are now that team that is seized with this responsibility, that is seized with even the responsibility of capacitating CFOs, even seized with the responsibility of intervening in situations where there are financial challenges, so Provincial Treasury comes in. The case in point is the guidelines that the report is talking about. The guideline does talk to the area that says – for instance findings in the Programme 2 – the pre-audit interventions.

The approach that is being supported by Exco we developed together with Provincial Treasury is that – in fact the Premier instructed us to develop guidelines as part of dealing with the disclaimer and adverse, guidelines that will enable mayors to understand reports that would from time-to-time be tabled to them as Heads of those institutions in relation-n to the expenditure patterns within a particular municipality so that they have an understanding before an external auditor arrives and assess the performance of the municipality financially.

Those guidelines must point to a situation that says what is it that you must look at in terms of this report coming either from your audit committee or internal auditors or coming from your CFO; what is it that you must look at in studying the report as a Mayor, so that you are able to interact with whoever is tabling the report from a point of being informed and understanding and also take them through some kind of workshop to understand the difficulties.

May I just also say that as part of this launch and campaign of clean audit in the province, we have forged a team – the Department of Local Government, Provincial Treasury, National Treasury, in the form of Accountant-General, the National Auditor-General and the Provincial Auditor-General and the Premier's Office. Now we have that team that looks at all possibilities. For example, we have agreed with the Accountant-General that because we are students that are being trained nationally, the Accountant-General will then look at how they have developed in municipalities in the Eastern Cape some various accountants and so on. Those are some of the resources we hope to tap on to change around the picture and move forward.

So in a way, for instance, when we were undertaking the outreach we were together with the Auditor-General who was able to put in the screen how each municipality performed and what are those things that have caused that municipality to be in the area of adverse or disclaimer; and what is the relationship between a disclaimer and an adverse, precisely because if there are no documents, I mean there is a kind of a laziness in a particular municipality, then whoever is auditing would find a reason to give a particular opinion to say *asiyazi nokuba isengumasipala ke lo* because there is no evidence to the effect that a tractor was bought, *akukho receipt etshoyo apha, uyayibaliselwa nje uba sithenge nenkomo, sathenga nefama* but there is no document.

The issue of traditional councils - we have already handed over two. Now before we hand over we ensure that all the technology that go with any office are installed in those offices; computers, you name all these, so that when we hand over we have an office for ward council because the programme is in the integration of the traditional leaders into the democratic system and for them to be able to participate as we want them to participate in transforming society is to have the tools of the current period. That is why we are capacitating them as you have heard from the officials of the department. Equally, when we shall be writing this report to the portfolio committee, we will explain in details which municipality is where we are using this ICT and other tools to enable them to discharge their responsibilities.

We are also agreeing with the fact that we have submitted the report late, the report of Section 47. We submitted it late to the Legislature. We are hoping that at the required time we will interact with you.

I have already explained the hopping between MSIF and TAP; that TAP was introduced later when we were already moving with MSIF.

The assessment before pronouncement - the various MECs, whenever they intend to intervene to any municipality, they assess the facts that would lead to them to taking a concrete decision as to which route to take. In the majority of cases we found that they did that through Section 106 of the Municipal Systems Act, which then exposes what has happened in a particular municipality in terms of them being unable to execute the executive obligations. Unfortunately any serious provincial government would not allow anarchy anywhere.

Equally, any serious national Government would not allow anarchy in a particular province. I think that is the spirit within which we are dealing with some of these interventions. We are not dealing with anything else other than to ensure that residents of that particular town are as respectable and bahlonipheke njengabantu bonke in the country and they are entitled to quality services precisely because they pay rates and so on and so on. The manner in which Government pays back to them is through providing quality services; and if those services are not there, instead people are using those institutions as their own private homes, we have no choice but to come in.

So, I am therefore saying that we must use the word used by the representative of the DA, just to be patriotic and avoid all these unnecessary interventions and instead use the support that we are required as per the Constitution to do, but when everything else is to the extreme, unfortunately we will have to come in. So we are in a way supporting all the...

The DEPUTY SPEAKER: One minute left, MEC.

The MEC RESPONSIBLE FOR LOCAL GOVERNMENT AND TRADITIONAL AFFAIRS: ...recommendations and findings that have been put by the committee.

With the rest of the comments from political parties, I would have loved if I had time, to focus on the inputs of Cope. Unless we deal with those specific issues we will labour under the impression that there is some witch hunt that is taking place. Taking one point from those points; the issues of expelled councillors; I think some of you have read that R4.2 million has been used by people who in the first place were not supposed to be given such resources because they don't represent any party, those parties that constitute that particular municipality.

Now, if you were to be faced by such a situation as an MEC, forget about myself; if you were to be in this position and you are faced with that, kukho abantu nje abangafuneki nganto kwamasipala but bane access to resources ezimele into yokokubana zisetyenziselwa for abanye abantu; what do you do?

I thank you very much.

Report adopted.

APPROPRIATION BILL (EASTERN CAPE)

Consideration of Vote 12 – Provincial Treasury.

Mr M MATOMELA: Thank you, Chair. I am going to go straight to the presentation in terms of the findings and the recommendations.

Programme 1: Administration.

Findings:

(a) The department does not have a bursary policy that ensures that students, on completion of their studies, are retained by the department.

It is on page 106;

(b) Only 20 bursaries were awarded this year by Treasury as compared to 40 bursaries that were awarded in the previous financial year;

(c) The HoD and all Senior Management Service members have not signed their performance contracts because the department is waiting for the Department of Public Service and Administration to provide advice on how SMS members should be contracted;

(d) The budget for this programme decreased from R129 million to R93.7 million for the current year due to the Chief Financial Officer Support and the Public Financial Services Agency being moved to Programme 4;

(e) Currently this programme has 51 vacant posts and an amount of R12.2 million has been allocated for the filling of these vacancies;

(f) An amount of R1.3 million has been allocated for the leasing and outsourcing of ICT equipment as opposed to purchasing the equipment;

(g) The OTP is still keeping old computers collected from this department and probably other departments in the last financial year or so.

Recommendations:

(a) A bursary policy that will retain students who have finished their studies to work for the Provincial Treasury must be drawn up by the department and submitted to the committee;

(b) The department must provide a progress report on those students who received bursaries last year so as to monitor their performance;

- (c) Performance contracts for the HoD and SMS members must be finalised and signed within 30 days after the adoption of this report;
- (d) The department must ensure that Programme 4 has adequate capacity in order to be able to spend the increased budget;
- (e) The filling of these vacant posts must be done urgently so as to quickly improve the capacity of the department. A progress report must be forwarded to the committee by the end of September 2010;
- (f) The department must forward a cost benefit analysis and include the maintenance and standardisation of this ICT for Vote 12 across all departments within 30 days after the adoption of this report;
- (g) In conjunction with the Office of the Premier, the department must develop a plan that will be used to deliver old equipment and computers to schools in an effective manner.

Programme 2: Sustainable Resource Management

Findings:

- (a) An amount of R2.5 million has been provided for the filling of vacant posts for the CFO support personnel at selected municipalities;
- (b) There is no standardised policy on cell phone allocation and usage;
- (c) This has led to non-uniformity of application of allocation and usage in this and other departments;
- (d) There are 40 vacant posts under this programme; an amount of R9.1 million has been allocated for the filling of these posts.

Recommendations:

- (a) The department must furnish the committee with a report within timeframes in order for the committee to monitor the progress that is being made both by the department and those selected municipalities;
- (b) The department must conduct a baseline study on the allocation and usage of cell phones across all departments and develop a standardised policy that will be adhered to by all departments;
- (c) The filling of these vacant posts must be done urgently with a view of speedily improving the capacity of the department. A progress report must be forwarded to the committee by the end of September 2010.

Programme 3: Asset and Liability Management.

Findings:

- (a) There are 20 vacant posts under this programme that still need to be filled. Some will be filled by September, while the remainder will be filled when the electronic database is operational;
- (b) An amount of R1.2 million per month has been set aside for the maintenance and support of the suppliers' database network;
- (c) The department is considering assisting departments and municipalities involved in Private Public Partnerships.

Recommendations:

- (a) The department must submit a progress report by the end of September 2010 on the filling of these vacant posts and indicate when the database will be operational;
- (b) The department must ensure that the new network will yield the desired results, and a detailed report on the progress of the network must be forwarded to the committee by September 2010;
- (c) The department must provide a continuous and updated report showing all the operational areas as well as those PPP projects for consideration and report to the House.

Programme 4: Financial Governance.

Findings:

- (a) The programme has 15 vacant posts that have to be filled by September 2010;
- (b) The CFO support programme and PFSA training have been moved from Programme 1, which necessitates additional capacity for this programme;
- (c) The department does not have an Accountant-General at present. The post has been vacant since September last year.

Recommendations:

- (a) The department must urgently fill these vacant posts and give a report to the committee by the end of September 2010;
- (b) The department must provide more capacity in this programme and report back to the committee by the end of September 2010;

(c) The department must appoint an Accountant-General as a matter of urgency and must report to the committee on the progress made by the end of September 2010.

General Findings:

(1) Upgrading in respect of salary levels 9 to 10 and 11 to 12 across all four programmes at a cost of R9.8 million effective from 1 May 2010 in terms of the DPISA determination was not included in the budget process;

(2) The department does not have an overall strategy to improve financial management of the province;

(3) The department has never complied with Section 71(7) of the MFMA;

(4) The Shared Internal Audit was moved from the Office of the Premier to Treasury in the last financial year;

(5) The rate of under-spending and fiscal dumping in this province is still very high and this affects service delivery negatively.

General Recommendations:

(1) The department must submit a report to the committee by the end of September 2010;

(2) The department must develop a comprehensive intervention plan to improve the financial management in the province which deals, *inter alia*, with:

- Improving oversight, monitoring and reporting;
- The implementation of a management accountability model;
- Budget efficiency and value for money spending;
- Increases in provincial own revenue generation; and
- Internal efficiency matters;

(3) The department must submit a plan to the committee within 30 days after the adoption of this report on how it intends to comply;

(4) The department must produce a plan on how they plan to assist and monitor those departments which are not part of the Shared Internal Audit and on how they plan to utilise the Shared Internal Audit;

(5) Treasury must ensure that there is no under-spending and fiscal dumping and report to the committee on a quarterly basis in terms of Section 18(c) of the Public Finance Management Act.

Conclusion:

The committee would like to thank the department for their cooperation during the budget vote meetings.

In view of the above findings and recommendations, the committee recommends that the budget be passed without amendment. I thank you. [Applause.]

The DEPUTY SPEAKER: Thank you, hon chairperson. Are there any questions of clarity to the committee? Hon Woodhall.

Ms A S WOODHALL: Thank you, Deputy Speaker. I just have two questions if that is in order. The first one refers to page 109 under funding 3(a).

“An amount of R2.5 million has been provided for the filling of vacant posts at selected municipalities”.

I would like some clarity on which those municipalities are and how they were selected.

My section question is on page 112 under general findings:

“The upgrading in respect of salary levels 9 to 12 across all four programmes.”

How was the upgrading decided upon? Can we assume that it was performance linked, like capacity? Could we have some clarification on that please? Thank you.

The DEPUTY SPEAKER: Thank you, hon member. Hon Martin, followed by hon Makupula.

Mr C MARTIN: Thanks, Madam Deputy Speaker. Madam Deputy Speaker, mine is more to do with relevant timeframes when it comes to page 108.

The DEPUTY SPEAKER: Just before that hon member; the committee is requesting the hon Woodhall to repeat the question of salaries between Grade 9 and 12. You were asking how was the grading decided; that was your question? Did we get the question? Hon...

Mr C MARTIN: Thank you, Madam Deputy Speaker. It is just some realistic timeframes that are absent on 108 (g), page 108 top (g) as well as page 109 (a) and (b) at recommendations and then 113 No 4 underneath general recommendations; just for realistic timeframes in that.

The DEPUTY SPEAKER: Did we get that question? Hon members, did you get that question from hon Martin? Can you repeat your question again?

Mr C MARTIN: There are no timeframes ma'am, so what I am asking is if the committee can actually assist us with some realistic timeframes for the department to come back to them with; 108, 109 and 113.

The DEPUTY SPEAKER: Other than 30 days as stipulated in the Rules of the House?

Mr C MARTIN: Yes.

The DEPUTY SPEAKER: Is that what you want?

Mr C MARTIN: Yes.

The DEPUTY SPEAKER: Hon Makupula.

Mr M MAKUPULA: Thank you very much, hon Deputy Speaker. Well, the one is on Programme 1, I think finding (b) on the bursaries.

The recommendation of the committee speaks to two aspects of that finding in terms of the bursary policy to be drawn by the department and that the department must provide a progress report on students who have already last year. Now the point is; to start with, what were the factors that led to the decline from 40 to 20? On the 20 itself; was the committee able to determine how the number 20 was informed based on what needs or demands of the department? Is it possible; if not, probably that the MEC might be relevant; to say the 20 are coming in this, five in economics, five what, what and all that. That is question 1.

The second question Chairperson relates to – this one is – I don't know the page, but it talks about leasing and outsourcing the ICT, an amount of R1.3 million. Now firstly, has the committee been able to establish the logic behind taking this option and surely being informed by a comparative kind of study to determine value for money; which one is it? Is it more effective the outsourcing one, based on the comparative kind of arrangements done by the department to go for this option?

The last one, Chairperson. I think the House must note this one with concern. The four programmes of the department, all of them have vacancies; Programme 1, 51; Programme 2; 40, Programme 3, 20; Programme 4; 15. I just want to check; truly speaking, is the department able to carry out its work with such a size of vacancies? Just by trial and error looking at things this is running close to, almost between a quarter and 50% of the department, unless my guess work is thumb sucking. Generally speaking, is the machinery able to deliver on its work with such a size of vacancies? Thank you very much.

The DEPUTY SPEAKER: Thank you, hon member. Hon Pienaar.

Mr J PIENAAR: Thank you, Deputy Chair. My question to the committee is – it is just for information. Does the Department of Finance in the province play a role when it

comes to the allocation of budget to the various departments? If so, does the department then, is the committee aware that the Roads Department is 18 billion in backlog? If the committee can play a role will they intervene to make sure that the Department of Roads get the right budget to do their jobs? Thanks.

The DEPUTY SPEAKER: Thank you, hon. Hon Kuluta. That is the last... Oh, and hon member Van Vuuren.

Mr N KULUTA: Thank you, hon Deputy Speaker. My question is on the bursary policy. It happens that people are given bursaries and immediately after completion of their studies they disappear to other provinces. Are there measures in place to make sure that the department is not taken for a ride, training people for other provinces? Thank you, hon Deputy Speaker.

The DEPUTY SPEAKER: Hon Van Vuuren.

Mr P E VAN VUUREN: Hon Deputy Speaker, my question is on page 106/107; it relates to performance contracts as well as the time when these contracts must be signed.

The first one on the performance contracts. How sure is the committee that the non-existence of performance contracts won't create anxiety and instability amongst the Senior Management Service members? How sure are you?

No 2: If the signing of the contracts is dependent on the Department of Public Service and Administration, how sure can the committee be that the contracts be signed within 30 days after adoption of this report if the Department of Public Service has a say in this? Thank you.

The DEPUTY SPEAKER: Thank you, hon members. Can the hon members of the committee respond to the questions? Can the members respond to the questions? Oh, okay.

Mr D NEER: Hon Speaker, Ms Woodhall asked the question as to how was the upgrading of salaries from levels 9 to 12 determined; if I heard the question properly. I think we have indicated there in the finding that it is in terms of the DPSA determination. Unfortunately we don't have a detailed copy or information with regard to that determination, but we know that it has been determined by the DPSA to upgrade the levels as well as salaries.

The second, I think which is on 109; I really do not recall the names of the municipalities, but I think they were indicated, but we were querying if you see in our recommendation that we are still awaiting a detailed report from the department so that it stipulate...

The DEPUTY SPEAKER: Can we move speedily? We are losing a lot of time on these questions. Those that we can respond to let us provide answers; those that we cannot respond to we will ask the MEC to respond.

Mr M MATOMELA: Hon Deputy Speaker, let me quickly respond. On the issue of filling of posts; indeed as a committee we expressed our concern that is why we said the department must make sure that they fill all those posts. They indicated that indeed they are going to fill those posts.

The decline on the number is related to the fact that these bursaries are not only for outsiders; they include even officials within the department. So it stands to reason that the greater number had been taken within the department. We were not happy about that, but that is what the department has budgeted for.

The SMS performance contracts; we expressed our concern that the department has not signed. They explained to us, as we have made a finding that the signing is within the capacity of the department. They assured us that they would be able to do that. In any case we said they are not supposed to wait for DPSA in this regard, but they are going to sign those as we stipulated. I don't to finish. Members, take some quickly.

Mr R S STEVENSON: Thank you, hon Deputy Speaker. I will deal with the question that was asked by the hon Pienaar. This morning we did discuss in the committee when dealing with transversal issues the whole problem of maintenance backlogs in the province and the committee resolved that we would like to see a report on the extent of maintenance backlogs, particularly when it comes to roads and buildings. So we are aware of that problem and we will be dealing with it in future.

Mr M M MHLATI: With regard to the outsourcing of ICT; we have asked the department to come up with a study which will reflect that it would be economical to outsource this service and we are of the view that ICT is not peculiar to Treasury only, but it also affects other departments, which Treasury must, when it wants to outsource, outsourcing will have to apply to all departments, not be a thing only of Treasury only.

Then on the question of bursaries; people who are given bursaries have to sign a contract with the department of which, when they complete their studies, they will serve the department, but if they opt not to serve the government then they will pay back the government the money which was paid during their studies, as a pay-back to the government, then they can go and work in any other sphere of their choice.

The DEPUTY SPEAKER: Thank you, hon members. I am aware there are other questions that you have not responded to, but I think you have tried your level best. The questions will be transferred to the MEC. Let me thank the committee members for that. I will now allow the House to ask questions of clarity to the MEC of Finance. Hon Nyusile.

Mr M NYUSILE: Thank you, Deputy Speaker. The committee in terms of general findings, finding (5); you know they talk of the rate of under-spending and fiscal dumping in the province and their recommendation might be fine, but I want to check

from the MEC if he can explain to us what are the reasons of this under-spending and this financial dumping because it is something that happens consistently and continuously.

The DEPUTY SPEAKER: Thank you, hon member. Hon Makupula.

Mr M MAKUPULA: Enkosi Sekela Somlomo. The one is on the one on the ICT. I know the committee has responded, but if you listen to the response, seemingly putting the cart before the horse. We are passing a budget here, hon Deputy Speaker, and want to make sure that when you say go ahead then we are sure of that.

So, in the spirit of progress I would want to say the reports of the comparative study the committee – because this has a bearing, as the member has said, even to other departments. You also have Government entities that provide such functions. Your SITAs, I take it that they do provide. What would be the reason to move away from the SITA and go for outsourcing? So we will be looking forward to that kind of a response.

The one on the bursaries hon Deputy Speaker...

The DEPUTY SPEAKER: Hon member, I am sorry. Hon Mhlati, yesterday I read the House rule. Yours is even worse. This is a gross violation of the Rules of the House. You cannot move between the Speaker and the person presenting. Do you have anything to say, hon member, or you want us to do what is appropriate?

Mr M M MHLATI: Uxolo bendingazi uba iufuneka ndihlale ...

The DEPUTY SPEAKER: Hayi iworse uyadelela uhleli naphantsi futhi [Laughter.] Switch off your light. You know, hon members, let us refrain from doing this. These are protocol of the House. These are adopted. We presented a booklet with all the rules. Yesterday I read this rule over and over again, but I still see people conducting themselves in a – I don't know – but today may be the last day for us to tolerate this. We have to enforce this particular rule because it looks like – even if it means people should be paying for this. We have a paper circulating here. We want to donate clothes and other things to these two young women. Perhaps you will do the honours for us. Okay, continue hon member.

Mr M MAKUPULA: Thank you very much, hon Deputy Speaker. The one linked to bursaries, hon Deputy Speaker, I want to take it in this form. A recent ministerial study indicates that R2.8 million out of R6.8 million of the age category between 18 and 24 young people are not in education, neither are they at work, neither are they in training. It is a very critical picture and you would want to ensure that the question now becomes in terms of internships and learnerships; the committee didn't pick anything on that. I know they might have picked that, but they have not seen that as a critical thing.

To the MEC; what is the state of affairs in terms of internships and learnerships in the department and the question of aligning bursaries such that they are informed by the skills needs of the department? Thank you very much.

The DEPUTY SPEAKER: Thank you, hon member. Are there any other questions addressed to the MEC? Hon MEC.

The MEC RESPONSIBLE FOR FINANCE: Thank you very much, hon Deputy Speaker. The discussion on under-spending, the question that says what are the reasons; I think they range from capacity in some departments and planning and financial management. I want to say that all these issues are issues that have been incorporated in the programmes to support departments and monitor departments. We have already instituted a process of monitoring the spending of departments on a monthly basis and reporting to the Executive Council with regards to the performance on spending, in particular on the issue of conditional grants, etcetera. So this is a matter that we are giving absolute attention.

The issue of bursaries:

Can I just clarify again this issue; because I think we are saying that – the argument is that there are 40 and a decline. I think the 20 must be seen as an addition to the 40 that currently exist. So the current bursary holders come to 60 effectively, so it is not necessarily a decline; it is almost adding. The fact that we have 20 this financial year relates to budget constraints effectively. It is not a matter of the lack of significance attached to the process.

There were a whole range of other questions raised earlier and maybe I should just... Can I go back to the issue of internships and learnerships? Can I propose that I go – I don't have details with me – I can actually give details after I have consulted with the management in the department so that I can give full details around those issues? The same I would say with the outsourcing issue, so that I can come back maybe, I don't know when. You will guide me there.

The DEPUTY SPEAKER: What about fiscal dumping; the question that was asked?

The MEC RESPONSIBLE FOR PROVINCIAL TREASURY: The point I was raising earlier, the first response was to say we have actually initiated systems to monitor that, to monitor expenditure of departments on a monthly basis so that we could actually prevent that from happening. In cases where departments are under-spending we can know that ahead of time and therefore embark on processes to try to prevent that. That was the response, Madam Deputy Speaker.

The DEPUTY SPEAKER: Thank you, hon MEC. That concludes the area of questions to the matter. We now shall proceed to the debate. Cope; hon Dunywa.

Ms T P DUNYWA: Hon Deputy Speaker, hon Members of the Executive Committee and hon MPLs. As the Congress of the people, we support the budget Vote 12. However, at present the Treasury budget represents a growth of 11.2% for the financial

year 2008/09. Are we genuine when we say that the department can spend the money effectively when they don't have the capacity?

For example, the department has got 40 vacant posts that are budgeted for and we are of the opinion that these posts are supposed to have been filled a long time ago and until this present day these posts have not been filled. How then is the department going to monitor the performance and management of other departments and their budgets? This is the question we are asking ourselves.

It is the duty of the department to comply with Section 18(b) of PFMA and they must see to it that there is no under-spending that results into fiscal dumping. Hon Deputy Speaker, fiscal dumping is not service delivery. Instead, some of these monies that are dumped in these municipalities are used not according to the plans of the departments. Some of them, they use it actually to pay even the salaries of the departments. Is it fair and just? The results that we get from these – when we probe into these things, we find that the answers you will get from these municipalities, they will say that these monies, they don't form part of their IDPs, but they were just dumped at the end of the financial year by the departments.

Madam Deputy Speaker, the financial performance of the province is bad. An intervention plan is needed urgently so as to address the needs of the people of the province; especially in as far as it is stated in the APPs of the departments. So we have to perform within the timeframes that are stipulated there.

The issue of capacity and efficiency have been issued that this department has been outlying from time in memorial when these were discussed in the committees. We hope that this is the last time that this is addressed in this House and we are looking forward to their programme to address this issue as the committee.

Madam, Treasury should also be gender sensitive. This has been demonstrated in the members of staff attending the committees. You could see that 90% of the people that are attending there are males. Are there no competent females that can occupy these positions?

In conclusion; it is time that Treasury makes a meaningful impact of the application of the PFMA in the municipalities, as well as PFMA in the departments, to ensure performance, to improve and accelerate service delivery. Both the municipalities as well as the departments must be monitored in as far as audit reports are concerned in order to avoid adverse disclaimers and qualified audit reports. This is not talking well about the province.

Why is this case? Is the department employing unqualified people or people that are not trainable? What is the department doing about these staff members that are there that are causing all this havoc in these, that are stifling service delivery and then at the end of the day we are said that the whole of the Eastern Cape, including ourselves, we are not

adhering to the needs of the people? This has to be addressed. I thank you, Chair. [Applause.]

The DEPUTY SPEAKER: Thank you, hon member. Democratic Alliance; hon Stevenson.

Mr R S STEVENSON: Hon Deputy Speaker, MECs, I would like to begin by thanking the acting Head, Mr Kalimashe and his staff, for their very open and frank communication with the committee when we ask questions. I would also like to thank our chairperson for the manner in which he chairs the committee and our coordinator for her efficient work.

In the context of the current economic climate, we need a new financial mindset in the province to ensure that expenditure is prioritised for core business. This province has been extremely fortunate over the last few financial years to receive budgetary increases on average 10%-plus. Given the current economic situation this will not take place in future financial years and I am sure that we will have a downward review of the projections for the provincial budget contained in the Medium-Term Expenditure Framework. Even worse hon Deputy Speaker, I predict that National Treasury will cut our equitable share or revenue this year.

This is something that the province is unprepared for. This will have major consequences for service delivery and the allocation of resources. We are all very much aware of the wave of protests that are sweeping through the country at the moment and we need to be prepared for any downward adjustment. The adjustment budget that we will do in November I believe is going to be a real dog fight.

Why do I say this hon Deputy Speaker? National tax receipts for the first quarter are down by R19 billion over what was projected and some analysts have projected our national tax receipts could come in anything R60- to R80 billion below projections. In the 2010/10 national budget there was a projected deficit of R74 billion, which is not unusual, but if South Africa comes in with an additional R80 billion shortfall on tax collections and this is added to the national budget deficit we are looking at a deficit of anything from R130- to R154 billion and that is without overruns of national State expenditure.

Now, this has massive financial implications and in this context the Government can do one of three things; increase taxes, borrow more or cut back on expenditure. No fiscally responsible governments – and the ANC has been fiscally responsible up to now – is simply going to double the deficit. It is therefore very feasible that there will be cuts in National Government's spending this year, with provinces called on to come up with savings. This is why we need to ensure that our current expenditure for this year is firmly focused on core business and we should be preparing for cuts now.

We must also bear in mind that we have budgeted for a R590 million deficit in the province, which will eat up the reserves that we have to cover it.

Secondly, the interest cushion of un-spent conditional grant money of R1.3 billion that sat in the Treasury coffers since 2002 is no longer there. This means there is absolutely no fat in the provincial revenue fund that has been there for years. Now I want to challenge the MEC today to tell us if he is aware of any move by the National Treasury to bring about budget cuts; and if not, has the department or he made any enquiries to determine whether or not this is going to occur? What information does he have in this regard?

The Provincial Treasury I believe has failed to prepare the province for budget cuts. We are carrying on as if it is revenue as usual. This is a fiscal elution. Given the high rate of unemployment and job losses projected for this year in the country of anything up to 300,000 people it is important that our resources are utilised in the most efficient and effective manner.

This means that the Treasury Department has a particular role to play. They must ensure that budgets are spent in such a way that service delivery and new job creation is prioritised and that particular attention is paid to wasteful expenditure, corruption and mismanagement.

The Treasury Department needs to do a thorough analysis of each department to ensure that items like catering, travelling, entertainment, events and seminars, the nice to have but not essential items are cut back on. Treasury also needs to lead the province in this regard and set an example. It was therefore disappointing to note that in Programme 2 of the department's budget there is an increase of catering of 52%, air tickets 74%, car hire 139%, hotel accommodation 32% and 87% on entertainment. While some of these increases are related to the employment of more staff, they generally do not position the department in a good light when it comes to leading by example.

The DA is calling on Treasury to adequately prepare the departments for budget cuts, as well as instituting a belt-tightening campaign to ensure that what funding we have is prioritised for the core business of the province. Treasury must ruthlessly troll through departments' budgets to ensure that this occurs.

The hon Woodhall yesterday in her speech mentioned that the Education Department had already cut back; I think it was R65 on catering. This is an example of some of the savings that can be made. The years of non-core business spending are over and it is likely in future years that there will be a switch to increase conditional grant funding so that national objectives can be prioritised.

The place to first start looking at is the big spending departments, like Education and Health; and the hon Pienaar in his question about the reconciliation of creditors raised an important issue in that regard. Education which accounts for the bulk of our budget also needs to be looked at. These two departments – Education and Health – are serial offenders when it comes to adverse audit opinions and disclaimers. One of the ways of holding these departments more accountable is an idea of...

The DEPUTY SPEAKER: One minute left.

Mr R S STEVENSON: Sorry?

The DEPUTY SPEAKER: Continue.

Mr R S STEVENSON: One of the ways of holding these departments more accountable is an idea I see mentioned by one of the National Ministers in the press that bonuses should be withheld from a certain level of management if they don't come up with satisfactory audits. That is something we need to look at in the province. We cannot afford to waste one cent on poor financial management.

The question that needs to be answered is why after all these years do we still face a crisis of financial management in Health and Education Departments. Treasury needs to intervene in these departments to ensure that they are turned around. It should also be noted that Health and Education are two of the four departments that do not form part of the shared internal audit services.

The DEPUTY SPEAKER: Your time is up, thank you, hon member.

Mr R S STEVENSON: Thank you. [Applause.]

The DEPUTY SPEAKER: United Democratic Movement; hon Mhlati.

Mr M M MHLATI: Hon Deputy Speaker, hon MECs and hon members. Treasury is the custodian of the financial management of the Provincial Government and as such it is appropriate that it must be build its capacity, which at present is lacking, which would enable it to conduct oversight over the usage of the financial resources. Over the past four years Treasury has displayed a lack of capacity to utilise funds which it requested and in this way it failed to lead by example. The UDM hopes that under-spending shall not occur during this current financial year as promised.

Shared internal audit which was transferred from the Office of the Premier because it was dysfunctional and is still beset with capacity problems and it is imperative that these issues be addressed urgently so that departments can benefit out of the services of the shared internal audit.

Treasury has a plausible initiative, which, if fully implemented, would contribute to better service delivery such as the centralised electronic supplier database which would reduce the risk of departments awarding contracts that are not legitimately established, not properly geared to execute the relevant contract or with an inappropriate ownership profile.

Although the UDM is supportive of the Public Financial Services Agency doing financial management training, its concern remains the lack of commitment of officers who are

sent there, who fail to complete the training because of lack of discipline. Departments must ensure that officers who are subjected to this training have the interest of the courses and must sign an agreement which, with the department's consent, to complete the programme.

The current interventions to improve financial management in departments being part of the audit turnaround plan which would ensure sound bookkeeping is practiced in all departments, including the clearance of suspense accounts, records management and the effective internal control environment, is fully supported by the UDM, with the proviso that departments must be enjoined by their MECs to cooperate with Treasury in these endeavors. The head of Treasury, which in terms of Section 11(a) of the Public Finance Management Act is the MEC, must be kept abreast of the hindrances and counted so that corrective measures are effected by the Executive as they are, in terms of Section 133.2 of the Constitution, accountable collectively and individually for the exercise of their powers and the performance of their functions.

It is no secret that municipalities are crumbling. It is a looting spree of the State resources to enrich certain individuals at the expense of service delivery to the communities. The Municipal Support Programme should be properly planned and executed in a manner that will contribute to the improvement of the unacceptable situation prevailing in our municipalities. This new administration promised the people of South Africa that it would deal harshly with under-performing Ministers, MECs, Members of Parliament and Councillors. The time to walk the talk has now arrived and the proof of the pudding must be in the eating.

The UDM fully supports the budget as tabled by the committee. Thank you. [Applause.]

The DEPUTY SPEAKER: Thank you, hon member. African National Congress, hon Dimaza. Maiden speech.

Mr M M DIMAZA: Thank you, hon Deputy Speaker. The Chief Whip of the African National Congress, hon Premier in absentia, hon Members of the Executive, hon Members of this House, officials and distinguished guests.

At the 52nd National Conference of the African National Congress held in Polokwane we resolved to pursue macro economic policies that promote and support growth, job creation and poverty eradication on a sustainable basis. The ANC is committed to fundamental transformation of the economy. We are therefore pleased to note the significant allocation made in favour of economic development in the Eastern Cape in this financial year, with a 65.9% increase in 2010/2010 from the 2008/2010 budget allocation, with notable increase in all budget allocation per department.

The challenge is that we need to play a balancing act between the need to respond to the global economic crisis and addressing the ANC's focus on a developmental state. As you may recall, the ANC President and is the President of the country alluded to this, saying the era of the developmental state is upon us.

Overall, if you check the national budget it is reacting to assist the economy during the time of the unprecedented global turmoil. Assistance is delivered in such a manner that it focuses on all the issues highlighted as priorities by the African National Congress in its election manifesto; those; employment, health, education, crime and corruption and rural development, food security and land reform.

The first priority area of the African National Congress' election manifesto is to create decent work and sustainable livelihood. This objective is at the centre of all the party's economic policies. Rather than offering bailouts during this particular period to industries, Treasury's envisages using existing institutions, like the Land Bank, the Industrial Development Corporation and the Development Bank in partnership that is with the private sector, to support investment and employment in sectors or industries affected by the slow down.

The 2010/2010 budget as per sector – this is what we have noted – social sector has been allocated 21% of the budget and economic services sector 15%. Governance and administration is 4%. The 2010/2010 budget allocation shows significant increases from the previous financial year. These budget allocations provide for the realisation of the eight priority areas of the province, which are aligned to both the ANC manifesto and the programme announced by the President Jacob Zuma during the State of the Nation Address.

Learning from the past financial performance reports it is evident that we need to move towards ensuring the following so that we can realise our service delivery targets. The first thing that we need to do is to ensure accountability, effective and efficient management and control of budgets, particularly to minimise wasteful expenditure and compliance with the PFMA. This we want to appeal to all parties. Instead of us as parties to come with a situation of criticising all the time, what we need to do jointly is to make sure that we cause all the departmental officials to account. That is what becomes important; and shop clean audits by Auditor-General.

To do this, we need, among other things, to ensure strict monitoring of budget expenditure per quarter, monitor achievement of our quarterly targets. In this way we would detect problems and gaps in our performance and expenditure early enough to develop corrective measures, create a healthy balance between budget and capacity and competence, right attitude, attitude of patriotism and passion for delivering departmental mandates. This should be from top senior management right to the lowest rank in the organogram. We need to check that all these things are happening because no one who is employed by the government is doing the people of this country favour, but what we are doing, we are all employed to work and those particular people are paid through the taxpayers' money.

We need to exercise proper financial management in order to detect under- or over-spending. Under-expenditure should be a thing of the past. Departments that have had poor audit outcomes should turn this around in this financial and as the African National Congress we have noted the following. We want to make the following observations.

All the departments are far from being perfect. We have noted as ANC that the contributing factors are the following:

- (a) It is the rise of a risk aversion and the evasion of responsibility.
- (b) In almost all the departments there is a tendency to outsource the State's authority.
- (c) Reliance on private initiative is a good thing.

There is an excessive use of consultants by all the departments that is why it becomes very important. We need to change the situation by saying that before any department starts to outsource that particular department must make proper consultation to the portfolio committee and that portfolio committee, before agreeing into that, it must have a session and a meeting with the Finance Committee so that we can start to see whether really there is a need to outsource certain functions so that we start to save the money; otherwise, if we allow things to happen in the willy-nilly as they are doing now, definitely the situation will go further worse.

Also, as far as the question of the public service; there must be a change of focus in the spending trends in all the departments. This continuous appointment of consultants has in one way or the other contributed to the decline of public sector ethos. The distinct institutional consciousness no longer exists. The consequence of this is that the State lacks any creative impulse to innovate. That is why therefore it means there is a lot that needs to be done to try and re-motivate – that is our public servants.

On the question of the Fleet Africa that we noted also as the committee, was that the contract between Fleet Africa and the Provincial Government, that particular contract I understand it has come to an end, but as the committee we are asking critical questions about the effectiveness, the value for money regarding – that is Fleet Africa contract. There is not a single department that spoke positively about Fleet Africa. The indications are that all departments have expressed reservations about the cost effectiveness of that particular contract. We therefore request thorough investigation on this particular matter because a number of departments are affected very much negatively as far as the contract of Fleet Africa is concerned.

As the African National Congress definitely we support the Vote 12. [Applause.]

The DEPUTY SPEAKER: Thank you, hon member. Hon MEC. MEC.

The MEC RESPONSIBLE FOR FINANCE : Enkosi kakhulu, Deputy Speaker. Hon Premier in absentia, Members of the Executive, hon Members of the Legislature, ladies and gentlemen, let me start off by just thanking the Portfolio Committee of Finance for a report I must confess that is well done. I think the report is both incisive in its identification of some of our challenges and I think it goes to a level of depth in terms of

looking at what should be done. You would note that as I was going through the report, I could not fail to realise that there is a very strong correlation between what the report says and what is already contained in our policy speech. So at least there is a common mindset emerging.

Can I also proceed to thank the members who stood here on this podium to make particular comments on the department and the report that we gave, as well as our budget. I think most of the issues that they raised are both relevant and useful in their totality. Again I am saying most of the questions and issues they raised, many of them are already reflected in the policy speech we presented to this House earlier on. So we are very thankful as a department for the inputs that have been given.

Hon Deputy Speaker, for the last few months we have started a process of reviewing the department, both in terms of our structure, in terms of focus, in terms of what capacities do we need to build and we have already identified the key elements of the strategy moving forward. Those elements include, amongst others, the following:

Improvement of audit outcomes:

Maybe before I get into this hon Deputy Speaker, respond to the question. We have ourselves in a very detailed way, analysed the current global environment and the possible effects on the public fiscals in general and the fiscal space within which we are playing. When we made that analysis we came to the following conclusion. The first is that it is very clear that our baseline for all departments is unlikely to increase. So our budgets are unlikely to go beyond where they are now. We also raise the possibility that if conditions worsen you might actually have to confront reality that our budgets are reduced in certain areas. Precisely because of that we already outlined an approach and that approach, at the core of that approach are the following.

The first is planning. Can I use a different terminology to say reprioritising prioritisation? Because we think that part of the challenge that we have within our public planning system is that prioritisation is an issue that is not prioritised. So we will have to look back at some of the budgets etcetera later to look at how do we adjust and move in different ways in certain areas.

The second area that we looked at and identified as a critical area is the issue of expenditure management because I think unless we look at our expenditure, both to have a very clear focus in that expenditure on core issues as already been alluded, but also to look at wasteful expenditure as an area where we will try to weed out wasteful expenditure in general. Also part of that process should also be to look at the delivery model that we are using as government. That probably would include some of the issues alluded by hon Dimaza earlier on.

The other part of that focus is clearly going to be Health and Education; Health and Education for two reasons. The one is that it is very clear that if conditions, the fiscal

conditions under which we operate worsen we have a challenge as government to protect spending in Health and Education.

Secondly, because we realise that the Health and Education remain with critical challenges and we have acknowledged and they have been acknowledged in hon Masualle's speech earlier on to this House that there are problems and we have also acknowledged them in our policy speech. There is within the Executive Council heightened awareness about the challenges and there are processes to try and deal with those challenges.

In terms of moving forward:

Our overarching strategy will contain the following elements.

- The first is the improvement of audit outcomes;

I do not need to motivate around that issue.

- The strengthening of provincial supply chain management capability.

This is precisely because if your supply chain management capability is weak it is at that point that wasteful expenditure happens within the provincial spending system;

- Strengthening intergovernmental relations.

This must include a very determined and focused support to local Government. It is an issue that we have outlined and I think hon Gqobana touched on that quite intensely.

- Improvement of internal capacity.

This includes stabilising shared internal audit services, as well as looking at the issue of filling of critical posts.

When we raise the issue of critical posts you would – already the committee I am sure was aware that there is already a programme to deal with the issue of filling vacancies. Many of the vacancies that are identified are in fact not necessarily senior vacancies. Most of them are more junior vacancies. There are a few that are senior and critical and we have identified them and we are beginning to deal with them;

- Improving oversight on budget planning and implementation.

Again this is very crucial if you are to have understanding of what priorities or whether the departments are focusing on priorities or whether departments are in fact spending;

- Restoring financial management discipline in the province through the implementation of an accountability model.

So already all of these are elements that I am outlining of what we hope to incorporate into our five-year strategic planning.

I thank all the members who commented either verbally or by gestures; that they have indeed helped to strengthen our resolve to deal with some of the issues raised.

Enkosi kakhulu.

[Applause.]

Report adopted.

APPROPRIATION BILL (EASTERN CAPE)

Consideration of Vote 3 – Health

The DEPUTY SPEAKER: Chairperson of Health; hon Mtongana.

Ms V MTONGANA: Thank you, Deputy Speaker. I am here presenting the Portfolio Committee on Health. Without making any delays Madam Deputy Speaker, let me go straight to the amounts of allocation that has been budgeted for the department. The department has budgeted R11,328,346 billion, which is an increase of 1.68% from the previous financial year.

Going straight to Programme 1: Administration.

Findings:

- (a) The department lacks the necessary capacity for effective financial management, and as a result it is engaging the services of a project manager on a contractual basis;
- (b) The internal audit component of the department is rendered ineffective by non-implementation of its recommendations by various programmes of the department;
- (c) The department does not have a legal services strategy and as a result the legal component of the department is compromised by both the use of shared legal services and outsourcing of management of cases of litigation;
- (d) The department faces challenges with respect to clearing of suspense accounts, primarily due to delays in payments – to the extent that some creditors' accounts become untraceable;
- (e) The performance management and development system in the department is not effectively implemented.

Recommendations:

- (a) The department must furnish the committee with a detailed report on the intended outcomes of engaging a project manager for financial management by not later than 30 days after the adoption of the report. The report must also contain details of how financial management skills will be transferred to departmental staff;
- (b) The department must furnish the committee with a report on interventions made as a result of recommendations made by Internal Audit.
- (c) The department must ensure that the legal unit is fully fledged, as the use of shared legal services results in cases taking too long to be processed.
- (d) The department must ensure that all payments to creditors are paid within 30 days after the submission of invoices.
- (e) The department must ensure that all affected employees sign performance agreements on their appointment and are assessed accordingly. The department must furnish the committee with a progress report in this regard by the end of September 2010.

Programme 2: District Health Services.

Findings:

- (a) Clinic committees and hospital boards have not been trained on new policies governing their establishment;
- (b) There is no dedicated staff for Traditional Health Services and Designated Medical Officers are utilised during circumcision period only;
- (c) Clinic supervision is not conducted effectively due to slow provisioning of subsidised vehicles for clinic supervisors.

Recommendations:

- (a) The department must develop and submit to the committee a plan for the urgent training of all clinic committees and hospital boards on the new policies to ensure that they are effective and efficient. The plan must be submitted within 30 days after the adoption of the report;
- (b) The department must establish a fully fledged Traditional Health Services Unit with a dedicated staff complement for advocacy and public education purposes;

- (c) The department must ensure once-off procurement of all subsidised vehicles for clinic supervisors.

Programme 3: Emergency Medical Services.

Finding:

- (a) The nature of the fleet management contract under which EMS vehicles fall presents limitations for the programme to render quality services.

Recommendation:

- (a) The responsible portfolio for concluding the fleet management contract on behalf of the province must consider allowing the Department of Health to procure and maintain their own buffer vehicle stock for EMS.

Programme 4: Hospital Management Services.

Findings:

- (a) There is a shortage of medical staff at district hospital. Limited experience of staff is also a problem.
- (b) The majority of pharmacists and other categories of medical professionals are not licensed and do not comply with the provision of the guiding Acts.
- (c) The department's efforts at publicising the service of contract removal do not extend to all areas, especially rural areas.
- (d) The department has a challenge in meeting acceptable turnaround times for post mortems.

Recommendations:

- (a) The department must recruit and retain adequate and appropriately experienced medical staff for district hospitals. A progress report in this regard must be submitted to the committee by the end of September 2010.
- (b) The department must ensure that all medical professionals are licensed and comply with the provisions of their guiding Acts at all times. The committee must be provided with a progress report in this regard by no later than 30 September 2010.
- (c) The department must develop and furnish the committee with a plan for publicising and ensuring access to the service of cataract removal in rural areas of the province.

(d) The department must ensure the intensification of capacity-building in the conduct of post mortems to ease the burden of the turnaround times.

Programme 5: National Tertiary Services and Modernisation of Tertiary Services

Finding:

(a) Modernisation of tertiary services is not extensively developed to respond to demands for the specialised services.

Recommendation:

(a) The department must ensure that MTS is extensively developed to meet national norms.

Programme 6: Health Sciences and Training

Findings:

(a) The department is not instituting appropriate corrective and recovery measures against officials who default in the repayment of bursaries and study loans.

(b) There are 29 untraceable defaulters.

Recommendations:

(a) & (b) The department must demonstrate stringent measures to recover all monies owed to it by officials.

Programme 7: Transversal Health Service

Findings:

(a) The department is in the process of developing a down referral plan for patients from tertiary to lower level institutions.

(b) There is a shortage of qualified pharmacists to visit and dispense drugs at various institutions.

(c) The department does not have a monitoring and evaluation plan for pharmaceutical services – hence instances of mismanagement and maladministration at the pharmaceutical depots.

(d) There is a scarcity of skills in orthotic and prosthetic services, resulting in longer waiting periods for patients.

Recommendations:

(a) The department must speed up the process of developing the plan and forward a report to the committee within 30 days after the adoption of the report.

(b) The department must intensify the filling of critical vacant posts, including pharmacists, and ensure that all pharmacists are registered with the Pharmaceutical Council.

(c) The department must intensify the processes of developing the monitoring and evaluation plan and furnish the committee with a copy of the plan within 30 days after the adoption of the report.

(d) The department must ensure that its recruitment and retention strategy responds to this shortage.

Programme 8: Health Facilities Management

Findings:

(a) There are upgrading and maintenance projects which were not finalised in the previous financial year that have been carried over to this current financial year.

(b) The department does not have the necessary monitoring and evaluation mechanisms to ensure effective utilisation of maintenance and construction transfers it makes to clinics, hospitals and nursing and EMS colleges.

(c) Due to irregular tendering processes in the previous financial year, the department has to engage in procurement of generators in the current financial year.

(d) Not all health care institutions have reliable and effective electricity backup systems.

Recommendations:

(a) The department must furnish the committee with a list of projects that were not finalised in the previous year, with their status quo within 30 days after the adoption of the report.

(b) The department must develop comprehensive monitoring and evaluation mechanisms to ensure that all monies transferred are utilised for intended purposes and receiving institutions are held accountable.

- (c) The department must ensure that there are tighter control measures as far as procurement processes are concerned to avoid delays in the procurement of necessary equipment.
- (d) The department must ensure that by the end of the current financial year all health care institutions in the province have the necessary backup systems.

General Findings:

- (1) The organisational structure of the department is not aligned to the priorities of the department.
- (2) There is some level of improvement in the planning of the department.
- (3) Acting in positions cuts across all programmes of the department.
- (4) No thorough quality assurance measures are implemented in the development of the operational and annual performance plans of the department, with the result not all activities are costed and time-bound. Moreover, the documents do not always comply with reporting requirements for oversight purposes.
- (5) Cost pressure is put on compensation of employees by the human resource operational project team and occupational specific dispensation payment obligations for the current financial year.

General recommendations:

- (1) The department must ensure that the organisational structure of the department is aligned to its priorities to ensure that service delivery is not compromised.
- (2) Despite the improvements in planning, the department is encouraged to apply more rigour in its planning processes to ensure more effective service delivery.
- (3) The department must ensure that all critical posts are filled within this financial year so as to eliminate the issue of acting.
- (4) The department must strengthen its quality assurance of the documents in light of the fact that once submitted to the Legislature they become official public access documents.
- (5) The department must ensure that correct and timeous payments are made to all eligible officials in terms of HROPT and OSD to avoid the carry-over to the next financial year and unnecessary interruptions in service delivery.

In conclusion, Madam Deputy Speaker, besides the matters that have been raised above as findings and recommendations, the portfolio committee is satisfied by the overall strategic direction of the department and therefore moves that this report be adopted by the House. Thank you, Madam Deputy Speaker. [Applause.]

The DEPUTY SPEAKER: Thank you, hon chairperson. The hon members are now allowed to ask questions to the hon members of the committee. Hon Haddon, then hon Mvenya.

Mr D B HADDON: Thank you. I have two questions. The first one is on page 80 I would like to know from the committee on Programme 3 why there seems to be have been a cut on the budget for emergency medical services from R502 million to R468 million.

Then secondly on page 82, I notice that there has also been a cut with the nursing training colleges from R268 million to R263 million, particularly in view of what the MEC for Finance said that this has become like a protected expenditure. Could we get clarity on that please?

The DEPUTY SPEAKER: Thank you, hon member. Hon Mvenya.

Ms V MVENYA: Thank you, hon Deputy Speaker. On page 83, finding (c) the instances of mismanagement and maladministration at the pharmaceutical depots. Can the committee give us examples or one example ya ke le mismanagement and maladministration? Mhlawumbi ukubiwa kwamayeza or what, what. What is happening there?

The second question on page 85, irregular tendering processes. Ukhona umnt osekhe wabanjwa kulanto.

On page 84, the scarcity of skills ku orthotic, prosthetic ne pharmacists; ithini iplan yedepartment umzekelo:- uSocial Development yena waye scarcity se social workers wenza ibusaries kwirural areas ukuze bafumane eza skills. Apha kwa Health what is the plan?

The DEPUTY SPEAKER: Thank you, hon member. Hon – is it Ponco? I don't see. The member... Oh Mpushe – Ponco. I am sorry.

Ms A N PONCO: Thanks, hon Deputy Speaker. My question was on page 85, finding (c), but it has been covered, so thank you, Deputy Speaker.

The DEPUTY SPEAKER: Hon Makupula.

Mr M MAKUPULA: Enkosi Sekela Somlomo. The one question on the – I think it is Programme 1 yes, the first finding:

“The department lacks the necessary capacity for effective management...”

Now, the question kuthi ke ngoku, hon Deputy Speaker, you take a project manager on a contract basis; for what timeframe? Has the committee been able to lento izakwenzeka kangangexesha elingakanani nokuthi iconditions zokucapacitator idepartments so that by the time the contractual one pulls out the department is left being able to do that. Has the committee been able to establish that?

The second one hon Deputy Speaker is page 79, finding (a). The committee speaks on the clinic committees and hospital boards, but the question would be first; how many do we have in the Eastern Cape – clinic committees and hospital boards? Related to that would be how much has been budgeted for to capacitate them in order to discharge their work.

The last one is on page 81. If you would recall, the Annual Report of the department in 2007/08 it was saying the mortality rate in the Eastern Cape stands at 64 per 1,000 live beds; that the life expectancy in the Eastern Cape is barely 48.8 years. Now we are saying there is a shortage of medical staff at district hospitals; limited experience of staff is still a problem. What plan is there to ensure? I take note of the recommendation of the committee that it must recruit and retain, but concretely have you been able to establish whether there was a plan to ensure that over a certain time we will be able to overcome this one? Thank you very much.

The DEPUTY SPEAKER: Thank you, hon member. Can we limit the question? Hon Gqiba and hon Woodhall. Not more than two questions per member, but it would be nicer to have one question.

Ms P T MPUSHE: Thank you, hon Speaker. On page 81, finding (a); this issue of recruitment of staff; it links with page 83, what interim action is taken to make sure that some of the functions are being done in these various institutions, especially hospitals? It is mentioning here that shortage of medical staff.

The other two is that is there any issue of cataracts? One of the major problems in the Eastern Cape is the problem of blindness/ataracts. Is there any programme – I have seen in other provinces where there is a train, a medical train or hospital that moves around some provinces. Do you have such programmes>

The DEPUTY SPEAKER: Thank you, hon member. Hon Gqiba.

Ms N GQIBA: Madam Speaker, it is page 85, clause 1, general findings; the organisational structure of the department is not aligned to the priorities of the department. My question there is; does the department have work study officers; if yes, what is their role?

The DEPUTY SPEAKER: Thank you, hon member. Can the committee members respond to the questions? Hon Woodhall, we are running out of time; that is the problem. Yes?

Ms A C WOODHALL: Thank you, hon Deputy Speaker. I did actually have my hand up in the first batch of questions, just for the record. A very short question relating to page 77; the project manager; how much is that going to cost? Part of my question has already been answered in relation to that.

The DEPUTY SPEAKER: Thank you, hon member. Hon members of the committee, any responses to the questions?

Ms V MTONGANA: I will be able to respond... I will respond to... I am not really sure with the... Maybe hon Ndube will have to clarify the first question. We didn't get what is the question. We hear he was talking about recruitment and everything else, but maybe it would be better with hon Ndube the removal of cataracts. Yes, the department is doing the... Cataract removal is done first of all by trained personnel, who are the doctors with that expertise of removing cataracts.

The department does have programmes that are in place, but what is lacking because that is what we also cited from the department that we see there is the Andries Vosloo who is coming and do cataract removal and we know there are also hospitals. We even mentioned, like the Andries Vosloo in Somerset-East where we know there are people that are being taken.

In Cecilia Makiwane those are being done, but also there were people from around the Chris Hani District, particularly Lady Frere that cataract removal was done there, but what was lacking perhaps within the department was the coordination.

We are saying the department, as if nothing is happening, but these things are happening and the department just needs to coordinate and make sure that it is done categorically within the province. Our point was that there is work that is being done, but in terms of making sure that we are publicising that particular work by... People do not know about the services there.

With regard to clinic committees by hon Makupula; the department so far they were saying they have 313 functional clinics and they have budgeted an amount of R357,000.00. We were saying these clinics being functional, we assumed that it also takes into consideration that they were trained on the old policy and now that there are new policies it means then therefore all the clinic committees, all the clinics, by the time of printing the report the department had 715 clinics and when we were interacting with the department there were clinics that were open during the outreach and I think there are about 752 clinics. So it poses the question how the department should make sure that all those clinic committees are being trained on the new policies.

With the issue of conditions of orthotic and prosthetic services; there are bursaries that the department is looking at in all programmes of the department, but the limitation is that it is not within the capacity of the department because the schools, the training colleges or whatever where they do this, the specific training for these technicians, we have only two schools within Africa, so then it means then it limits the number of professionals that are being produced in each financial year and is unable to meet the demands because there are accidents, there are people who are born with disabilities in the process.

With the one that was asked by the hon Gqiba about the work study; unfortunately we didn't entertain that particular question. Maybe perhaps the MEC will be able to do that, together with the finding of the programmes that programme manager at the level, what is it going to cost, by hon Woodhall. Maybe the department will be able to respond to that.

With the issue of reduction cut of EMS and training services; there is a cut in those programmes and perhaps I am unable to answer at this point in time. Maybe the MEC will take that particular question as well, but we dealt with activities that were within the particular budget that they were given and the committee didn't raise any other perhaps... The department didn't raise any other problem with regard to such programmes. Maybe other committees will make sure.

I didn't hear well what hon Makupula was saying in terms of mortality; mortality and also clarity on which mortality is he referring to; a human being or perhaps to a baby or to a mother, as we are dealing perhaps with programmes that have specialties, like women health or perhaps mortality of babies. If perhaps he can also indicate to us. Thank you.

The DEPUTY SPEAKER: Can other members respond to questions please?

Mr M M MHLATI: Thank you, hon Speaker. On the question of the shortage of medical officers; the department is giving bursaries to students in all the universities and they are signing contracts with the government; that on completion they will serve the Government, but most of them, they opt to go to the private sector. So the department now is busy on a recruitment drive to recruit doctors, whether he is from China, whether he is from Africa or from other countries, but the programme now is to recruit doctors and to plead with the ones who are at universities to try and provide incentives for them to come and serve in the province once they complete their courses. The same applies to nurses and pharmacists. The Government was prepared to open the previous training colleges, but because they are short of tutors now, so they cannot open them because there are no tutors to lecture on the students so that they can beef up the number of qualified nursing professionals.

What is being done is that the core functions which don't need a qualified nurse, people who have got matric are being appointed in some of the hospitals to do some of the washing of patients, all those things, cleaning and also making beds. Those services are

being done by the other people who don't need a professional qualification to do that job. That is what is being done now by the Government, so that nurses must concentrate on giving medicine and injections to patients.

On the question of mortality rate; that issue, we cannot say we can reduce the mortality rate when you have a shortage engaka ye professionals because eziprofessionals siding a zona ezinye zithatha I four years ukuze zicomplete eUniversity ezinye zithatha iseven years, so we are still going to have a long time to have iDepartment ka Health ikwazi ukuba neziprofessionals ikwazi ukuthi render iquality health services to our communities.

The DEPUTY SPEAKER: Thank you, hon members. That concludes the section. You will follow-up with the MEC. Thank you, hon members of the committee. We now move to the MEC. If members want to pursue their question, they must do that with the MEC. The questions that have not been answered, the MEC will respond to them; question of mismanagement, irregular tendering and scarcity; those questions. Hon Chief Whip, hon Komose.

Mr M MAKUPULA: Thank you, Deputy Speaker. If the MEC can elaborate on the problem that we face in our communities of ambulances. I know it was raised, but I just want an elaboration as to what are the plans. The chairperson of the committee is aware of what I am talking about over this weekend; so if the MEC can elaborate as to what the plans are. Thanks.

The DEPUTY SPEAKER: Thank you, hon member.

Ms D KOMOSE: Thank you, Deputy Speaker. Deputy Speaker, when you talk about the scarce skills as the department, my question now to the MEC is what are the plans of the department to attract those qualified nurses, etcetera, who leave South Africa for greener pastures. Some of them, they are willing to come back to South Africa. What are the plans of the department?

Then no 2; there are retired nurses who are willing to assist the department. What are the plans of the department to take those back to the hospital – hospital and clinic? Thank you.

The DEPUTY SPEAKER: Hon Makupula, you still want to follow-up with the MEC and then hon Haddon will follow?

Mr M MAKUPULA: No, thank you, hon Deputy Speaker; it was just that members of the committee did not pick up the question. They have already answered the question. The mortality rate and other things were just a motivation on the question of shortage of medical staff. I think hon Mhlathi has responded to that. Thank you very much.

The DEPUTY SPEAKER: Hon Haddon.

Mr D B HADDON: Deputy Chair, again the committee were unable to answer my question pertaining to, on page 80; why has the budget allocation decreased this year for emergency medical services on Programme 3 from R503 million to R468 million.

Then also; why have nursing training colleges also been cut to R263 million? If I could have an answer on that please. Thanks.

The DEPUTY SPEAKER: Are there any other questions? Can we get responses on MEC?

The MEC RESPONSIBLE FOR HEALTH: Thank you. Should I start with the outstanding questions? Let me go to the question asked by the hon member there to do with whether or not we have work study officers in relation to the misalignment identified in terms of the structure, as well as the objectives. Yes, we do have a section dealing with the organisational development in which there are competent people to help with work study related matters. I guess what has not happened was the constant review of the structure of the department to make it relevant to the challenges of the day as identified. It is a matter that is underway. We are reviewing the structure. Yes, we do have a section that deals with organisational development, with competent people employed.

Then the one other question had to do with irregular conduct that was identified with respect to the tender process as it relates to the acquisition of generators. Well, the process itself was flawed and therefore had to be started afresh. The reason for that was that some irregularities were spotted. Well, the severity I could say now with – of course one would have to go back to the actual specifics of that, but it would not have been to the extent that it warranted measures that could call for the arrest of those affected, but if the hon member is interested in the actual details of that case; that can be made available to the member.

Of course again the matters to do with lack of controls in the medical deposit what would lead to a pilferage of some of the medicines and other things, so that I think the report refers to that.

The other question was to do with the decline, the decrease in the budget for emergency medical services. Maybe let me take that together with the point raised behind by the Chief Whip about what plans are there. I must just say first that we operate in an environment where you operate with the means you have. The budget is never adequate to do everything we want to do.

Sometimes we have to make preferences/choices amongst the things, some of which in the Department of Health are very, very important, all of them, but we can only work within the envelope we have. In that sometimes you do experience undesirable cuts in areas that ordinarily you thought you need more increases there, but if you can see, there is beyond the next year, I mean in the next allocation, beginning an appreciation of that programme in terms of the allocation that is made there. If the hon member was saying that shouldn't have been the case, we would agree, but the problem is we would have to

take somewhere to give there and there. That is always the difficulty with budget anywhere.

What are we doing with ambulance services, given some of the problems; people waiting longer periods, some having occurrences that are unexpected because of the delays? It has been a challenge and we do hope that in the new contract we are about to enter into there will be provision for availability of fleet because it is one major thing. If one were to look at the required fleet levels, the stock we need to have *vis-à-vis* the population we have; it is completely inadequate the numbers we have, but even when we have sometimes they are not there all the time readily available for use and therefore you have challenges of the availability of the required stocks at the given time. That is the challenge.

It is a matter of building up that stock and I think the committee somewhat does have some sympathy to our situation here because we have outsourced that function completely and therefore we will rely on what we have. Sometimes you have to use vehicles that are not equipped because that is what you have at the time. So it is a matter that...

I think Cabinet said we should be going into this contract now, but we should simultaneously be exploring what it would take to get us out of that so that we can create our own stock for purposes of being able to have vehicles that we could maintain that could be ready for use whenever required, but it is a challenge that we have.

The issue to do with scarce skills for all the various categories:

First with respect to medical doctors; the expectation is that with the implementation of the OSD, let alone that there have been these hiccups, these delays in its implementation, but the intention with it is that we could make the profession to be attractive. Those that have left the public sector into the private sector, some who have left into foreign lands, could be attracted to come back. I think that package as proposed in the OSD is intending to do that, similarly for nurses.

One could take note here that where we had had nurses employed by the municipalities, there was once a time in which nurses were moving, migrating away from provincial health facilities into the municipal health facilities, but with the implementation of OSD we have now the reversal of that movement. It is itself undesirable, but the effect of OSD is that it is beginning to attract people back into the public service. That is one of the things that we have put in place to try and give a sense of decency to the remunerations in the public service.

As well with respect to retired nurses; I am aware that we are looking for some of those to bring back into their service. It is indeed true that in some respects because we have closed down some of the facilities that were there before, such skills also got lost. We are in the process now of bringing them back, of course those who can, to be able to still come to – be of assistance in terms of health care.

Nursing colleges:

Well, we are moving from the position in which those had been closed down, we have reopened them and we are building up on them gradually, but of course as you do that you need to have the necessary capacities to meet the requirements of accreditation, etcetera. It is something we are now starting to intensify, building up that capacity in that regard.

So, it may be that we have to work in terms of the budget must relate to what you are going to do than just to have an increase in the money when in fact you are going to do less. Thank you.

The DEPUTY SPEAKER: Thank you, hon MEC. We shall now proceed with the debate. Cope (Congress of the people), hon Kuluta.

Mr KULUTA: Hon Speaker, hon Members of the Executive, hon Members of the House; from the onset the Congress of the people supports this budget with all its shortcomings and serious under-budgeting in some areas. We support it as we regard it as a stepping stone towards addressing these historic challenges confronting the department. The general state of the department, hon Deputy Speaker, can only be described as not so good. Here I am trying to look for the best word to use to avoid being called an irresponsible leader again in the House.

I want to comment on financial management. The only yardstick that Government uses to check how resources are used is the Auditor-General and it is common course that since the financial years, 1996/1997 to 2006/2007/2008, this department continues to receive very bad audit reports, e.g. two adverse opinions, one unqualified opinion and nine audit disclaimers. Even now we are heading for another disclaimer, given the current state of affairs in the finance section of the department. We would like to know from the hon MEC what is the root cause of this problem because it has been going on for years; and what is the plan to actually deal with it once and for all.

Another concern is that in the OPP of the department there is no detailed information about OSD budget and we suspect that this will lead again to a situation where health professionals again are not paid and perhaps lead to another strike. The previous strikes culminated in death in hospitals and clinics. Surely that is not what we want to happen again hon MEC.

I wanted to comment on Fleet Africa, but the response of the hon MEC almost solved my problem because it is only someone who denies everything who does not accept that Government has lost a lot of money as a result of this contract without getting value for money.

The question is now why this was allowed to carry on for so long. Is it perhaps because of a flaw or a loophole in the contract itself that if the service provider does not deliver

the department is not able to penalise or the department is not able to pull out of the contract? Is this loophole going to be closed now going forward seeing that we still intend going to another similar arrangement?

The poor people of the province continue dying, waiting for ambulances and those people who argue for PPPs, they argue that in this type of arrangement quality services is guaranteed, but we cannot claim it is the case with this particular Fleet Africa situation.

I also want to comment, hon Deputy Speaker, on clinical services plan. The department up until now has no clear clinical services plan so that it works on a plan that has been crafted by professionals and stick to this plan, instead of chopping and changing every time this department gets a new MEC. Why are we not using the professional resources that we have?

Another comment is on the primary health care programme. This particular programme is a good idea, but it is a dismal failure because it is not coupled with sufficient budget so that you have enough nurses, drugs, equipment in clinics to attract patients to the clinics instead of them flocking to hospitals and end up sleeping on benches waiting for attention the following day and some end up dying on those benches. The question hon MEC is when do we stop this suffering on our mothers, fathers, brothers and sisters?

The vacancy rate in the department ranges between 30% and you can easily see the negative effects of this problem on management issues and it leads to lack of service delivery. Are there any plans to deal with this problem hon Minister/MEC? Thank you very much, hon Deputy Speaker. [Applause.]

The DEPUTY SPEAKER: Thank you, hon member. Democratic Alliance; hon Pienaar.

Mr J PIENAAR: Hon Deputy Speaker, hon MECs, hon Members. Hon Speaker, the death of Mr Piet Jonas in the Uitenhage Provincial Hospital of bedsores last week is a tragedy, not just because it could have been prevented, the loss of his life, but because of the failure of the department with assisting Mr Jonas. I want to thank the acting HoD of the Department of Health, Mr Pumzile Zithumane, for his swift assistance after having alerted him to Mr Jonas plight. All the effort was too late, but it remains sad that one realises that this death could have been prevented if our health system did not fail our people.

For the benefit of those members who do not know what happened; Mr Jonas was sent from Uitenhage Hospital with numerous open bedsores with a few Ponados back to home in the township in KwaNobuhle. As a diabetic who needs specialist care there was no hope for him. After I became aware of his situation I approached Mr Zithumane with intervention. Mr Jonas was taken back to a hospital where he received care once again, but it was too late. Too many mistakes that were made, Mr Jonas died Friday morning, seven days after the assistance of the HoD. A doctor at the hospital is on record to say that if Mr Jonas received the correct treatment from day one he could have made a

hundred percent recovery. Our health system has failed Mr Jonas and is failing thousands more every day.

I therefore call on the MEC for Health to investigate, not only the case of Mr Jonas, but the level of gross negligence at the Uitenhage Provincial Hospital. Cases such as these are systematic of a failing health system in the Eastern Cape. Examples such as these are now seen every day everywhere. Intervention at the highest level is what we need. The MEC must act to turn the situation around. Lives are at risk.

Hon Speaker, when I spoke in this House earlier this week about the responsibilities of the Office of the Premier to ensure proper financial management in this province, I made it clear that this province will not be able to grow without professional financial management.

One of the other aspects I did not mention at the time is the fact that some of our departments do not have internal or so-called in-house auditing. The Department of Health is one of these departments who do actually have such an in-house auditing unit and I am aware of the fact that the members of the unit is active, efficient and therefore work on recommendations.

The unfortunate thing is that while this unit can continue to make positive recommendations to solve problems in management and financial systems within the department, the department's management executive seldom or even never responds to recommendations. A lot of the areas that this unit has identified as trouble spots are being charged or rectified. Now, this hon Speaker, defeats the object. Anybody will agree that the ability to audit and capacitate to keep tracking of budgeting, assets and pending is key to the health of management and service delivery, capacity of any department. To be able to keep the Health Department financially healthy we need two major components – competency and capacity.

If I look at just one little statistic fact to see how unhealthy financial administration in the Department of Health has grown; staff debt at the last count has recorded 68 million. This means the staff need to pay back to the department millions in overpayments; false payments, erroneous payments and even loans. Hon Speaker, the provincial Department of Health is not a bank. It is not in the House of making loans to staff. It is in the business of supplying critical health services to the people of our province. The moment we do anything to distract from or do anything starving accounting from money needed to provide the service, we are not only failing the people of this province, we are sailing close to corruption and the like.

The latest report is that this department will have to write off the money owed to the department. What I am saying is that once you – you never write off money if everything possible has not been done to retrieve these funds. I have seen no proof of that that has been done. All I can see is an over eagerness to write off this money. We must ask ourselves why.

Hon Speaker, proper management of hospitals in our province is dependent on having quality hospital managers. A recent study by the Department of Management at the University of the Western Cape identified the lack of management capacity as a key stumbling block to the transformation and reconciliation of public sectors in South Africa into a more effective, efficient and responsive system of health delivery.

As part of our overall management development process the research is aimed to identify the skills important for public sector health management and to evaluate managers, self assessed professions and each of their skills. Of course section survey using sound administrative questionnaire was conducted among hospital managers in the South Africa public health sector. The responses were asked to rate the level of what importance of each proposed competency in the job and to indicate their proficiency and each skill. Such assessment of levels of competency showed that managers felt most competent in strategic planning, people management and self management and relatively less competence in the task related to skills and their ability to delivery health care.

These findings reflect the reality of the local health service environment and also the massive problem we have at the moment, hon Speaker. No matter how well you think, you are equipped to plan far ahead; it does nothing for service delivery if you are not up to the task. In the end the hospital managers are the critical link at any hospital to ensure proper service delivery by the hospital. In short, the reality of all this is that hospital managers these days should be highly trained and highly skilled as specialist managers. We are the critical link in ensuring policy making reality in our hospitals. The problem, hon Speaker, is that many hospital managers and senior hospital staff members do not have the skills I have just described. Some fall short and other fall miles short.

The DEPUTY SPEAKER: One minute left.

Mr J PIENAAR: If we want to improve our services in our hospitals we must start by appointing hospital managers experts to these critical positions. This could be the start of overhaul of our system. I thank you Madam Speaker. [Applause.]

The DEPUTY SPEAKER: Thank you, hon member. United Democratic Movement; hon Mhlati.

Mr M M MHLATI: Thank you, hon Deputy Speaker. Hon MECs and hon members, the UDM is satisfied that the budget allocation of R11.3 billion to the Department of Health, if used efficiently and economically, can address the core business of the department.

The concern of the UDM is the continuous acute shortage of health professionals who are the driving force in the delivery of quality health services. The UDM would suggest that the hon MEC and other Members of the Executive should go out to Africa and recruit doctors and pharmacists so that they can beef up our ailing health services.

Although the department is handling billions of rands in their budget, the Supply Chain Management System is not up to standard and some of the procurements have been

transferred to local service centers, thus compounding the matter because if the head office has no capacity how can they expect the service centers to acquire the requisite skills?

In view of the fact that procurements are a source of corruption and fraud, the UDM would implore the executive to take appropriate steps to ensure that the procurement systems meet the basic elements such as fairness, transparency, competitiveness and cost effectiveness. The department should make sure that post mortems are held as soon as possible so that people can make the necessary arrangements to bury their beloved ones.

The same applies to the notification of death certificates, which should be completed by medical officers timeously and not wait for the families.

It is time that the Premier addresses the question of managers who refuse to sign performance agreements and this is a clear reflection of their lack of commitment to the work they are doing. How can they be monitored and evaluated without signed performance agreements?

Otherwise iUDM iyahambisana nale report. Enkosi. [Applause.]

The DEPUTY SPEAKER: Thank you, hon member.

Mr M P GALO: Thank you, hon Deputy Speaker. I will try to perform according to your advice. Members of the Executive Committee, Members of the House and the guests, the AIC is very much concerned about the state of affairs in the health system in this province. The department must do something to improve the situation. The fact that there is a shortage of medicines and other resources in our hospitals and clinics is an indication that we are not serious about the lives of the needy people in this province.

I just want to inform you, MEC for Health, that the community clinic at Magadla Administrative Area is one of the projects which were successfully implemented in 1993 and which was officially opened by the now President of the country, Jacob Zuma. The then MEC for Economic Affairs in KwaZulu-Natal wayethunywa ke nguNkosazana Zuma ngeloxesha wayengumphathiswa ke wezempilo in 1995. I am mentioning this, hon Deputy Speaker, to demonstrate the fact that we are very much concerned about the health conditions of the people especially in the rural communities. Having said that, the...

The DEPUTY SPEAKER: One minute left.

Mr M P GALO: The AIC supports the budget vote for the department. Thank you. [Applause.]

The DEPUTY SPEAKER: Thank you, hon member. ANC; hon Dimaza.

Mr M M DIMAZA: Thank you, hon Deputy Speaker. Hon Members, all protocol observed. The South African Constitution guarantees the right of everyone to access health care services. The ANC-led Government, through policy interventions, aimed at transforming the delivery of health care, has done a lot to improve the inequality in health care delivery that it inherited from the apartheid regime in 1994.

However, despite these numerous efforts the national health care system continues to be confronted by misalignment of financial and human resources, as well as facing challenges in the area of quality of care that have retarded the pace of health care reform. These challenges are evident by the current two-tiered system, which is skewed and discriminatory in favor of the 7.4 million, 15% people who benefit from the private medical aid cover. The remaining 42 million, which is 85%, who are predominantly poor and unemployed citizens, depend on the public health system for their health care needs.

It is a well known fact that most health care resources are disproportionately concentrated in the private sector, whilst the public sector remains poorly resourced and severely under-funded, whilst confronted by an increase in diseases such as HIV and AIDS and Tuberculosis and other chronic diseases and an increase in the infant mortality rate.

In addition, the rising costs of private medical aid contribution and of private health care services makes it unaffordable for many people to continue their membership of private medical aids, or to use private health care services. Most still need to be done to further transform our health care system and to achieve the constitutional imperative of the right of everyone to access to health care services.

Together we need to ensure that quality health care is accessible to all citizens of this country by providing universal coverage through the national health insurance system, irrespective of one's ability to pay and to strengthen our public health care system.

In December 2007 as the African National Congress in our 52nd national conference in Polokwane, we called for the implementation of the national health insurance system and the strengthening of the public health sector through provision of adequate funding. As the ANC we took this call into our election manifesto. The overwhelming support shown to the African National Congress at the election gave the President the mandate to deliver a national health insurance to all the people of South Africa.

Now, I just want to explain briefly what the national health insurance is. National health insurance is a system of universal health care coverage where every citizen is covered by health care insurance – rich or poor, employed or unemployed, young or old, sick or very healthy, black and white, urban and rural, and people of whatever persuasion. The aims and objectives of the national health insurance are to achieve fairness in addressing the huge inequalities in our public and private health mix, to improve access and quality of health care.

There has been, Deputy Speaker, an assortment of premature discourse in the public media about the consequences that will occur as the result of the intended introduction of

the national health insurance by government. This debate was introduced deliberately by people who wanted to scare the good intentions of national health insurance, labeling national health insurance as an unworkable system. The critics of the national health insurance are hard at work to prove that we are going to over-burden the rich and the economy will not manage. Their agenda and objectives should be questioned. Time and again when we introduce any new thing as the African National Congress to the people of this country there will always be people who question, but when we succeed no one is clapping hands, even those who were criticising us, but as the African National Congress we are not going to stop to transform everything that we believe it should be.

The national health insurance system will form part of the wider effort to accelerate our national health system reform, especially in the public health sector. Whilst an official document on the national health has not yet been tabled for consideration by Parliament – national or provincial – the policy paper will be presented in due course in line with the internal government processes, in line of the principles of democracy, participatory governance, wide consultation involving all stakeholders, will commence soon. Stakeholders and civil society, rural communities, people with disabilities, the youth, in our communities the employed and unemployed people will be given the opportunity to engage with the policy paper on the national health insurance.

We will ensure that labour, business, employers, academia, the professionals and all other sectors participate in making sure that the policy paper on national health insurance addresses the will of the people of this country.

As the African National Congress, as far as the Health Department in the province is concerned, we want to raise the following observations.

And siyafuna ke ukukholelwa kwaba bantu bedepartment ukuba the observations that we are raising, we want them to go and improve on these particular areas, thus will at the same time provide some kind of recommendations to some of the issues that we want to raise.

The first one that we want to raise is around the question of the health information, including HIV and Aids statistics. The present statistics is not of a good quality due to poor data management at all levels of the department. Recording and record-keeping in the department needs much to be desired. That is why therefore request that as officials of the department to make sure that they improve on these particular areas.

The second point is around district health system. Currently there are three health systems that are running parallel to one another – the district health system, which is guided by the National Health Act, the Divisional Health Council system and the Municipal Health System, which are a mix of the National Health Act and the Municipal Health Act.

This causes disorganisation in the implementation of services. We all know municipal services do not operate after hours and even during weekends. Some of these particular

areas, they cause what sometimes we refer to, you see an influx of people getting into hospitals because you find out kwezinye indawo ziyavalwa ngamaxesha athile and then people will go and flood – that is the hospitals in towns – and sometimes some of us, especially some of us in the oppositions and others to start to say sekutheni sekugcwele kangaka eGrey, but forgetting what is taking place in certain areas.

Support services:

Currently the powers in the Department of Education are centralised to the province in terms of employment, procurement and programme management. Districts and institutions have no authority. There are sometimes duplication of support service, e.g. clinic supervision and operational management and very weak support in clinical services. The health promotion programme does not adequately address the health needs of the communities. There is a need to reinforce the implementation of quality assurance and warning sign system in facilities to improve service delivery and prevent adverse events.

On the question of human resources:

The lack of human development programme, poor infrastructure in certain areas and high vacancy rate has resulted in poor service delivery. All these particular programmes that are mentioned, we know these programmes have been budgeted for long time ago, but unfortunately there is lack of implementation. That is why maybe if we can advise; one of the writers of the book which is called “Commitment” says that sometimes as people in management you need to move out of the comfort zones. Some of the things are not delivered because people just stay in their comfort zones. It is comfort zone when you stay there and you don’t do anything. You need to move out and start to engage and work.

The question of capacity building:

There is a shortage of nurses that are trained in the primary health care, hence the influx of patients to the hospitals. If for instance you can have a number of these, but unfortunately the nurses colleges curriculum is not in line with the current diseases trends.

The last point that I want to dwell with is around sometimes the confusion that is there; around this question of the OSD (Occupation Specific Dispensation). It is our understanding as the African National Congress that Occupation Specific Dispensation is broadly consistent with the proposals that were tabled at the Public Service Job Summit. OSD is an attempt to re-grade jobs in the public service so as to attract people and retain skills in the public service. That is why in the report of the portfolio committee there is a question of shortages of nurses and shortages of doctors.

The response to those but some of the questions; OSD is the one that we are trying to implement so that it is going to respond and have the retention of some of these particular

key and very critical skills that we need. It offers an opportunity to everybody to negotiate the value of jobs and implement the principle of equal pay for equal work and value. This is very important, as public service workers especially, some of the doctors and even the nurses and the teachers, you will notice the question of them complaining about their payment.

That is why, as the African National Congress, as far as ezi strikes bezikhe zakhona ngoku and nezinye esicinga uba zizakuqhubeka, based on the OSD, zisenziwa ngabantu abazenzayo, what we appeal is as follows; that as the ANC we call on the department to remember that doctors are a scarce skill and if we have to stop brain-drain of doctors we have to be comparative in terms of how we pay the doctors. This cannot be achieved in one financial year, but a process must be agreed to.

Equally, we want to request the doctors and others in their organisation that they must not hold the Government a gunpoint, but negotiate; negotiations must take – they must negotiate, taking into consideration – that is the economic climate – and also understanding that we need to implement some of these things that are in phases, just like as the resolution that was signed is saying OSD must be implemented; that is in phases.

As the African National Congress therefore we siyafuna ukuxhasa into yokokubana mayipase le voti yakwa Health. Thank you very much. [Applause.]

The DEPUTY SPEAKER: Thank you, hon member. Hon MEC.

The MEC RESPONSIBLE FOR HEALTH: Thank you again, Madam Deputy Speaker. Let me welcome the report of the committee. I appreciate the conviction that all the members who spoke here have expressed in support of the report.

Madam Deputy Speaker, I am in a first and invidious position that I find myself having to agree with literally all the speakers that spoke here on the matters they have raised with respect to the report. I would even say that when hon Kuluta didn't find the most appropriate words to describe what he was trying to describe, he was indeed very modest from what I know. That for me is very encouraging because it shows that we are finding one another with respect to the challenge that is before us.

I would like to start by saying that we obviously regret the loss of lives, any life lost, particularly when there could have been ways to avert that. It is certainly regretted. I would say so with respect to the case raised here by hon Pienaar, notwithstanding the fact that when that was brought to the attention of the department there were very decisive measures that were done to see to it that that situation was reversed; regrettably we couldn't save that life.

We've also had another incident that has been widely reported in the media to do with a case at Frere Hospital. Again we really regret lives that are – I mean, any life that is lost, but sometimes the coverage that this tend to take is sometimes very much unsympathetic to the truth as it is. In this particular case this person was indeed attended to by doctors.

On the contrary, it is not like there were no doctors as it is alleged that doctors because they were on strike we therefore lost that life because there were no doctors to attend to the person. Indeed there were and there have been all attempts to try and show that in fact this is what, regrettably as it has happened, would have occurred. It is not because there weren't doctors; there were doctors who attended that person. Nevertheless it has been circulated, suggesting that the Department of Health again was found in that regard wanting. I thought I just need to as well say that.

In the last few weeks we have had the privilege and I have been party to that, to have gone right around the province. I visited a number of health institutions, health facilities and met with a number of concerned people with respect to health and health care in the province. I would like to say that what the members have said here resonates well with what has been said as we were going right round and the challenges as they have been articulated in the report are consistent with what we have found out there.

Uppermost is that we need to find, get the department to be tuned to be able to respond, to provide leadership in the circumstances. Some of the observations made here about the issue of performance and performance management; it is one of the things that are found in the department to have been treated rather with serious disregard.

As on 30 June, last month, all the SMS members should have signed their performance agreements and perhaps in a month's time as we would be coming back to the committee, we will also come with a report that will reflect the extent to which that had been complied to and if at all there would still have been anyone who is not within that. I undertake to make sure that that would not be the case. That will take us to ensure that we hold people accountable for the outcomes that are expected in the year ahead of us.

We have a multiplicity of challenges, ranging from human resources, even management of the little that we have; it is a matter that is really of concern. However, in the context of this management of performance it is a matter that we want to attend with much vigor.

I would also say to the hon member who has raised a matter to do with staff deaths; it cannot be – it is unpardonable. We cannot have that now swept underneath the carpet. It is a matter that in the department we will have to ensure the necessary recoveries are done, to make sure we do not again siphon away that which belongs to the people, as it is likely to go that way.

Madam Deputy Speaker, in short; the infrastructure challenges that we have, the human resource challenges we have, have really compounded and got us into a situation where in the recent weeks we have had reports from very reputable bodies with respect to the HIV/Aids spread in the province.

We have also had the opportunity to meet with some again from the World Health Organisation who were here to assess and evaluate our strategies to deal with TB.

Again I may say that there is much we are doing. The impact we are making is indeed a matter of grave concern, to the extent that we would want to be marshalling everyone else to ensure that we are all part of this attempt to make sure that there is improvement in the health care services in the province.

I would like to say that – perhaps as hon Dimaza spoke about the national health insurance before me – that indeed we are determined to...

The DEPUTY SPEAKER: Hon MEC, are you prepared to take a question from hon Pienaar?

The MEC RESPONSIBLE FOR HEALTH: Yes.

Mr J PIENAAR: Hon MEC, thank you for giving me the opportunity to ask you a question. Is the MEC prepared to investigate the possibility of a bad service delivery in the Uitenhage Hospital?

The MEC RESPONSIBLE FOR HEALTH: Well, again hon member, I may just add to what you have said. The Public Service Commission has just notified us that they would like to come and undertake an audit of service delivery in the Department of Health as a whole, which we have welcomed and therefore that should in my view not only be an independent exercise; it will also be undertaken across the whole province in terms of primary health. So you may in that context also look at how it is going to reflect in the hospital in question. But for the part you have raised, I think as part of our quality assurance it is a matter that we can look into, but there is a study that is going to be done for the whole province by the Public Service Commission in relation to service delivery by the Health Department.

Well, towards concluding Madam Deputy Speaker, we welcome the attitude, the commitment that the committee has shown towards looking into the department and I say upfront that that cooperation and commitment on our part is also going to be there to see to it that we change the situation.

With respect to the national health insurance that I referred to, I was saying we are determined to see to it that we get to a situation in which we can be able to really work towards ending this divide between health care that is provided for those who can afford a medical aid and those who cannot afford. Remember, we said health is a basic human right and there is universal access that is required in terms of some of the commitments we've made – Millennium Development Goals, etcetera.

So, we are indeed going to be trying to accelerate the possibility that we give effect to this national life insurance progressively and again from the policy point of view, we are having a National Health Council in the coming month in which the process will be further rolled out to say how are we going to be proceeding with respect to that.

We welcome the committee's deliberations and accept the report and we will work on it.
Thank you. [Applause.]

The DEPUTY SPEAKER: Thank you, hon MEC. That concludes the debate on the matter.

Report adopted.

The House adjourned.