

KEY NOTE ADDRESS BY THE MEC FOR FINANCE, ECONOMIC DEVELOPMENT AND TOURISM, MR SIKHUMBUZO KHOLWANE DURING THE SEMINAR ON CORPORATE GOVERNANCE, NUTTING HOUSE, MBOMBELA

04 June 2015

Programme Director

Executive Mayor and the host of this seminar, His Worship Cllr SP Mathonsi

Architect of Governance, Professor Mervyn King

Councillors present

Esteemed guests

Ladies and gentlemen

1. It is a great pleasure for me to be part of this important seminar on Good Governance.

Political Context

2. We meet during an important month in the national calendar – Youth Month.
3. The history of this country is not complete without the heroism of the 1976 generation who stood up for what is just and fair.
4. Their demand for decent education was a demand for a better future for all.
5. Their struggle for a better future was a demand for accountability and fair administration in our lifetime.
6. At the heart of the students' protest in 1976 was a demand for good governance.
7. There was no way the apartheid regime could have been a good host of good governance because its service delivery model was inherently based on discrimination on the basis of your colour and gender. Accountability and transparency, as an example, were optional principles for both public and private sector, and thus the struggle for quality education was just a catalytic demand
8. It was also a struggle to force the hand of apartheid regime to recognise that Government serves better when it is based on the will of the people.
9. More than anything, it was a struggle to ensure that the state is and can be held accountable by all people for the processes followed and mechanisms employed in delivering services.
10. Public participation, accountability and transparency are mandatory in our quest to improve service delivery and build investor confidence.

11. These elements were non-existent. The system defied the very essence of what Government is all about.
12. Fast forward to our last step towards democratic South Africa, the eminent citizen of the world, Dr Nelson Mandela in his acceptance speech for the Nobel Prize in 1993, said and I quote:

“We ...will have a society which recognises that all people are born equal, with each entitled in equal measure to life, liberty, prosperity, human rights and good governance”.

13. This seminar is about the entitlement that President Mandela was talking about, which is Good Governance.
14. According to the United Nations Development Programme (2007:31)

“Good governance refers to a high quality of processes by which decisions affecting public affairs are reached and implemented. Good governance ensures that all, including the poor and other disadvantaged groups, are included and have the means (1) to influence the direction of development in particular as far as it affects their lives, (2) to make contributions to development and have these recognized, and (3) to share in the benefits of development and improve their lives and livelihoods.”

15. Good Governance is therefore connected with processes that recognize a need for accountability and correct stewardship over the financial and non-financial resources at our disposal.
16. It gives impetus to the task of improving performance and tackling corruption in public and private sector.
17. It is for this reason that we consider Good Governance as an absolute necessity for people-oriented service delivery.

Programme director

18. Government has made many strides in responding to citizen’s entitlement for Good Governance at all spheres of Government.
19. The Constitution of the Republic of South Africa, Chapter 3 in particular, embraces the principle of cooperative governance which requires all spheres of Government to provide **“effective, transparent, accountable and coherent governance...”**
20. We have established institutions and mechanisms to safeguard our democratic value system as enshrined in the Constitution.

21. At the Provincial and Local Government spheres, we have established system of checks and balances in that:
- All Provincial Departments have appointed Chief Risk Officers;
 - Audit and Risk Committees in the Province are all also chaired by external professional; although some of Departments and municipalities are using shared audit committees systems;
 - Public Entities have established the Risk Management function, although the structures are not fully fledged as yet.
 - All Departments and Twenty (20) of the twenty one (21) municipalities have established the internal audit functions, and
 - We established Internal Audit Forum which provides a platform for peer reviews and sharing of good practices on financial governance.
22. While we place a great value on the work of these assurance structures to enable the Government to pursue the objective of clean administration; we know that they are not panacea to all our challenges in corporate and financial governance.
- a. South Africa and the nations of the world need public and private sector which respect the rule of the law and are committed to clean governance;
 - We need officials who share the same value system that demands accountability, transparency and responsibility from all, and
 - We need the systems that have added layer of defence against unscrupulous activities and conduct.
23. The Honourable Premier DD Mabuza sums it up well when he said, and I quote:
- We need to have the right systems, the rights attitudes, the right tools of the trade, and of course, the right people at the right place”***
to realise good governance and effective service delivery.
24. Our quest for good governance requires men and women, in public and private sector, in leadership and administrative levels, to swear allegiance to the Constitution of the Republic of South Africa and other legislations that seek to maintain the integrity of the State.
25. It is in this context that the Provincial Government welcomes the ground breaking workshops by Professor Mervyn King which seeks to inculcate good corporate governance in all institutions in the Province.

26. We agree with the sentiment that a well-managed organisation will be aware of and respond to social issues, while placing a high priority on ethical standards.
27. As I stated earlier, the absence of transparency and accountability in service delivery takes away the legitimacy of all programmes that are implemented by the State.
28. The absence of transparency breeds ample ground for corrupt practices to manifest in the institutions and operational systems.
29. The absence of accountability erodes public and stakeholders trust in any institutions, and
30. When all integrity is gone, there is nothing left for the people, who depend on us to lead them out of poverty, unemployment and quagmire of underdevelopment.
31. Let me take this opportunity and thank you again for inviting us to be part of this seminar which is a building block towards a better future for our Province, our County and the World. I wish you well in your deliberations.
32. I thank you.