

**BUDGET VOTE ADDRESS BY DR NKOSAZANA DLAMINI ZUMA,
MP,**

Minister of Cooperative Governance and Traditional Affairs;

Parliament of the Republic of South Africa,

CAPE TOWN

10 JULY 2019

Honourable Speaker;

Ministers here present;

Deputy Ministers Bapela and Tau as well as MECs, with whom we jointly present this Budget Vote, and other Deputy Ministers here present

Honourable Chairperson and Members of the Portfolio Committee;

Honourable Members;

Chairpersons of the National and Provincial Houses of Traditional leaders and all Traditional Leaders;

Chairperson – and Deputy Chairperson of the National Khoi and San Council Mr Cecil le Fleur – and Mr Tony Peterson

Chairperson – and Deputy Chairperson - of the Commission for the Promotion and Protection of the Rights of Cultural, Religious and Linguistic Communities, Professor David Mosoma - and Dr Sylvia Pheto

Deputy Chairperson of ConTraLeSA1, Kgosi - Molefe Pilane

Chairperson of the Municipal Demarcation Board and it's member

Leadership of the South African Local Government Association;

Members of the Religious and Faith Based Sectors;

The Auditor General, Mr Kimi Makwetu

Leadership of SAMWU and the entire labour, civic and community organisations;

Leadership of Business and Professional associations

Director-General of DCOG, Mr Dan Mashitisho

Director-General of DTA, Mr Mashwahle Diphofa

CEO of the South African Cities Network

CEO of MISA

Our Distinguished Guests, Ladies and Gentlemen

Introduction

We are humbled to stand before you to present to you Budget Vote 4 of the Department of Co-operative Governance & Traditional Affairs (COGTA).

As I assume my responsibilities in this portfolio, I want to thank my predecessors, especially my immediate predecessor, the Honourable Dr Zwelini Lawrence Mkhize for the work done so far in both trying to improve the capacity of the department and the foundation work done to address the performance of local government

Ladies and gentlemen, the South African National Netball Team (The Proteas), which is ranked 5th in the world and Number 1 in Africa is participating in the World Cup this week. We also wish Bafana Bafana well as they take on Nigeria this evening in the quarter-finals of the African Cup of Nations.

We present this Budget Vote nine days' shy of President Nelson Mandela's 101st birthday who during the first democratic State of the Nation Address said that government should be "*inspired by the single vision of creating a people centred society ... [for] the expansion of the frontiers of human fulfilment [and] the continuous extension of the frontiers of the freedom*". He goes on to say that "*our definition of freedom must be instructed by the fundamental objective to restore the human dignity of each and every South African*" wherein they have "*freedom from want, freedom from hunger, freedom from deprivation, freedom from ignorance, freedom from suppression and freedom from fear*".

Madame Speaker; 25 Years is a good time to pause, reflect and make a frank and honest assessment of where we are. Martin Luther King said: *We are not where we want to be, and not where we were going to be, but we sure are a long way from where we were*

Much has been achieved in the 25 years since the end of a collective 342 years of repression, subjugation and structured exclusion. We have built a solid foundation for a non-racial, non-sexist South Africa and provided the basic needs to a lot of citizens.

The wall to wall local government servicing all citizens was established 23 years ago.

CoGTA derives its mandate from chapter 3 of the constitution. It straddles, and manages relations among all 3 spheres of government that are distinctive, interdependent and interrelated.

Let us remind ourselves of the principle of co-operative government and intergovernmental relations as enshrined in the constitution, which says that All spheres of government and all organs of state within each sphere must

- (a). preserve the peace, national unity and the indivisibility of the Republic;
- (b). secure the well-being of the people of the Republic;
- (c). provide effective, transparent, accountable and coherent government for the Republic as a whole;
- (d). be loyal to the Constitution, the Republic and its people;
- (e). respect the constitutional status, institutions, powers and functions of government in the other spheres;
- (f). not assume any power or function except those conferred on them in terms of the Constitution;
- (g). exercise their powers and perform their functions in a manner that does not encroach on the geographical, functional or institutional integrity of

- government in another sphere; and
- (h). co-operate with one another in mutual trust and good faith by
- i. fostering friendly relations;
 - ii. assisting and supporting one another;
 - iii. informing one another of, and consulting one another on, matters of common interest;
 - iv. co-ordinating their actions and legislation with one another;
 - v. adhering to agreed procedures; and
 - vi. avoiding legal proceedings against one another.

The local sphere of government is the closest to the people. Citizens experience the government on a day to day basis through local government. Every area of human endeavour happens in local government, including every vote that brought all of us too parliament is cast there.

The President is correct to say that *“we will be adopting a district-based approach, focusing on the 44 districts and 8 metros, to speed up service delivery, ensuring that municipalities are properly supported and adequately resourced”*. So, local government should actually be considered as the centre of the human development activities.

Chapter 7 of the constitution compels municipalities to strive, within their financial and administrative capacity, to achieve the following objectives:

- To provide democratic and accountable government for local communities
- ensure provision of services to communities in a sustainable manner
- promote social and economic development
- promote safe and healthy environment
- Encourage the involvement of communities and community organisations in matters of local government.

They also have developmental duties, again the constitution directs municipalities to:

- (a). structure and manage its administration, and budgeting and planning processes to give priority to the basic needs of the community, and to promote the social and economic development of the community; and
- (b). participate in national and provincial development programmes.

Are we fulfilling all these constitutional responsibilities adequately at national, provincial and local?

We must also admit that despite the successes of the last 25 years a lot of challenges remain, we have not eradicated hunger, there is still poverty, and unemployment is stubbornly high, inequality has also grown.

CoGTA at a national level has challenges especially when it comes to financial management, as indicated by the disclaimer in the 2017/18 audit. We have to ensure that we steadily and surely improve so that we become the change we want to see in local government. We will change the management and model of Community Works Program from 2020/21, since the source of the audit disclaimer is in that area. The review of the CWP program will help us to develop a model that will make real impact on the ground.

At provincial level, we all know that North West is under section 100 administration.

It is common knowledge most of the municipalities, some metros and districts are not fulfilling their responsibilities as they should. There are 40 Municipalities that are currently under section 139 administration, and many more that are dysfunctional or struggling.

The Auditor General released the 2017/18 municipal audit report, which concluded that the vast majority of our municipalities are below the acceptable audit level with only 18 of the 257 district and local municipalities receiving an unqualified audit opinion with no findings. A total of 101 municipalities had unqualified audits with findings, 78 had qualified audits, and 10 had adverse findings. The number of municipalities with disclaimers marginally decreased to 26 from 31 in 2016/17, while the number of audits that are still outstanding is 24.

The major challenges are in the areas of weak governance, non-compliance with legislation, poor quality of annual financial management, internal control weaknesses, supply chain management, performance challenges as well as the lack a lack of service delivery.

These challenges have also service delivery on the ground, hence the increase in service delivery protests, and we know that these protests have become very destructive.

The number of 'major service delivery protests increased from'27 in 2008 to 237 in 2018 according to Municipality IQ. The 2019 Eldman Trust Barometer results indicate a declining trust level in government from 15% to 14% of participants trusting government from 2018 to 2019, a major source of this decline being the local sphere of government. This coupled with slow land redistribution and limited economic transformation directs us to explore solutions which will be tailor made and time bound results oriented solutions specific to communities and localities. We must therefore act to restore the people's trust in government in general, and local Government in particular.

This is going to be a marathon rather than a sprint, but it has to be done. We have to work with provinces to develop an early warning system that will allow us to detect red flags and act through co-operative government mechanisms provided by section 154, and only use section 100 and 139 as the last resort.

Through the Back 2 Basics programme which contributes towards improvement of service delivery and municipal audit outcomes, we will ensure that support to distressed municipalities will focus on infrastructure planning, delivery and maintenance; financial management support; governance and improving administration.

It is clear that there is no capacity in many municipalities, this is demonstrated by the fact that only 55 municipalities have at least one qualified engineer. In this regard, we will intensify the turnaround programmes started under the leadership of Dr Zwelini Mkhize.

We have started discussions with the School of Governance to develop local government-specific training programmes for the councillors and municipal staff. This will help us to **improve the administrative and executive capacity** of the municipalities. We must also attract our best to serve at the local sphere.

We must employ competent and capable people in all spheres and at all levels. We must also reinforce our efforts to **fight corruption through the promotion of our Anti-Corruption Strategy** which we have enhanced by including training and the Municipal Integrity Management Framework.

For those who are corrupt, the law must take its course and there must also be consequence management both at the National department and at local government level.

Proper oversight on municipalities is key to transparency at all levels, which is why the Municipal Structures Amendment Bill, 2018 provides for the establishment of Municipal Public Accounts Committees (MPAC) in all municipalities. Their function is to hold the Council accountable for the use of public resources to promote transparency, accountability, good governance, effective financial management, and quality service delivery at municipalities.

What is the role of citizens at Local Government?

Honourable Members, Citizens have an equally important role to play in ward committees, which in turn play a critical role in reinstalling trust levels. The functionality and effectiveness of ward committees is also critical to improving the delivery of services and closing the distance between leadership and the communities and government at large.

Citizens must also be involved in the development and implementation of the Integrated development Plans (IDPs).

Traditional leaders must also be involved in the affairs of the municipalities.

Honourable Members, We commit ourselves to work hard and to be responsive while working with all spheres of government for the people. We accept responsibility and apologise that through our lack of response and inability to deliver services, we caused this consternation among those who expect services from us. We plead with the public however, that though we agree with their right to protests, we ask them not to destroy the very property

which belongs to communities; Schools, Libraries, roads and all infrastructure that belongs to the community.

This destructive nature of some of the protests is taking the country backwards, because instead of building forward we are having to rebuild infrastructure.

With regards to budget allocation, about R14.8 billion is allocated to Municipality Infrastructure Grants which is distributed to about 219 municipalities. However, in the last five years municipalities have consistently failed to spend their allocation towards infrastructure, in the process denying communities of much needed development and ageing basic services infrastructure is not being upgraded.

The situation would have been much worse without the interventions currently underway, which included partnerships with various stakeholders in the private sectors, and the support of the Development Bank of Southern Africa whom we take this opportunity to recognise.

We must put in place measures to avoid a repeat of the VBS saga at our municipalities. Instead we must pursue more sustainable propositions to provide financial advisory services, develop tighter controls and strengthen the financial and technical capacities in all our municipalities, so that we can ensure that our municipalities spend appropriately and timeously.

Strengthening Municipal Infrastructure Support Agent (MISA)

To support the turnaround we will strengthen the capacity and expand the services of the Municipal Infrastructure Agent.

We have to work with the department of Communications and the

municipalities to developing a blueprint for **Wall-to-Wall Broadband coverage** to ensure availability of affordable broadband at all municipalities. We will also look for alternative technologies, materials and approaches to building infrastructure like roads, bridges and so on.

The agent has up to now prioritised 87 municipalities for support due to their persistent underspending on the Municipal Infrastructure Grant (MIG) allocations in the past five years. We have deployed an additional 16 district support teams comprising of technical professionals including civil engineers, electrical engineers and town planners. Through the support of our district support teams, 42 municipalities have improved their spending on MIG allocations for 2018/19 financial year.

Over the last two years, MISA has been piloting the Regional Management Support Contracts Programme, which aims to improve the municipality systems, processes, methods and approaches towards the provision of reliable infrastructure and services in supported municipalities in three Districts (Amathole, OR Tambo and Sekhukhune).

The programme is focusing on water and sanitation services at this phase since this is where the negative impact of failing infrastructure is the greatest. However, the resulting improvements in institutional capacity will also impact positively on the management of other municipal functions, such as roads and storm water.

Through MISA's training capacity we will build a pipeline of young people with requisite technical skills for the development and maintenance of municipal infrastructure.

Two key learning programmes under implementation is the apprenticeship

and young graduates programme, training apprentices to qualify as Artisans to support municipalities on municipal infrastructure operations and maintenance.

We should start to see the results of these interventions in the near future

Working with Traditional Leaders

Honourable Members, Our forebears understood the importance of collaboration between the political, traditional and religious leaders because all three play different, influential roles in the lives of our people was for this reason that the founding of the African National Congress in Mangaung in 1912 enjoyed the support and had as its participants most of our kings and traditional leaders, because we knew and we now know that the democratic state can coexist healthily with our traditional systems.

During the course of the previous administration, there have been several engagements between government and the traditional leaders, included the Traditional Leaders Indaba which was held in 2017, and meetings with individual Kings/Queens, the National and Provincial Houses of Traditional Leaders and the Congress of Traditional Leaders of South Africa.

Several issues were raised during these engagements and during the subsequent Debates on the President's Speeches on the Opening of the National House of Traditional Leaders. We have prioritized the creation of a sound legislative and regulatory environment for the sector. In the previous administration, the Department of Traditional Affairs tabled three Bills in Parliament, namely: **Traditional and Khoisan Leadership Bill, Traditional Leadership and Governance Framework Amendment Bill** and the **Customary Initiation Bill.**

The first two of these were finalised by the fifth Parliament and subsequently forwarded to the President for his consideration. We hope that the President will expedite the signing of the Khoisan bill so that the traditional leaders of the Khoi and San people can be properly recognised recognition under law.

We will be approaching the Leader of Government Business requesting him to consider the reintroduction of the Customary Initiation Bill in line with the Rules of the National Council of Provinces.

Honourable members, we have developed Guidelines on the participation of traditional leadership in municipal council programmes in order to streamline meaningful collaboration between the institution of traditional leadership and local government. We believe that these guidelines will improve levels of participation of traditional leaders in municipal councils to the benefit of the communities.

During the 2018 State of the Nation Address, the President called on traditional leaders to play an active role in the implementation of an agrarian revolution programme as a means to deal with unemployment and food security. Both the government and traditional leaders do not want to see our people hungry, so we must use available land for agricultural purposes and create employment to contribute to economic growth thus improving livelihoods of communities. We would like to thank the National House of Traditional Leaders for having taken this matter seriously, and for the work they are already busy with.

We are pleased that a number of traditional leaders heeded this call and began the process of identifying land that can be used for this purpose. Together with our provincial counterparts and national sector departments we will continue to look at opportunities to grow the programme.

Coming out of a dialogue held between the department and Traditional Leaders in Limpopo Province on Human Rights related issues, women in traditional leadership raised the need for a follow up dialogue for women in traditional communities. We are heeding this call and will accordingly be convening a dialogue for women during the course of the year to listen and respond to the plight of women in traditional leadership structures.

We are still concerned about the death of young people attending initiation schools, and we are engaging traditional leaders about health and safety issues related to initiation.

We are aware of concerns the institution of traditional leadership has raised about the need for enabling tools of trade for the effective functioning of the institution. For our part, we focused on the development of a framework that will guide provinces in this process, will take feedback from consultations to arrive at a final framework that is practical and implementable.

Equally important are the issues traditional leaders have raised about land reform. Some of these relate to communal land tenure and their role with regard to the Spatial Land Utilisation and Management Act. We have agreed with the National House of Traditional Leaders that we should convene a Land Summit for Traditional Leaders to create a platform where all key stakeholders will come together and explore concrete proposals to address these issues

Budget Allocation

We welcome the R90.7 billion allocation for the 2019/20 financial year, which is expected to increase to R106 billion by the end of the MTEF. This translates to a total budget of R295.8 billion overall, of which, R274.1 billion (94%) is allocated to transfers and subsidies to provinces and municipalities, mainly for the local government equitable share and the municipal infrastructure grant.

As I conclude, I thank the members of portfolio committee on CoGTA, the National house of Traditional Leaders, the deputy minister and the DGs for the various role they are playing in supporting and effecting the work of the department. We hope that we'll be supported spending more time on the ground.

We therefore request the honourable members to support the Budget 2018/19 of the Department of Cooperative Governance and Traditional Affairs.

Ngiyabonga! Kealeboga! Thank You!

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