

**ADDRESS BY THE HONOURABLE PREMIER ES MCHUNU TO THE SPECIAL  
COHOD MEETING HELD AT GREYS HOSPITAL, PIETERMARITZBURG  
02 DECEMBER 2014**

**Director-General;**

**Members of the Executive Council;**

**Heads of Department;**

**Chief Financial Officers and Supply Chain Managers;**

**Human Resources Managers; and**

**Other Senior Government Officials present;**

This week on Friday the 5<sup>th</sup> December 2014, will be the first anniversary of the passing on our founding President Nelson Mandela. His life and teachings, remain our guiding light through which we continuously reflect as a society on what we should always strive for in pursuit of a better life for all.

Today's meeting and the extent of our discussions, should offer another opportunity to us to reflect on how we are doing to emulate the values that Mandela stood for and lived to advance in service to humanity.

In our last meeting held at Cedara on 16-17 October 2014, as the Premier I appealed to those gathered in that meeting, to look deeper into their souls and find that small conscience that recognizes the very essence of what public service calls on us to do. That meeting had been convened to primarily find practical measures to ensure adherence to financial controls against irregular expenditures, fruitless expenditures, wasteful expenditures and general controlled spending of departmental budgets.

Subsequently, at our Provincial Executive Council meeting held on 22 October 2014, the Executive resolved that as further part of implementing cost containment measures, at human resource management level, we must establish what positions in

the establishment have incumbents that are sitting at home either through suspensions at great cost to the state.

I thought we need to look at these issues and make some reflections on the principle of South Africa as a developmental state, and what at first level this means on the democratization project that we are pursuing as the ruling party; and at second level in terms specific expectations and obligations placed on us as public representatives and officials.

Maybe as a starting point, we need to revisit what commitments we have been made as a country at international level, which ultimately must be brought closer to home to realize such commitments within our respective areas of responsibility.

At the 1994 Summit of the Americas Declaration of Principles and Plan of Action, Heads of State and Government of nations of the Southern Hemisphere, pointedly linked the survival of democracy to the eradication of corruption. They concluded that “Effective democracy requires a comprehensive attack on corruption as a factor of social disintegration and distortion of the economic system that undermines the legitimacy of political institutions”.

This is premised on a conviction that equitable social development must be embedded on principles of democratic governance, accountability, transparency and non-discrimination. This is what defines development effectiveness and citizen empowerment.

In September 2000, world leaders at the United Nations Millennium Summit agreed to set measurable goals on global development to address among other issues poverty, hunger, illiteracy, and discrimination against women. These goals were captured under the Millennium Declaration in which world leaders articulated a wide range of commitments on human rights, good governance and democracy.

Therefore, this means any form of democratisation and development debates must appreciate the historical and material context in which they operate. In our case, we understand that part of the challenge in accelerated delivery of services, is also

influenced by the historical factors regarding levels of social development and capacity within the state to achieve goals that we have set for ourselves since 1994.

Our government both at national and provincial levels, has this broad developmental strategy that aims to promote and accelerate economic growth to generate sustainable and decent jobs in order to reduce poverty and extreme inequalities, which characterise South African society and economy.

But we have also come to acknowledge that our world class development policies are constrained at a delivery level. This is largely due to failures at human level largely informed by lack of requisite skills and distorted thinking by officials that is not centred on the needs of the people we serve, as well as the challenge of corruption. This has also been identified as key in making development in the interest of the poorest an elusive goal.

Being **transparent** and **accountable** means the people we serve, would feel comfortable that as government we are doing what we promised or committed ourselves to during elections and subsequently during the State of the Province.

The assumption behind this thinking and way of doing things, is that by adhering to the practice of good governance and accountability as principles that the Auditor General seeks to advance, we would strengthen our institutional capacity and enhance our effectiveness in delivery of services.

The desired outcome would be new sustainable culture of doing things that lead to effective approaches in how government functions for change. It means we are open to advice and criticism, and committed to tackling problems rather than ignoring them. It means our interventions would focus on factors contributing to accountability deficits, and engage on an honest process of how we remedy these challenges thus improve on effectiveness of government policies and strategies. At a public level, we thus are able to build consensus and support for our envisioned social development path and priority programmes with the people as articulated in our development plans.

## **2013/2014 Auditor General Report**

Today's gathering takes place soon after the release of the Auditor General's report, which has serious findings on how as various provinces we have progressed or regressed, since the last audit process. There are particular pointed findings on KwaZulu-Natal as well. Our Province's performance could be summed up as follows:

- Nine auditees received a financially unqualified audit opinion with no findings in the period 2013/14.
- Twenty-one auditees (55 per cent) received a financially unqualified audit opinion with findings on either their performance information or compliance with legislation, or both of these aspects.
- Six auditees (16 per cent) received a qualified audit opinion, which means that they were unable to adequately and accurately account for financial transactions and activities they conducted.
- Five auditees improved, while 25 were unchanged and 5 regressed.
- Two audits were outstanding in this period and there was one new auditee.
- The province incurred R685 million in unauthorised expenditure in 2013/14.
- The province incurred R 4 333 million in irregular expenditure in 2013/14.
- The province incurred R13 million in fruitless and wasteful expenditure in 2013/14.

Addressing our own weaknesses and strengthening our institutional capacity that will enhance our effectiveness in delivery of services, means we need to take the issue of managing public resources very seriously. Part of why we extended this version of Special COHOD to human resources managers, is to discuss the issues around losses we incur both in monetary terms as well as in terms of lost opportunities on human capital that is not doing what is employed to do, due to various precautionary suspensions.

Earlier in the year, we engaged on this matter at the meeting with senior management. The Minister of Public Service and Administration, Hon Collins Chabane, emphasised the role of public service' senior managers in "ensuring that disciplinary processes against public servants are expedited and finalised within the stipulated time frames". Placing people in long precautionary suspensions is costly to the state as we continue to pay for someone we are not deriving any benefit from, whilst at the same time it destabilizes departments.

Looking at the current state of precautionary suspensions, from **1 October to 31 December 2013 we had** 62 employees on precautionary suspension with financial implications of R3 798 715.00. From **1 January to 31 March 2014, we had** 59 employees on precautionary suspension with financial implications of R 4 240 065.00. The total number of employees suspended for the financial year 2013/14 was **84** with financial implications of R13 723 534.00.

This practice has serious impact on how we function as government and effectiveness thereof in the delivery of services. Apart from the financial impact of having an employee being paid whilst sitting at home and not performing any duties, the post of such suspended official cannot be filled as the person is still legally employed and held against the post.

What is of great concern is the number of senior managers under precautionary suspension. I am told in the Departments of Health and Sport and Recreation all these officials are at senior manager, general manager and senior general manager levels.

Now the question is how we would expect departments to be run efficiently and effectively when the supposed senior managers, who are custodians of public resources are the ones in trouble. How would we expect that lower levels would work with commitment and fully observe the dictates of good governance, when those who should ensure that we work towards achieving our set commitments, are themselves the ones in trouble with the law.

The people expect more from government. Their expectations are of a government that does not just make promises and set goals every year in the State of the Province addresses, without any discernible delivery outcomes that they can point to.

The Auditor-General's reports are not only about how many clean or unqualified reports we get, but about how those outcomes are linked to the impact we make in the delivery of services and improvement of people's lives.

Just as we will commemorate the anniversary of the passing of Mandela on 5 December 2014, we must not do this as another exercise that can easily become a ritual, but it should be about an opportunity for self-reflection on what as individuals become our contribution in improving the lives of the people, particularly the poor and marginalized.

I thank you