



cogta

Department:
Cooperative Governance and Traditional Affairs
PROVINCE OF KWAZULU-NATAL



Budget

Policy Speech Vote 11

2019/2020



Theme:

"Repositioning Local Government for Economic Growth and Development in KwaZulu-Natal."



**KZN MEC for Cooperative Governance
and Traditional Affairs**

Mr. S.E. Hlomuka

DEPARTMENT OF COOPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS

BUDGET POLICY SPEECH 2019/2020

Budget
Policy Speech Vote11

Theme:

"Repositioning Local Government for **Economic Growth** and Development in **KwaZulu-Natal.**"

2019/2020 BUDGET POLICY SPEECH BY THE MEC FOR COOPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS IN KWAZULU-NATAL, THE HONOURABLE SIPHO EMMANUEL HLOMUKA, MPL, IN THE KWAZULU-NATAL LEGISLATURE 25 JULY 2019

Madam Speaker;
His Majesty the King, Bayede..!!
Hlanga Lomhlabathi..!!
The Premier of KwaZulu-Natal,
Honourable Sihle Zikalala;
Members of the Provincial
Executive Council;
Honourable Members of the
Provincial Legislature;
Inkosi Chiliza, Chairperson of the
Provincial House of Traditional Leaders;
Amakhosi AseNdlunkulu present;
Mayors and Councillors of
municipalities;
Excellencies,
Members of the diplomatic corps;
Heads of Departments;
Senior Officials;
Members of the media;
Citizens of KwaZulu-Natal;
Distinguished guests;
ladies and gentlemen

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Before we outline the new vision and the perspectives behind it, let us start with the reflections on the performance on the previous final year:

OVERVIEW OF 2018/2019

PERFORMANCE

Back to Basics Achievements

Madam Speaker, the Back to Basics programme was launched with an understanding and appreciation of the fact that getting the basics right was important if the sphere of local government was to get the bigger things right, like receiving clean audits, spending money wisely and fast-tracking infrastructure delivery. We needed to ensure that in every municipality, traffic lights are working, potholes are filled, water is delivered, refuse is collected, electricity is supplied, and waste management takes place.

We have seen some positive results, notwithstanding the stubborn challenges like in Msunduzi, eThekweni, Abaqulusi, or Big Five/Hlabisa. It is against this backdrop that Back to Basics, as announced by national Minister Dr Nkosazana Dlamini-Zuma, is still an important policy approach that will be sustained but implemented with more vigour and decisiveness as we will explain during the course of this address.

Transforming Local Economies

- We have supported 54 municipalities in improving their Spatial Development Frameworks to ensure alignment with their respective Integrated Development Plans.
- We have supported all 44 local municipalities with the development of Land Use Schemes.
- We have made strides to improve land use management in traditional communities where 18 Traditional Master Plans of 18 Traditional Councils were developed and adopted by their respective municipalities.
- All 54 municipalities have been supported in the establishment of Municipal Planning Tribunals and Appeals Tribunals.
- These efforts are aimed at addressing the racial, income, asset, gender and development inequalities that exist in our province and in our country at large.



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Madam Speaker, we are honoured to table the Budget for Vote 11 of the Department of Cooperative Governance and Traditional Affairs, in our capacity as the Executive Authority of the Department.

We must state at the outset, Madam Speaker, that this Budget Vote is inspired by the Manifesto of the ruling party - the African National Congress – which challenges us to usher in an **era of renewal; this is an opportunity, as the Manifesto puts it, to “restore our democratic institutions and return our country to a path of transformation, growth and development”**.

It is also inspired by the spirit of reforms and positive policy direction as outlined by His Excellency President Cyril Ramaphosa in his State of the

Nation Address (SONA) and by Honourable Premier Sihle Zikalala in his State of the Province Address.

We are honoured to be presenting this Budget Vote for the Department of Cooperative Governance and Traditional Affairs during the month of July which is of historic significance to activists and proponents of social change in our country and the world at large. During this month we commemorate the triumph of the Cuban Revolution. Few days ago we also celebrated the birthday of the first President of a democratic South Africa – Nelson Mandela. We therefore, as we stand on this pedestal today, draw inspiration from this gallant freedom fighter’s determination to knit a destiny that is intricately linked with the destiny of the oppressed masses. As we embark on this journey to reposition our system of local government to grow South Africa, we are inspired by our icon’s words: **“Overcoming poverty is not a gesture of charity, it is an act of justice, it is the protection of a fundamental human right, the right to dignity and a decent life. While poverty persists, there is no true freedom”**.

This being our maiden Budget Vote speech, we would like to preface our remarks by thanking the party we belong to – the African National Congress - for providing us with political guidance and entrusting us with this position of responsibility. To the Honourable Premier, Honourable Zikalala, Khuzeni, thank you for the confidence you have shown in appointing me to provide leadership to this crucial and important portfolio of Cooperative Governance and Traditional Affairs. The warm welcome that we have received from amakhosi led by His Majesty the King, the Councillors and all the foot soldiers in the sector of local government has been truly humbling. It is also fitting, Madam Speaker, to thank all those who sent us congratulatory messages and expressed their wishes for us to succeed. These include the many political and community-based formations, including the many Honourable Members of this venerable House. We promise to do our best not to fail our people!

My predecessor, Madam Speaker, the Honourable Nomusa Dube-Ncube, laid a solid foundation for the re-engineering of the Department to fulfil its mandate of building resilient local government institutions and coordinating government service delivery programmes. Izigi zakho zizwakele Nyamazane, we will continue to build on that foundation. We are at an advantage of having an impressive body of knowledge from which to learn. We are also fortunate that we benefit from a firm legislative and policy groundwork laid also by the many Members of this House across the political party divide.

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Small Town and Corridor Development

- Under Small Town Rehabilitation and Corridor Development Programmes, we have invested in the development of infrastructure which promotes local economic development. Amongst our achievements is, for instance, the R18-million Maphumulo Taxi Rank.
- Another complete project was the upgrading of Main and Groom Streets in the Central Business District of Kokstad where we invested R15-million.
- We have established a new town node in Bergville which shows that this government is creating new cities in underdeveloped rural areas that were neglected by the apartheid governments.
- Grant funding of R40.8-million was invested in the following beneficiary municipalities in this financial year benefitting 10 municipalities, namely Richmond (R2-million), uMhlabuyalingana (R7-million) eDumbe (R2-million), Inkosi Langalibalele (R400 000), Ubuhlebezwe (R2-million), KwaDukuza (R5-million), uMvoti (R5- million), and Ilembe District (R11-million).

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Job Creation

- A total of 45 252 work opportunities were created through the Community Works Programme. About 35 000 of its beneficiaries were women and 11 000 were young people.
- 1740 employment opportunities were created through the Expanded Public Works Programme in which 1240 of the beneficiaries were women and 853 were young people. These exclude the internship and bursary programmes of the Department.

Capacity Development

- A total of 148 capacity-building programmes by different stakeholders were implemented.
- Skills Audits were concluded for the Technical Units of 52 municipalities and Finance Units of 46 municipalities.
- A total of 1027 Councillors and 221 municipal officials were capacitated through 8 programmes rolled out by the Department.
- We also successfully hosted the Women in Leadership Dialogue for 506 Women Councillors and Women Amakhosi on 8-9 November 2018.
- The best practice Women in Leadership Dialogue was shared with other Provinces at the National Capacity Building Forum.
- The partnership with First National Bank has empowered 99 Youth Entrepreneurs in the province as part of its Business Incubator Programme.

Relations between Traditional Leaders and Municipalities

- We have established a forum of amakhosi and Members of the Executive Council (TRADMEC). This intergovernmental relations forum is a provincial consultative forum aimed at promoting, strengthening and facilitating effective and efficient communication between the province and its traditional leaders.

Community Service Centres

- In the past financial year, we developed 4 new Community Service Centres at a total cost of R49.5-million. The completed CSC projects include Bulwer (Dr NDZ), Amahlubi (Inkosi Langalibalele), Bergville (Okhahlamba) and Kwambonambi (uMfolozi).

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Imizi Yezizwe

- We continued to support the institution of traditional leadership in the improvement of working conditions of amakhosi through infrastructure rehabilitation, especially focusing on Imizi yezizwe and Traditional Administrative Centres.

Amakhosi Rural Economic Development

- We have operationalised Imbube Cultural Village in Zululand, with a budget of R17-million.
- Amakhosi Rural LED Summits were held in 9 Districts and eThekweni Metro with a focus on ensuring that traditional leaders, women and youth play an active role in accessing economic opportunities that exist in their areas.

THE NEW VISION - REPOSITIONING LOCAL GOVERNMENT – CONFRONTING AWKWARD AND DEEPEST TRUTHS

Madam Speaker, we have internalised the directives from both the SONA and the SOPA and we now stand here to present to this august House our Plan of Action that will define the sixth administration's response in **repositioning local government to drive growth and development of our country and province**. We have to respond faster to the injunctions by His Excellency President Ramaphosa who charged that **“we need to fundamentally transform where our people live by growing sustainable and inclusive communities at local level”**. The Premier, in his State of the Province Address, similarly enjoined us to speedily attend to the **“grimy restraints in local government that hinder us from achieving a prosperous KwaZulu-Natal”**.

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Madam Speaker as we began crafting the 2019-2024 vision to reposition local governance, we were guided by the wise words of celebrated author Ben Okri, who reminds us that: ***“if the things we face are greater and more important than the things we refuse to face, then at least we have begun the re-evaluation of our world. At least we have begun to learn to see and live again. But if we refuse to face any of our awkward and deepest truths, then sooner or later, we are going to have to become deaf and blind. And then, eventually, we are going to have to silence our dreams, and the dreams of others. In other words, we die. We die in life”.***

In this new approach to repositioning local government, Honourable Members, we are candid and owning up to our **“awkward and deepest truths”**. We are fully cognisant of the reality that things we refuse to face become **“monsters in our sleep”** and eventually **“silence the dreams of a better life for our people”**. It is important that we explain, for the benefit of the Honourable Members, **the policy context** within which our **Plan of Action** will evolve:



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The Current State of Local Government

Honourable Members, local government is a **crucial site of democracy**, service delivery and development. It is a **major barometer** of the success of our transformation. Yet, during the past 19 years, the sphere of local government has become a **source of concern** for many in our society. No sphere of government has battled with **establishment challenges** more than it has been the case with our municipalities. A number of interventions have been implemented, including, among others, **Project Consolidate**, **Siyenza Manje** and most recently **Back to Basics**. These interventions have yielded limited progress. Looking at the balance sheet, we have noticed that the pattern of municipal **performance is a mixed bag**. We have in what constitutes our state of local government what English author Charles Dickens would call a “**tale of two cities**”: The best of times in that there are **few pockets of excellence**, such as uKhahlamba which for five years in a row has been **flying the provincial flag high as our clean audit star**, or Kokstad and Dannhauser which now have **electricity in every ward**. We also have our worst of times in that many of our municipalities are still **far from reaching the sustainability phase**.

To refresh the memory of Honourable Members, when it was conceptualised, the sphere of local government was expected to undergo three transformational phases, namely the **establishment phase** – which saw the introduction of the wall-to-wall democratic local government in the year 2000, then the **consolidation phase** – which is the period of hands-on and intense capacity support by province and national government envisaged to ultimately culminate into the **sustainability phase** where local government is fully functional, effective and developmental on its own. The final phase of sustainability has proven to be the most challenging one as municipalities have **regressed to instability** immediately when the interventions intended to help them were terminated. This state of affairs has not only **eroded the confidence** of the citizens in the sphere of local government but it has further derailed the dreams of many poor communities who celebrated that **watershed moment in 2000**, of having a **wall-to-wall system of local government**, which generated hope of a distinct possibility for them to realise, for the first time, a better life for all.

Assessment of the State of Local Government

To begin a process to change this state of affairs, and in response to the Premier’s directive that we must “**make local government work better for our people**”, we have hit the ground running and we have, in partnership with Provincial Treasury, undertaken an initiative where we out carried a **comprehensive assessment of the state of local government**. This process has been characterised by engagements with Mayors, Speakers, Councillors, Municipal Managers, senior officials, and key stakeholders.

Teams made up of officials from the provincial Cogta visited all municipalities and interrogated key focal areas, such as **governance, financial health and service delivery**, to mention but a few. Specifically, our assessment of municipalities, centred around three focal areas, sought to:



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- Determine the level of stability and functionality of the municipality including political, administrative and community systems and processes;
- Evaluate financial management and viability at the municipality; and
- Establish the effectiveness of the municipality in delivering quality services to the community.

This exercise, we must confess, Honourable Members, has **opened the eyes of many of us and exposed us to a magnitude of the tasks** that lie ahead.

Outcomes of the Assessments

The assessments revealed a range of **persistent challenges**. These include, but are not limited to, **political and administrative interference; weak, if not dysfunctional, oversight structures; lack of accountability; weak or non-existent public participation; poor service delivery; and lack of consequence management**. Indeed there are many internal dynamics - some self-inflicted as well as some external factors that hamper the effective functioning of our municipalities. In this regard, each municipality will be required to develop a specific-based action plan with clear milestones and timelines for consideration by the department and monitoring towards full implementation.

For the benefit of members, I will give a synopsis of our findings per focal area:

1. POLITICAL AND ADMINISTRATIVE STABILITY

Inter-party Tensions

Madam Speaker, there are instances in municipalities where **interparty tensions**, particularly within Executive Committees, have a negative effect on the decision-making process and swift and effective decisions on **critical matters become delayed**. The KwaZulu-Natal Types of Municipalities Act currently does not provide for the Executive Mayor option in the province. This is why we will be investigating amendments to the KwaZulu-Natal Types of Municipalities Act, post 2021 Local Government Elections. This may be possible though by 2027 through a provincial legislative review process.

Political Interference in Administration

In about 13 municipalities we found **demonstrable evidence of poor oversight and weak oversight**. Some officials seem to be **aligned with certain Councillors**. This then **divides the administration** and affects governance and proper functioning of the municipality. In many of these municipalities, allegations are rife that **Councillors are interfering in administration** and, as a consequence, **encouraging insubordination**. To address this, we will be **meeting with political parties** that are in the majority in these municipalities to present specific challenges in this regard. This is a **challenge that must be addressed by political parties**; it cannot be outsourced. On our side, we will, however, intensify investigations into fraud, corruption and maladministration where applicable.

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Oversight Structures

We found that **Municipal Public Accounts Committees are ineffective** in dealing with critical issues, such as **investigations, consequence management and compliance** arising from reports of Unauthorised, Irregular, Fruitless and Wasteful expenditure and Auditor-General's Reports. We have cases where **council meetings collapsed** and key decisions were not taken and where in violation of **Councillor's Code of Conduct** scuffles broke out among Councillors in full glare of the public. We will be developing **minimum reporting requirements for municipal officials** to report to the respective portfolio committees of the council. We will also be **gazetting these proposals** to make it a legal requirement for this information to be provided. We will continue to provide sector-based training for Councillors in order to improve both political and administrative oversight.

Councillor Vacancies

Vacancies in key areas, such as Speaker, Mayor, Deputy Mayor and at least **12 Ward and 15 PR Councillors**, warrant urgent attention. This is a matter again that will form part of the agenda of our engagements with the political parties.

Councillors Employed by Government Departments

Honourable Members, during this exercise, we established that a total of **68 Councillors were employed in government**, especially in the areas of **Health and Education**. All Provincial Departments confirm that authority for remunerative work outside of the public service was granted. However, this is a matter all of us - and especially the political homes of Councillors should thoroughly reflect upon. These Councillors work in what we call **priority areas of Health and Education**, but they also **serve the most demanding and critical sphere of government**. The question is - are they not being overburdened? – or is there no critical sector being compromised here? – or how critical is the work they do in Education and Health? - or when **do they have time to attend council meetings or respond to the ever pressing community issues?** These are the questions we are flagging for you to ponder, Honourable Members, because we need a collective solution.

Vacant Senior Management Positions

Madam Speaker, there were at least **56 vacancies** out of 311 senior management posts in our municipalities which translates to a **vacancy rate of 18%**. Among these positions are **Municipal Managers, CFOs, and Directors of Technical, Planning and Community Services**. It is frustrating that the processes related to recruitment of Senior Managers are unnecessarily long. The framework for the remuneration of Senior Managers also disadvantages remote or rural municipalities which are unable to attract and retain skilled managers. These are matters that will receive urgent priority. We will now **enforce the legislated timeframes specified in the regulations** related to the recruitment of Senior Managers. What this means is that **if you delay filling a vacancy, you may be compelled to re-advertise** the position.

Poor or Dysfunctional Intergovernmental Relations Structures

We have also found evidence of **poor and dysfunctional intergovernmental** relations structures. In some cases, there is a huge **lack of cooperation between local and district municipality** with dire consequences for service delivery. Some IGR **structures meet just for compliance** and the effectiveness of these meetings remains a challenge. The sad outcome is that alignment and implementation of the IDP, SDBIP, Budget and Business plans are not monitored at these forums. This is not only a challenge at a political level but also at a sub-technical level. **If the tone is not set from the top, the cancer will spread throughout the entire body.** This has to change and we will make pronouncements in this regard during the course of this address.

Fraud, Corruption and Consequence Management

Honourable Members, it has been of great concern to observe signs that indicate that **consequence management** is not prioritised in municipalities. Some municipalities have not completed the **disciplinary processes against implicated Senior Managers** within a reasonable period. In some cases, **administrators with questionable integrity jumped ship** only to be promoted in other municipalities. We will look at **tightening regulations governing the appointments** of Senior Managers to prevent managers from resigning before the completion of their disciplinary inquiry in order to avoid sanctions.

Challenges with the Implementation of Tabled Forensic Reports

Once forensic reports are tabled in municipalities and councils are required to implement recommendations therein, we often find **very little appetite to ensure full accountability.** Some municipalities **engage in frivolous and expensive litigation** in order to prolong acting on wrongdoers, whilst others simply report cases as a compliance issue and later **do not co-operate with the SAPS** and the NPA to successfully investigate offences. In some instances, sanctions imposed in disciplinary enquiries are **lenient compared to offenses or transgressions committed.** We will, in this regard, propose an amendment to the Municipal Systems Act via national Minister Dr Nkosazana Dlamini-Zuma to **empower MECs to enforce the findings of forensic investigations in municipalities.** We will also table all **outstanding forensic reports** speedily and we will make sure that the wider public is informed of these matters in due course.

Participation of Traditional Leadership in Municipal Councils

We have noted that some councils still resist to acknowledge the **role of traditional leaders in local governance** despite the existing regulatory framework being precise in this area. To address this state of affairs, we will vigorously implement the principles of Section 81 of the Municipal Systems Act. It is our view that a municipality cannot plan for development in areas under amakhosi without the full cooperation and support of amakhosi.

Capacity Building

We have in KwaZulu-Natal a total number of **1846 Councillors**. We are pleased to report that some Councillors have Doctorates, Master's and Bachelor's Degrees, Diplomas and many other qualifications. We have championed, with our partners at SALGA, various **capacity-building interventions**. We will continue to capacitate Councillors on **finance, budgeting and technical skills**. We will endeavour to ensure that by the end of this term of office **no councillor leaves without being capacitated** in another area that can advance them in other areas of life.

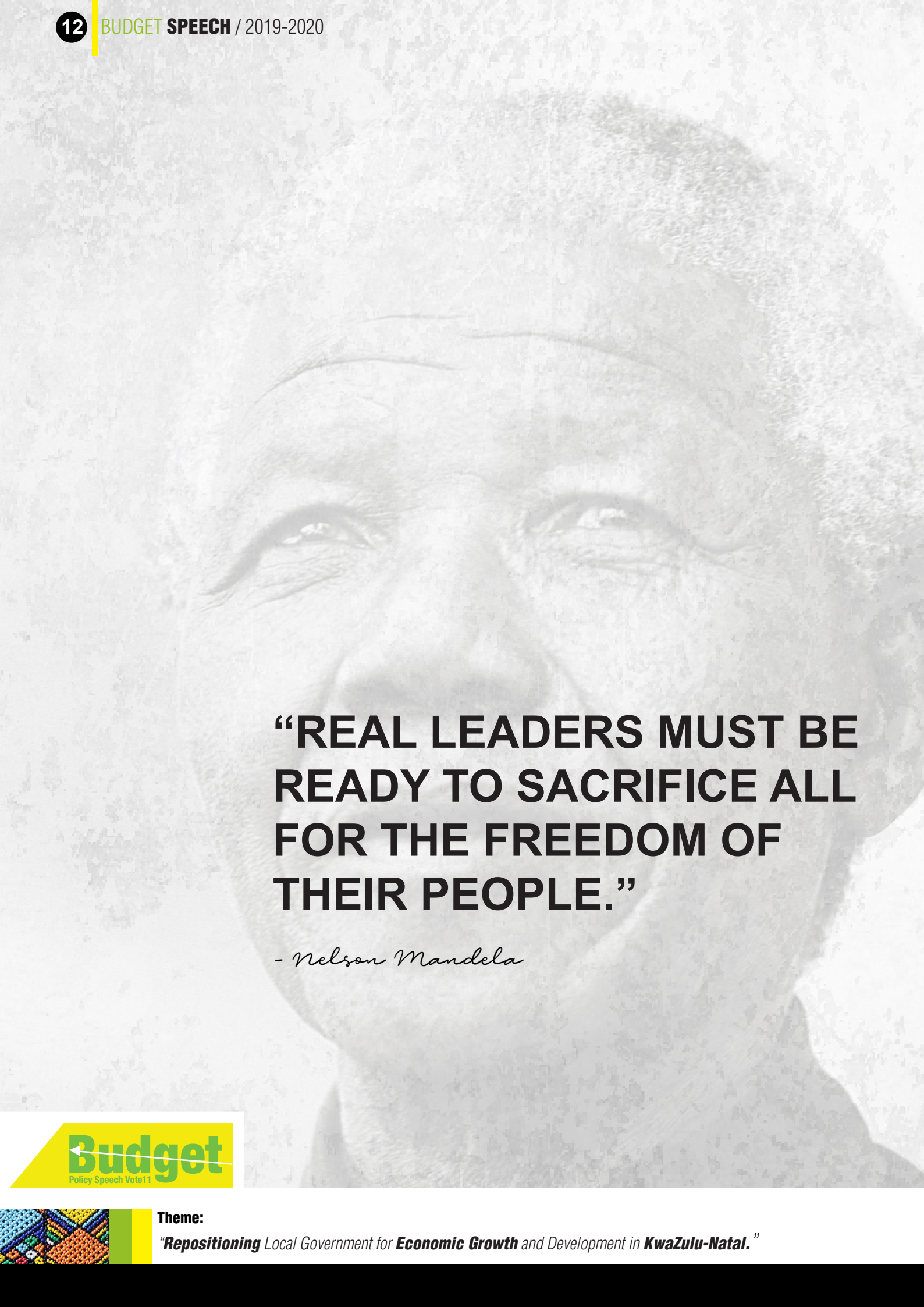
2. SOUND FINANCIAL MANAGEMENT

Financial Health of Municipalities

Madam Speaker, together with Provincial Treasury, we also conducted a detailed assessment on the **financial health of municipalities**. We need our finger on the pulse of the challenges in order to **offer relevant prescriptions**. We have noted with concern, for instance, that over **20 municipalities have tabled draft unfunded budgets** for the 2019/2020 financial year. In some cases, draft budgets were projected as funded but the final budget was unfunded. This is a serious red flag for us. A total of **31 municipalities need urgent attention** as they are clear candidates for **mandatory provincial intervention**.

Revision of Equitable Share Allocations to Municipalities

In consultation with the Hon. MEC for Finance, we will engage the National Government on the funding model currently in use for local government. The formula used to determine the share of equitable revenue to be allocated to each municipality has not been reviewed for a number of years. Smaller rural municipalities are finding it increasingly difficult to maintain financial viability under the current formula.



**“REAL LEADERS MUST BE
READY TO SACRIFICE ALL
FOR THE FREEDOM OF
THEIR PEOPLE.”**

- Nelson Mandela

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Unspent Conditional Grants

We also have **conditional grants that had to be surrendered** to the national fiscus, whilst others have been **stopped due to poor performance**. Honourable Members, this is treasonous in a province whose **population yearns for basic services**. Some **extraordinary intervention needs to be done** to set a new precedent on under-expenditure and funds that are returned to the fiscus unspent. To mitigate against this risk in the future, we are exploring the option of making use of the Municipal Infrastructure Support Agency (MISA) to implement projects on behalf of municipalities where necessary. We believe that communities should not be penalised by the withdrawal of project funding due to their municipality's inability to manage conditional grants. As we ensure serious consequence management for unspent conditional grants, there are also legislative provisions for unspent conditional grants to be re-allocated to other entities and we will be actively looking into this possibility. We also continue to maintain that only **improved oversight within the council structures** will change this picture hence our policy proposals articulated earlier.

Debt Owed to Municipalities

We have scrutinised the **debt book of municipalities**. We have found that consumers in KwaZulu-Natal owed municipalities a total of R20.1-billion in outstanding debt, of which households owed 76%, businesses owed 14% and government owed 8%, including Ingonyama Trust land rates debt. An analysis of debt as at 31 March 2019, in relation to Ingonyama Trust Land, indicated that R535.437-million was owed to 21 municipalities in the province and it should be noted that only 28 municipalities are rating ITB properties in terms of the Municipal Property Rates Policies and that of the 44 local municipalities rating properties, 6 do not have ITB land, namely eMadlangeni, eNdumeni, Greater Kokstad, KwaDukuza, Mpofana and uMzimkhulu municipalities.

We are aware that at times there are questions about the debts owed and debts need to be verified, especially those said to be owed by ITB. Indeed the ITB will be engaged via appropriate platforms to honour its obligations in terms of the South African law. We want to be explicitly clear that this relates to businesses, such as hotels, game lodges, garages, and malls, not residents. The **onus, however, is on municipalities to prove their debts through accurate and correct billing systems**.



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Debt Owed to Eskom

Mpofana, Newcastle, uLundi and Abaqulusi have all defaulted on their debt payment agreements with Eskom. Eskom has since proceeded with the PAJA process in respect of Mpofana and it is threatening to do the same with Ulundi and Newcastle. Mpofana has had to **seek temporary relief in court** to prevent power interruptions for now. It is clear we all have to go out and **mobilise communities to pay for the electricity** they use, otherwise the **risks are too high to contemplate** as electricity switch-offs would **impact negatively on businesses and eventually jobs** in these areas. For our part, we have been conducting revenue enhancement campaigns in selected municipalities and we have been successful, for instance with eDumbe which has mobilised its communities and **paid up its outstanding debt to Eskom**. This model has to be replicated elsewhere and we will address this further under new announcements.

Unauthorised, Irregular, Fruitless and Wasteful Expenditure

As at May 2019, our municipalities have reported a total of **R4.3-billion** in irregular, fruitless and wasteful expenditure. (We believe, however, that this figure could be understated and we will be analysing the Annual Financial Statements of municipalities when these are submitted to the Auditor-General on 31 August 2019.) Although **value for money was obtained** in most instances, we still have to turn this situation around. Most of this expenditure stems from **flawed procurement procedures**. We have observed, for instance, that some municipalities do not submit their **procurement plans timeously** as per the requirements of the KwaZulu-Natal SCM circular 4 of 2018. This then tends to lead to over reliance on and abuse of **Regulations 32 and 36 of the Supply Chain Management Regulations** which often leads to irregular, fruitless and wasteful expenditure. We have also asked the Provincial Treasury to tighten controls in this regard. It is not that these Regulations should not be used, but that they should be used within the legal parameters and without abuse.

Precedent Judgment on Irregular Expenditure

The good news is that we now have a **legal precedent** where a custodial sentence has been imposed by The Western Cape High Court on a former **Municipal Manager for offences relating to irregular expenditure. The Municipal Manager was found to have deliberately failed to implement his municipality's SCM policy** by not taking reasonable steps to prevent irregular expenditure. This certainly adds bite to the provisions contained within the MFMA and we hope that not only our Municipal Managers will take note! This should ideally include Accounting Officers in the province and at national level. **The political principals must please note this and refrain from imposing undue pressure on Accounting Officers.** This is a game changer!



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3. DELIVERING BASIC SERVICES

Water Issues

Madam Speaker, we concur with the Honourable Premier that the issue of **water in KwaZulu-Natal warrants urgent attention**, especially in light of our growing population and our quest to grow the provincial economy and jobs for our people. In response to the SOPA directives in this regard, we have in the few weeks in office **met with national Minister of Human Settlements, Water and Sanitation, Hon.Lindiwe Sisulu and Minister of Minerals and Energy Hon. Gwede Mantashe** and we put forward a case for KwaZulu-Natal. Minister Sisulu organised a follow-up meeting where she co-opted Water Boards and a team of national officials that will work with us.

We can report that we are putting in place an **implementation plan to address water and sanitation issues in KwaZulu-Natal**. To this effect we have **commissioned an analysis on the backlogs** and today we are happy to announce a team of experts to assist us in this regard. The team will be led by the DDG of the Department of Human Settlements, Water and Sanitation and include experts from Water Boards and the Provincial Planning Commission. Their terms of reference will be to address inhibitors of water delivery “from source to tap”, i.e. through the entire water supply value chain.

Delays in Water Projects

We are also addressing with the Minister delays in the implementation of **uMkhomazi Bulk Water Supply** to address the future water demand in eThekweni which, if left unattended to, will exceed the system yield and stifle economic growth. In the case of the raising of the **Hazelmere Dam**, national government has put in place plans to ensure that it is completed by 2020. Regarding the **Goedertrouw Emergency Transfer**, this project is expected to recommence by October 2019. In uThukela, we are assisting **uMngeni Water** in developing their water services intervention plan. We are generally concerned about municipalities that are Water Service Authorities but appear to **lack capacity to perform their water service function**, especially in uMzinyathi, Zululand, Abaqulusi, Msunduzi, uMkhanyakude.



Operations and Maintenance

There is a general **decline in service quality** due to inadequate maintenance of infrastructure and ineffective operations practices. The primary shortcoming is municipalities not complying with the requirement to **set aside 8%** of the value of their Property, Plant and Equipment, which is the National Treasury norm, in their budgets for operations and maintenance. To enforce this, we will **push for the review of the framework for grants funding** so that it is not only capital works oriented but that **more allocations go towards operations and maintenance**. Other water projects being contemplated include **Cwabeni, uMthavuna, Weza in Ugu District**, as well as refurbishment of uMzingazi to increase Lake Mzingazi capacity.

Water Tankers

Madam Speaker, the **over-reliance on water tankers** is not sustainable. Water tankers should only be **considered in emergencies and should not replace our original plan** to deliver infrastructure for sustainable water provision. We are **investigating the abuse of this system** by some municipalities. At the same time, we will attend speedily to **project delays**, especially as we observe the increasing trend of induced delays in municipalities. Our main focus is on the **16 municipalities that are under-spending on Infrastructure Grant**. We want to sustain the provincial record of being **number one in MIG** spending.

What Is to Be Done?

Having diagnosed the “**grimy challenges that restrain the performance and sustainability of our sphere of local governance**”, Vladimir Lenin would have asked, **what is to be done?** A philosopher once posited that **‘every revolution is the consequence of one revolution and the beginning of another**. We respond, Madam Speaker, by indicating that we have to **return our system of local government to a path that transforms, grows and develops our communities faster**. From now henceforth, we have to **unleash a new revolution to revitalise** the sphere of local government and achieve the **elusive phase of sustainability**. This will require that we **take some difficult and unpopular decisions**. Indeed, we have to be bold and decisive. If need be we have to **weed the sphere of local government of the branches that do not bear fruit** or risk weakening this strategic arm of our governance and face the wrath of the communities.

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Honourable Members, we have the support of the Almighty in this regard for in the book of John 15:1 He says: ***“I am the true vine, and my Father is the vinedresser. Every branch in me that does not bear fruit he takes away, and every branch that does bear fruit he prunes, that it may bear more fruit.”*** Local government is an important sphere. Everything happens in a municipality and in a ward. It is where our people **live, work and play**. It is municipalities that must lead in the **reversal of apartheid spatial planning** and coordinate an integrated response of all stakeholders and give local communities a voice and respond to their service delivery needs.

We need to **respond as if we are in a state of emergency**. Collectively, the Provincial and the National Governments as well as political parties that are home to leaders in local government must admit to shortcomings and we all must accept the criticism of the people and work harder to correct our mistakes. I repeat, if need be, ***“Every branch that does not bear fruit (official, councillor, Mayor, Speaker etc.) he takes away, and every branch that does bear fruit he prunes, that it may bear more fruit”***.

ACTION PLANS TO RESPOND TO THE EMERGING CHALLENGES

Madam Speaker, we have interpreted the challenges and now the question is - how do we mend them?

Role of COGTA Support

Notwithstanding the achievements we have made, we want to **sweep our backyard as a Department first**. We do shoulder some level of responsibility for some of these challenges. With the benefit of hindsight, we accept that **we should have been more proactive, hands-on and we should have raised the red flags earlier**. As part of our response plan, we will **evaluate the efficacy of our support to municipalities**. We will strengthen our intervention mechanisms by ensuring that there are quick, high- impact results.

To achieve this, we will **intensify our efforts in the application of the legislative mechanisms to support municipalities** to effectively perform their allocated functions. We will ensure that municipalities address unauthorised, irregular, fruitless and wasteful expenditure in accordance with Section 32 of the Municipal Finance Management Act. The Provincial Executive Council will be advised to issue directives to municipal councils where warranted. The escalating trend of public protests is likewise compromising the functioning of municipalities and must be firmly addressed. This will be done by researching and **proposing legislative provisions to formalise and strengthen our Rapid Response Teams**.



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New Announcements to Inform Our Actions in the 2019/2020 Financial Year

Madam Speaker, the 2019-2024 term of office is the time for less talk and more action and we are determined to make things happen! Our action plan will include the following:

Economic Transformation and Job Creation

We have committed to **prioritising youth employment** and improving local government service delivery. We intend to implement the **Graduate Internship Programme targeting 500 youth graduates** to be deployed in our municipalities. The projected budget is R60-million over two years. Allocation of **35% of the Departmental Procurement Budget to SMMEs, Cooperatives, Township/Rural Enterprises and people with disabilities** will be implemented with determination henceforth.

Early Intervention in Municipalities under Administration

We will provide more **hands-on support** to the 9 municipalities currently under intervention. The developments in eThekweni, Zululand and Newcastle municipalities are also receiving special attention. We are looking closely at those municipalities that are **candidates for provincial mandatory interventions** unless they change their course. We will intensify our monitoring and support during the **quarterly municipal Back to Basics assessments** and we will convene joint mid-year **budget and performance assessments** in collaboration with Provincial Treasury. We are creating a **Provincial Database of provincial administrators** so that those that do not turn around municipalities when they are appointed, are removed for we have to heed the Almighty's call about **"every branch that does not bear fruit he takes away, and every branch that does bear fruit he prunes, that it may bear more fruit"**. We want **sustainable change and development** in local government; we cannot forever throw money on every problem.

Improving Audit Outcomes

We have **33 municipalities that received unqualified audit outcomes**. We now want to do our best to support these municipalities to ensure that there is **no regression** but rather that they are assisted and **leapfrog to achieve clean audits**. Those with adverse and disclaimer opinions will receive intensified support. There is no room for disclaimers and adverse opinions in this province! To this end, we are investigating options of providing additional capacity **through specialists** as revealed by the diagnostic report. We want to **bounce back** to being clean audit stars of South Africa because we believe that where there is a will there is a way. Together the Provincial Treasury we will design a programme to **fast-track the 33 unqualified municipalities in the improvement of their audit outcomes**. We hope and pray that when we return to this House, we will be **singing from a different hymn book on the audit narrative** of our province. Our Local Government Branch will finalise a clear intervention strategy in consultation with these municipalities. A special intervention will also be put in place for municipalities that receive qualified and disclaimer audit outcomes.

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Unfunded Budgets

We will **intervene in all municipalities with unfunded budgets**. Councils will be supported to **ensure consequence management and accountability**. Those that do not exercise effective oversight will be **held liable under the Councillor's Code of Conduct**.

Under-expenditure and Irregular Expenditure

Under-expenditure will be closely monitored and **no service delivery money should ever again be returned** to national fiscus because of poor planning and implementation. We will **set a strong precedent in the actions we will take** in this regard. On the issue of irregular expenditure, we will **use the landmark judgement of the Western Cape High Court to take decisive action if councils and relevant committees do not exercise effective oversight**. We must hasten to mention that there will be no overzealous incursion into the sphere of local government. We will support municipal councils and give them the first bite but we **will no longer let things fall apart** because when that happens, we become **collateral damage**.

Filling of Vacant Posts

We will support all municipalities with **critical vacant posts** to ensure that these are filled by April 2020. We will ensure that only **competent and qualifying officials are employed**. We will use our **concurrence responsibility to ensure that all appointments pass through the eye of a needle, by improving the screening processes associated with the recruitment procedure**. We will propose amendments to the National Regulations in this respect.

Preparation for Local Government Elections

We have already commenced the process of **preparing for the 2021 Local Government Elections**. To this end, we are engaging with the **Municipal Demarcations Board on boundary delimitations**. We are already looking at the Types of Municipalities Act and all other relevant processes. We will keep this august House informed of all developments. Past experiences have shown that public protests tend to escalate in the run-up to elections. In our preparations for the 2021 Local Government Elections we are forging Partnerships with all key stakeholders, such as the **MDB, the IEC, SALGA, SETAs** and law enforcement agencies.

Forensic Investigations and Fight against Corruption

Madam Speaker, we have tabled **several forensic investigations** before municipal councils. By law, we should have received remedial actions. Some transgressions are **too serious to ignore**. We are exploring the option of invoking sections of the law that will allow us to intervene with a view of getting the recommendations contained within these reports

implemented. The investigations must be understood within the context of **supporting municipalities to fight fraud, corruption and maladministration.**

Masakhane Revival Campaign

The President and the Premier have issued a clarion call for citizens to **pay for municipal services.** The challenges of **power cuts that are hovering over some of our municipalities** are due to citizens' **culture of non-payment for services.** Clearly people cannot use and not pay for electricity because municipalities buy electricity. We will embark on an aggressive campaign, similar to the **Masakhane campaign of 1995,** to educate, inform and create awareness of citizens about the need to pay for services. If power is cut off, this will be **anti-thesis to job creation and economic growth.**

Our starting point will be **mass education on the indigent policy** so that elderly people and those who qualify can register and benefit in line with the municipalities' indigent arrangements. This will be linked to the re-launch of the CDW programme to re-orient CDW towards their work and the **"Know Your CDW" ward campaign.** We will designate a period to be a compulsory constituency period in KwaZulu-Natal when all Councillors will present the state of the ward addresses to their communities. We will request the Premier and the Provincial Executive that this be an institutionalised annual event in the provincial calendar.

Eskom Debt

We will continue supporting the 5 municipalities that are in arrears with Eskom, namely Newcastle, Mpofana, Inkosi Langalibalele, Ulundi and Abaqulusi with the development of payment plans and negotiations with the power utility. Engagements with the Inter-Ministerial Task Team, NERSA and SALGA on **Eskom debt will continue and our support will include the review of municipal budgets in conjunction with the Provincial Treasury,** development of cash flow projections for the duration of the payment plan and budgetary adjustments, including cost-containment recommendations. The **payment plans will be monitored** on a monthly basis and each affected municipality must put in place a Debt Steering Committee.

Operation Khawuleza

In response to concerns about the slow pace of service delivery, we will launch **"Operation Khawuleza – Hurry up service delivery"**. Members will recall that during the election campaign as we criss-crossed the length and breadth of the province, key areas of concern included poor road maintenance, state of cleanliness, dysfunctional water schemes, poor housing delivery and poor access to electricity. As an immediate response, we have procured an assortment of heavy-duty equipment at the cost of R160-million that we will be transferring to selected municipalities on the basis of need. **Operation Khawuleza will utilise this equipment fix potholes and maintain roads** but also manage waste and sewage in municipalities as a way of inspiring our citizens to regain their confidence in government.

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IGR as a Game Changer

Madam Speaker, you will notice a **new shift in our approach and a dedicated focus on local governance** as our core function. We are concerned about the time our local government has taken to stabilise and become sustainable. Critics argue that the challenges of service delivery are as a result of **placing the burden of responsibility for the delivery of social services on the weakest level of government**. Our task in this era will be to change this state of affairs. A writer once said that local government in South Africa at times acts like **“a chicken whose legs have been tied for too long”**.

In other words, even when the chains that bind the chicken’s legs are loosened, it remains at a loss for what to do with its newfound freedom. This descriptive analogy refers to the **failure of local government to harness its newfound power** in post-apartheid South Africa and to claim its rightful **position as the driver of development at the local level and instigator of bottom-up growth and progress** which is meant to transform our society. In this era, we want to see local government fortifying its role as a service provider of choice and not acting like a poor cousin of National and Provincial Governments. We will put our IGR Strategy at the centre of service delivery change management.

Service Delivery War Room

We are setting up a **Service Delivery War Room** to respond to all the key focal areas and findings during the assessment. This War Room will **comprise of all departments that deliver services to municipalities**. The reality we must face is that some of the blame shouldered by local government belongs to the province and national government. If a department commits to something in the IDP and not tell citizens that they will allocate the budget in four years’ time, then people get angry at the municipality. The War Room will receive real time information, including emerging challenges. This process will enable swift and appropriate response before matters escalate to a stage where they become difficult to address.

IDPs and an Integrated Plan for All Government

Madam Speaker, we want to assure this venerable House that we have a new vigour and determination to address the **long-standing anomaly of undermining municipal IDPs**. It is time that we move beyond theory towards practice and walk the talk when we say that the IDP is our bible of implementation as government. The **IDPs have to incorporate what will be implemented by other spheres of government** in municipal spaces. We are going to use all the available **intergovernmental relations platforms** to make sure that departments and entities provide resources for the programmes they committed themselves to on the IDP. We want them to do this on time and with , not in the last quarter of the financial year when they have to clean their books as they fear under-expenditure. **Fiscal**



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dumping will not be tolerated and will be reported speedily to the Premier and the Provincial Executive. Through IGR and the structures that knit together all three spheres of local government, we will be a results-driven and people-centred institution. Through the **IGR structures, namely MuniMec, TRADSMEC, Provincial Speakers' Forum, Joint EXCOs and district engagements** we will provide strategic oversight and guidance to local government and monitor the implementation of these game-changer plans.

Further to this, we will continuously **track performance of District IGR Forums**, in order to ensure that all targets are met on time. A Game Changer Road Map will be developed with detailed deliverables and milestone activities and will be coordinated via the stakeholder engagement processes. This ensures that there is rapid problem solving and delivery momentum is maintained. **The signing of MOUs** with the relevant stakeholders will refocus us to deliver measurable results in an innovative, solutions-oriented environment that is supported and led by government leadership. IGR must serve as a key to ensuring effective **integration and coordination**, thus ensuring that government works collaboratively whilst enhancing the functionality of the three spheres of government. IGR is the key to effective integration, interaction and coordination. It is the heart and blood of collaboration between all three spheres of government as well as private sector and academia.



Mandela Capture Site and Mandela Day Marathon

We will in August as we commemorate the 57th anniversary of former President Nelson Mandela's arrest, officially open **the new state-of-the-art Mandela Museum**. We hope the Honourable Members, Premier and the President will grace us with their presence. This is a site of great significance for the world at large for it served as a **launching pad to our liberation**. We also invite Members to participate in the **Mandela Day Marathon**, which we support as the Provincial Government and uMgungundlovu District. This year's edition will take place on 24-25 August.

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Disaster Management and Climate Change

We will immediately attend to the issue of **functionality of our Disaster Management Centres**. Whilst we have succeeded in laying the solid foundation by supporting municipalities with key infrastructure, we are concerned about **municipalities' practice of outsourcing their role in this key development area**, especially in light of climate change and its devastating impact as we observed during the storms which **claimed 71 lives** and caused **damages of over R1.1-billion** in and around eThekweni earlier this year. We are concerned that the **structures we have built have not been adequately equipped and resourced** to respond faster to local disaster incidents. There is not even a fraction of this area budgeted for by many municipalities because of their **dependency syndrome** on the Provincial Government for this function. This will change and we will ensure that **Disaster Centres produce strategies and plans and that they are not built for meetings and conferences**; they should be responding to emergencies and saving lives instead! We will be holding a Disaster Management Summit in the coming months to focus specifically on this. We must make these structures fully functional in line with the legislative prescripts!

Community Service Centres and TACs as Smart Centres

Madam Speaker, the **Fourth Industrial Revolution** presents the sphere of local government with an opportunity to **use technology as the enabler to doing things differently, deliver more efficient services** and create smart communities where citizens want to live, thrive and work. During the 2019-2024 term we will pay particular attention to the **creation of smart municipalities**. We will look into converting our Traditional Administrative Centres, Community Service Centres and Thusong Centres into **Smart Centres that are 4IR compliant**. We want our young people to spend time in these Centres, applying for jobs

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and searching for opportunities to empower themselves.

Municipal Spaces and Planning

Madam Speaker, we will be unwavering in ensuring that our land use systems **address social and economic spatial injustice**. We will focus on promoting spatial equity and integrated land use. We are already working well with amakhosi in the establishment of **traditional settlement plans**. We will seek to ensure that the devolution of planning powers to municipalities will bridge the urban and rural development divide.

Key Pronouncements Relating to Traditional Leadership Institutions

Madam Speaker, the institution of **traditional leadership remains the bedrock** on which our democracy is founded. The democratic developmental state cannot be successful without working together with the institution of traditional leaders. We say all this because traditional leaders continue to **play an important role in the development of our communities**. As reflected through this budget, we will continue our unwavering support to the development of this institution for our governance system.

Assessment of the State of Institution of Traditional Leadership

In order to offer the correct, appropriate and relevant support to amakhosi, we will be undertaking a **comprehensive assessment of the state of the institution, including Traditional Councils, Local Houses and the Provincial House of Traditional Leaders**. We will assess the structures we already have that support the institution of ubukhosi to **learn from the strengths, weaknesses and identify areas of improvement**. We will ensure that during these assessments we interact with all key stakeholders within the institution of traditional leadership.

Disputes and Improving the Process of the Recognition of Amakhosi

Honourable Members, we have resolved that moving forward we will **speed up the processes** involved in the recognition of amakhosi. This will include a process where if inkosi is deceased, working with imiNdeni yamaKhosi, we have to **avoid the vacuum** to ensure that the community continues to have a traditional leader and receive all the customary and legislative services from its traditional leadership. Where there are disputes, we will **facilitate their speedy resolution** utilising both internal and external resources in this regard. Within **a period of six to twelve months**, having observed usiko lokuzila, we will approach the family about who can be appointed in an acting capacity. Within a year or preferably in six months, we will in consultation with the family finalise the issue of the permanent heir to the throne. **Disputes about succession do not augur well for social cohesion and our efforts to build stable and safe communities. We have set up a War Room that will deal with clearing all the disputes**, except for those before the courts of law and those submitted to the Commission within the institution of traditional leadership.



Updating of Family Trees

Honourable Members, the project to **update all family trees** with ImiNdeni yobuKhosi will be implemented at an increased pace. We urge imiNdeni yobuKhosi to work with officials by attending the meetings that will be called for this purpose. We appeal to all amaKhosi and imiNdeni yobuKhosi to assist and participate fully to ensure that the outcome of these meetings are family trees that are **a true reflection of the lineage of those imiNdeni yobukhosi**, which will in turn minimise the potential for disputes in future.

Traditional Council Elections

Madam Speaker and Honourable Members, all things being equal, we will also be hosting the **Traditional Council Elections in December 2019** to ensure that our Traditional Councils are reconstituted in terms of the law. In everything we do in this regard, we will be working with Indlunkulu yakithi nesakhiwo sobuKhosi sonke.



Capacity Building for Amakhosi

We will continue with rolling out programmes to build and **improve the capacity of amakhosi to better execute their duties** in servicing their traditional communities. We will do this by applying the Capacity Building Strategy that we have developed and adapted for amakhosi.

Izinduna and Traditional Council Secretaries

We continue to **respond to the financial challenges occasioned** upon us by issues of the payment of izinduna as well as the demands by the Traditional Council Secretaries to receive better salaries. It is to **this honourable House, which appropriates the budget for the Executive**, that we will be looking for a **collective solution**. We have in this Budget set aside an amount of R80-million for the annual increment in salaries of izinduna as per the required legislative provision.

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Installation of Amakhosi

Ngokulawulwa yimiyalelo yaseNdlunkulu nesakhiwo sobukhosi sizoqhubeka nomsebenzi obalulekile wokwelekelela iSilo samaBandla Onke ekwenzeni umsebenzi ongenziwa yiMbube kuphela ngokosiko wokugcoba amakhosi kanye nemikhosi yokuthela amanzi.

Madam Speaker, we are also in a business of effectively strengthening the legislative and policy environment within the institutions of traditional leadership in the province. We will implement all of these pronouncements in close collaboration with the Provincial House of Traditional Leaders and other structures. *Makhosi Asendlunkulu, ngokubambisani singenza lukhulu!*

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BUDGET PER PROGRAMME

The department has been allocated a budget of R1.8-billion for the 2019-2020 financial year. Our key pronouncements will be funded as follows:

Programme 1: Administration = R444.255-million

Madam Speaker, with an allocation of R444.255-million, Programme 1 will focus on more efficient administration that complies with all the prescribed cost-containment measures and that procures all its goods and services in line with the new SCM regulations.

	2019/2020 (R'000)
Programme 1: Administration	R444 255
Office of the MEC	23 831
Corporate Services	420 424

Programme 2: Local Government = R341.797-million

This programme has an allocation of R341.797-million which will be utilised to support and stabilise the sphere of local government based on our assessment of the state of governance, finances and services delivery at the start of this term.

Programme 2: Sub-programmes	2019/2020 (R'000)
1. Municipal Administration	73 973
2. Municipal Finance	27 890
3. Public Participation	181 472
4. Capacity Development	19 438
5. Municipal Performance Monitoring, Reporting and Evaluation	13 761
6. IDP Co-ordination	22 263

Programme 3: Development Planning = R443.428-million

With an allocated budget of R443.428-million, our focus will be on local economic development that strives for the sustainability of local government through the development of local economies, job creation, infrastructure delivery and spatial development.

Programme 3: Sub-programmes	2019/2020 (R'000)
1. Spatial Planning	73 841
2. Land Use Management	43 075
3. Local Economic Development	169 555
4. Municipal Infrastructure	92 040
5. Disaster Management	64 917

Programme 4: Traditional Affairs = R595.399-million

This programme is allocated an amount of R595.399-million. Its strategic initiatives, which include wide-ranging support to the institution of traditional leadership, will be implemented through the following sub-programmes:

Programme 4: Sub-programmes	2019/2020 (R'000)
1. Traditional Institutional Administration	502 887
2. Traditional Resource Administration	92 512

Conclusion

Madam Speaker, we can no longer continue pitter-pattering, running up and down but not going anywhere in permanently addressing the challenges of local government and the sacrosanct institution of traditional leaders. We have to change course. Someone once said “a bend in the road is not the end of the road unless you fail to make the turn”. In this the sixth administration, we are determined to make that turn. It will be a hard road to travel and we will bear a lot of heat and criticism along the way. We commit never to be intolerant of it, even though we know that consensus is not necessarily the cradle of truth or wisdom.

We have to be decisive to make an impact in local government rather than be mere crowd pleasers. They say that “a ship is safe when it is in the harbour” but that is not what ships are for. We have a mandate we plan to discharge without fear, favour or prejudice. The movement that assigned us this task expects results and it has confidence that this is a task we can manage. We pray for no lighter burden but for broad shoulders. Honourable Members, we remain your devoted student. Even during difficult times, we can always count on the support of this House, irrespective of the different political positions held by the various parties.

We want to thank the African National Congress once more and we commit to live up to the mandate we have been given. We extend our heartfelt gratitude to the Portfolio Committee on Cooperative Governance and Traditional Affairs, ably led by the Chairperson, Honourable Ricardo Mthembu, for their wise counsel and support. We also extend our appreciation to my colleagues in the Provincial Executive led by the Honourable Premier, Khuzeni. Our word of gratitude also goes to the Head of Department, Mr Thando Tubane and the entire COGTA staff - we say to them: Continue to push the boundaries of excellence. Siyabonga Silo samaBandla Onke namakhosi, izinduna, ngokubambisana sizohubekela phambili.

Our special thanks also go to my family, especially my parents and my beautiful wife and kids for all their love and support.

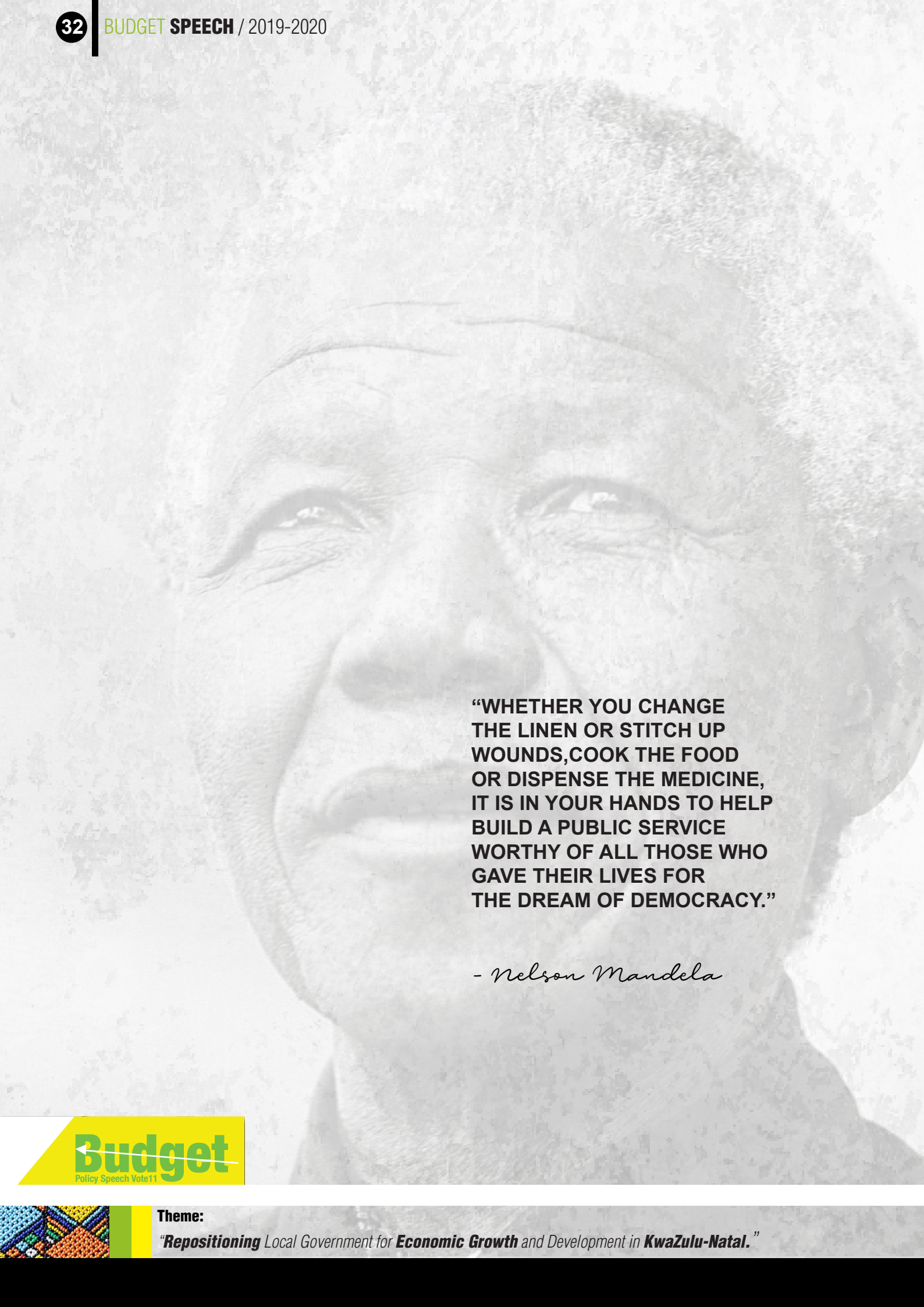
I thank you!



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“WHETHER YOU CHANGE
THE LINEN OR STITCH UP
WOUNDS, COOK THE FOOD
OR DISPENSE THE MEDICINE,
IT IS IN YOUR HANDS TO HELP
BUILD A PUBLIC SERVICE
WORTHY OF ALL THOSE WHO
GAVE THEIR LIVES FOR
THE DREAM OF DEMOCRACY.”

- *Nelson Mandela*

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25 JULY 2019



Theme:

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