



**DEPARTMENT OF
LOCAL GOVERNMENT
AND HOUSING**

*Budget
Vote
Speech
2007/2008*

FREE STATE PROVINCE



Honourable Speaker
Madame Premier
Honourable Members of the Legislature
The Chairperson and the Provincial Executive Committee of SAL-
GA
Honourable Mayors and Speakers
Marena le Dikgosi
Distinguished Guests.

Honourable Speaker, as I present the Budget Vote for 2007/2008 I draw inspiration from the Bangladeshi National, Muhammad Yunus who, when he received the Nobel Peace Prize in 2006 said:

“The one message that we are trying to promote all the time, (is) that poverty in the world is an artificial creation. It does not belong to human civilisation, and we can change that, we can make people come out of poverty and have the real state of affairs. So the only thing we have to do is to redesign our institutions and policies, and there will be no people who will be suffering from poverty. So I would hope that this award will make this message heard many times, and in kind of forceful way, so that people start believing that we can create a poverty-free world. That is what I would like to do.”

Yes, we believe that indeed poverty is an artificial creation and must be eradicated. To this end, we will, in partnership with municipalities, organised local government and our social partners, accelerate the implementation of Breaking New Ground Policy and the 5-Year Local Government Strategic Agenda.

These policies evolve a common vision to facilitate the provision of shelter, creation of housing assets, and enhancement of institutional capacities of municipalities to provide services to our communities and contribute towards poverty alleviation.

In our quest to make significant contribution towards the evolution of integrated sustainable human settlements, and development of effective local government that is pivotal for service delivery and the entrenchment of local democracy in our province, we undertook to do the following last year:

In relation to the milestones that we set for ourselves, we are delighted to give an account of the highlights of our achievements:

Within the context of Project Consolidate and the implementation of the Five-Year Local Government Agenda, we have solidified our partnerships with the Independent Development Trust (IDT), the Development Bank of Southern Africa (DBSA) through Siyenza Manje Programme, and the Department of Water Affairs and Forestry (DWAF). Through these partnerships, we have facilitated the provision of expertise in various fields to our municipalities:

Five Engineers and three financial experts have been deployed to six municipalities (Tokologo, Matjhabeng, Setsoto, Phumelela, Nala, Masilonyana and Xhariep District) to fast track the provision of municipal infrastructure services and improve financial management.

We have deployed sanitation technical experts per district, and in some instances per municipality, to deal with our programme of bucket eradication and provision of bulk sanitation infrastructure. Due to the apartheid legacy, Free State is known to have the highest number of buckets. Of the recorded figure of 160 000 buckets, to date we have managed to eradicate 80000 buckets. We are confident that the remaining 80000 buckets will be eradicated by the end of December 2007.

Three financial technicians have been deployed at Phumelela to increase the financial capacity of the municipality.

We intervened in the political and administrative affairs of Naledi Local Municipality and seconded a departmental official to the position of Municipal Manager, and provided Chief Financial Officer function for a period of 12 months.

We provided technical assistance to 14 municipalities in the development of Performance Management System (PMS) framework. Honourable Speaker, provision of Free Basic Services remains a key aspect of service delivery to our people. The challenge we currently face is that these services are provided in a differentiated manner, and we will have to establish a mechanism that will ensure uniformity. Despite this challenge, I am pleased to announce that all our local municipalities are providing Free Basic Water and Electricity to our households.

In our endeavour to deal with the rising services debt to our municipalities, we hosted a Local Government Debt Recovery Summit in February this year. The summit succeeded in highlighting the core reasons behind the phenomenon of rising service arrears debt and proposed solutions to the problem, drawing on the collective experiences of both the public and private sectors.

In dealing with infrastructure backlog, the province received R563 million from the Municipal Infrastructure Grant (MIG). To date R394 million has been spent in providing service delivery infrastructure.

In striving towards co-ordinated and integrated service delivery, we hosted Integrated Development Plan (IDP) Engagement Sessions on 15 to 19 May 2006. These were meant to foster the alignment of municipal IDPs to the Free State Growth and Development Strategy (FSGDS) and enhance the credibility of IDPs.

Working with the Department of the Premier in reviewing the Free State Growth and Development Strategy, we have compiled the Free State Spatial Development Framework, supported district municipalities in compiling district spatial development frameworks and supported local municipalities to finalise their town planning schemes.

In order to fast-track planning and development in the Free State, we have re-constituted the Townships Board as from 1 January 2007. The Board continues to advise us on all land development matters. We take this opportunity to congratulate Mr Bafana Mthembu for his appointment as the Chairperson of this Board.

The Inter-Governmental Relations Framework Act of 2005 establishes a regulatory framework for framing relationship across spheres and fostering of partnerships. Informed by this Act, we have repositioned the MEC-Local Government structure (MECLOGA) to enhance and strengthen co-operation between the department, municipalities and organised local government. We will this year, intensify efforts to introduce the cluster system as a way of working at municipal level.



In ensuring that communities have information on services that government provide, we have absorbed 255 Community Development Workers (CDWs) into the department and deployed them to all local municipalities. Working with Offices of the Speakers, we will capacitate municipalities to coordinate the work of CDWs. During the course of this year we will recruit and train the remaining 45 CDWs.

Honourable Speaker, in ascertaining public participation and deepening of local democracy, ward committees have been established in all municipalities in the province with varying functional strength. We are therefore appealing to municipalities to allocate sufficient resources for proper functioning of these ward committees.

The role of traditional leaders is critical in integrated governance. To this effect, the Chairperson and Deputy Chairperson of the provincial House of Traditional Leaders were accorded the full-time status in office, and the Premier has assented to the recognition of 31 new traditional leaders.

To promote regional and local economic development, we have worked with four district municipalities to hold Growth and Development Summits. The summits have achieved the identification of local economic opportunities and projects, and forged strategic partnerships.

In this financial year, we will hold a Provincial Growth and Development Summit to consolidate the outcomes of the mentioned District Growth and Development Summits. We will foster and establish partnerships with the private sector in order to take the economic initiatives forward.

In recognising municipal performance excellence in relation to key performance areas, we hosted a provincial VUNA awards event. We once more take the opportunity to congratulate the provincial winner, Tswelopele Local Municipality.

Honourable Speaker we committed to accelerating the Comprehensive Housing Programme by building 12 000 houses in the last financial year. We are delighted to report to this House today that 11 049 houses were completed to provide shelter and

progressively eradicate informal settlements in pursuit of the principles of the Breaking New Ground Policy. However, the main constraints remain the none availability of township registers and management of credible beneficiary lists.

Honourable Speaker we committed to accredit municipalities in line with the Housing Accreditation Policy. Mangaung Municipality was identified for Level 1 accreditation. As a result, R2.5 million has been allocated to Mangaung Municipality for the appointment of personnel with appropriate expertise in the housing component as well as to procure the required equipment. This process will be completed by July 2007.

Honourable Speaker some of the houses built before 2002 had serious shortcomings resulting in shoddy work and incomplete projects. We made an undertaking to complete these incomplete projects and to rectify houses with defects. We are pleased to announce that all incomplete projects and houses with defects have been completed in the Xhariep District. Quantity Surveyors have been appointed to draw bill of quantities for Motheo and Lejweleputswa Districts. An amount of R13.4 million was allocated to the Lejweleputswa project.

In our endeavour to improve the lives of people with disabilities, we have completed a Special Needs Housing Project called Mphatlalatsane in Viljoenskroon. This project is one of our success stories and was recently awarded the prestigious Govan Mbeki Award as the best special needs project.

Honourable Speaker, in partnership with the Land Claims Commission we have concluded a Memorandum of Understanding on January 2007. This project is the first of its kind in the province where the department will grant 1407 subsidies, amounting to R62.8 million, to top up R30 million received from the Land Claims Commission.

We have committed to the eradication of Informal Settlements by 2014 in the province. In line with this commitment, we have allocated 1600 subsidies to the upgrading of the Grassland Informal Settlement Project in Mangaung.



Honourable Speaker, our programme on the 16 Days of Activism Campaign of No Violence Against Women and Children has become our commitment and an annual programme. Thirty-two (32) houses were built and handed over to the beneficiaries. At this stage let me pause, to convey our condolences to the family of Mamiki Matang, the disabled child in Maokeng, who passed away in February this year, and was the beneficiary of this project.

Honourable Speaker, in our endeavour to empower women and youth, 1500 subsidies were allocated to ten emerging women contractors and youth led companies. In partnership with the Department of Education and FET Colleges these contractors will be undergoing training in all aspects of construction as part of the empowerment programme.

Honourable Speaker, notwithstanding the afore-mentioned significant achievements, my department encountered a number of challenges on some fronts that will be dealt with during the course of the year. These are:

- Mobilising strategic partners and leveraging resources for co-ordinating the implementation of 5 Year Local Government Strategic Agenda.
- Enhancing departmental capacity to provide hands-on support, monitor municipalities and deliver integrated human settlement.
- Compliance with policy, regulatory and fiscal frameworks governing local government.
- Unavailability of serviced sites and suitable land.
- Lack of dedicated housing units and adequate staffing in some municipalities.
- Enrolment of housing projects with the National Home Builders Registration Council (NHBRC) to improve the quality of low cost houses.
- Lack of integration with sector departments responsible for social and economic amenities.

Our Plan for 2007/2008

(Renewing our pledge: a national partnership towards a better life for all)

Honourable Speaker, our approach to the 2007/2008 financial year is informed by the national theme, which places emphasis on the critical role of a collective effort towards achieving the alleviation of poverty in our midst.

In working towards developmental local governance and integrated informal settlements in the Free State, we commit to realise our mandate with the R878 028 000 allocated to my department through the following activities:

We will double our efforts to ensure that a hands-on approach is a common thread that underpins the involvement of other sector departments in providing the requisite support and resources to municipalities.

We will intensify our support and allocation of resources to the 12 Project Consolidate municipalities.

We will support municipalities to ensure continuous alignment and co-ordination of the Integrated Development Plans (IDPs) with the Free State Growth and Development Strategy (FSGDS).

Furthermore, we will support municipalities to establish core basic municipal systems to function effectively. We will place emphasis on supporting the development and review of Performance Contracts of Section 57 managers.

We will provide leadership development programmes to selected municipalities in partnership with the South African Local Government Association (SALGA) and the Local Government Sector Education and Training Authority (LGSETA).

We will source and deploy hands-on support to municipalities in order to fast track the provision of service delivery focussing on bucket eradication.

We will continue to support and monitor the implementation of provincial and municipal infrastructure programmes.



Honourable Speaker, the Integrated Sustainable Rural Development Programme (ISRDP) remains our key programme and its implementation will be strengthened in the node.

In contribution towards the local economic development efforts of our municipalities, we will support the implementation of the resolutions reached at the recent District Growth and Development Summits. Furthermore, we will deploy development economists and planners in selected municipalities.

In preparation for the 2010 Soccer World Cup, we will support initiatives in municipalities, which position them, to benefit economically from opportunities presented by this event.

We will work with the Provincial Treasury to provide support on financial management to municipalities and ensure that various concerns raised by the Auditor General are attended to. We will also provide guidance on the implementation of Municipal Property Rates Act (MPRA) in all municipalities.

We will support municipalities with the implementation of the Local Government Anti-corruption Strategy to ensure good and effective governance.

We will intensify the provincial campaign to improve community participation and ensure that organs of the people's power remain engaged.

We will work with SALGA to promote all our IGR structures and ensure that district IGR forums remain effective.

Through the Local Government Communication System we will assist municipalities with the development of effective communication strategies to ensure stakeholder awareness and information on government programmes.

Honourable Speaker, the unprecedented and growing, R3.3 billion services arrears debt to our municipalities sharply raised the department's concern about the revenue status of municipalities. Subsequently, the department responded by holding the Debt Recovery Summit early this year.

We will use the outcomes of this summit to develop and implement a hands-on support programme on revenue enhancement targeting municipalities with the largest percentage of service arrears debt. Further engagement and partnership will be pursued with critical stakeholders such as the South African Revenue Services and the private sector, especially the banking sector.

We will facilitate best practice sharing amongst municipalities to ensure that effective revenue enhancement models are tested and refined to suit unique circumstances prevalent in communities serviced by our municipalities.

We will partner district municipalities to explore the establishment of a ***district shared services model*** that will cover the broad spectrum of critical issues such as effective municipal financial management and effective implementation and monitoring of infrastructure programmes.

In partnership with the Department of Provincial and Local Government, and affected municipalities, we will implement the National Programme of Support to the Institution of Traditional Leadership. This programme seeks to identify the key areas where traditional leadership structures require assistance and support in the short, medium and long term.

It is a common understanding that disasters do not know or respect boundaries and therefore a collaborative Provincial Disaster Management Framework will be implemented to mitigate and prevent disasters, and build the capacity of municipalities to handle disasters.

Honourable Speaker, the financial viability of Xhariep District municipality remains a critical challenge. We are in a process of introducing a joint administration between Xhariep and Motheo district municipalities. We will accordingly amend section 12 establishment notices to effect this arrangement.

In this financial year, we will spend R653 million to build 14278 low cost housing under various housing programmes including special projects to empower women, youth and vulnerable groups.

Once again 1000 subsidies will be allocated to women contractors, 500 subsidies to youth contractors and 32 subsidies to vulnerable groups.

We will develop 13534 sites in various municipalities with the intention of allocating subsidies for housing development on those sites in a systematic manner.

We will strengthen our monitoring capacity by appointing consulting engineers to fulfil the role of monitoring, evaluating and ensuring quality control in all our housing projects.

Informed by the Grassland Pilot Project on the upgrading of Informal Settlements, we undertake to replicate this project in the following towns of six local municipalities:

- **Bloemfontein**
- **Bethlehem**
- **Welkom**
- **Kroonstad**
- **Sasolburg, and**
- **Harrismith**

We would want to urge municipalities to continuously identify suitable land that promotes densification and spatial integration.

We will partner the Land Claims Commission to build 1407 houses for land restitution beneficiaries.

We will deploy recently recruited Cuban professionals to improve the quality of houses built through the People's Housing Process (PHP).

Honourable Speaker, the restructuring process in the department has been completed. We have significantly increased our staff capacity by making strategic appointments in key components and created district offices to better co-ordinate our support to municipalities and provide services to communities.

Economic growth and social development of countries are invariably associated with large and sustained investment in education and training. The skills development programme of the department will be aligned to the Provincial Human Resource Development and Management Strategy as well as the Joint Initiative for Priority Skills Acquisition (JIPSA) initiatives.

The Town and Regional Planning internship will be implemented in the department to increase the skills in this area and enhance development planning initiatives in the province.

We will strengthen our supply chain management unit to enable the department to attain the 70% SMME procurement targets as pronounced by the Honourable Premier in this House during her recent State of the Province Address.

Honourable Speaker as we conclude, we would like to marshal all of us in this House and our social partners behind the President's message in his 2007 State of the Nation Address where he states:

“We should dare to act in concert to pursue the ‘happiness that can come to men and women if they live in a land that is free.’

We are not yet there yet. But no one, except ourselves, shall ensure that this dream is realised. And so, let us roll our sleeves and get down to work, fully understanding that the task to build the South Africa for which we yearn is a common responsibility we all share.”

Let me take this opportunity to thank you the Honourable Speaker, the Premier, my colleagues in the Executive Council, the Chairperson of the Portfolio Committee on Local Government and Housing and Members of the Legislature for their guidance and support.

Honourable Speaker, I also wish to extend my gratitude to the Chairperson of SALGA and his executive, mayors, speakers, councillors and municipal managers for their commitment in building co-operative government.

My appreciation goes to my Head of the Department and staff for their support and commitment in implementing our priorities.

Families are our source of inspiration and support without which our existence would have lesser meaning. For this reason, I would like to thank my wife Tshidi and the rest of my family for their unwavering support.

I therefore present my department's budget vote as reflected in Annexure A.

ANNEXURE A

BUDGET ALLOCATION 2007/08

The total amount appropriated for the 2007/08 financial year for the Department Local Government and Housing amounts to R 878 028 000 which includes the Housing Grant to the amount of R 653 293 000. The total amount appropriated can be summarised as follows:

Programme	Amount	Percentage of Budget
Administration	79 660 000	9%
Housing Administration	707 829 000	81%
Local Government Administration	90 539 000	10%

Economic classification	Amount	Percentage of Budget
Compensation of Employees	114 301 000	13%
Goods and Services	79 008 000	9%
Transfers and Subsidies	676 122 000	77%
Capital Assets	8 597 000	1%

The main elements in regard to the appropriation in regard to Transfers and Subsidies are:

Transfers and Subsidies	Amount	Percentage of Budget
Provinces and Municipalities: · Municipal Infrastructure - 8 858 000 · Planning and Surveying - 7 068 000 · Integrated Development and Planning - 3 261 000	19 187 000	2.8%
Universities and Technikons	1 100 000	0.2%
Non-Profit Institutions	3 175 000	0.5%
Households	652 660 000	96.5%



▼ **Local Government and Housing** ▼

P.O. Box 211, Bloemfontein, 9300 • Republic of South Africa
Tel: +27 (0)51 403 3224 • Fax: +27 (0)51 403 3404