



MINISTRY
COOPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS
REPUBLIC OF SOUTH AFRICA

ADDRESS BY THE HONOURABLE MINISTER OF COOPERATIVE GOVERNANCE AND
TRADITIONAL AFFAIRS, DR ZWELINI L MKHIZE, on the OCCASION OF THE COGTA BUDGET
VOTE SPEECH TO THE NATIONAL ASSEMBLY

15 May 2018

THEME: *LOCAL GOVERNMENT IS EVERYBODY'S BUSINESS*

Cape Town

Honourable Chairperson,

Deputy Ministers,

Honourable Members,

MECs,

Your Majesties and Royal Highnesses,

Leadership of the South African Local Government Association and all Executive
Mayors and Mayors,

Chairperson of the National House of Traditional Leaders, Ikosi Sipho Mahlangu and
all traditional leaders,

Religious leaders,

Chairperson of the Commission for the Promotion and Protection of the Rights of
Cultural, Religious and Linguistic Communities, Ms Mkhwanazi-Xaluva,

The leadership of Business Unity SA and the Black Business Council and all business leaders present,

The Leadership of SAMWU and all leaders of our labour movement present,

The Leadership of organisations representing black professionals and all professional associations

Fellow South Africans,

Ladies and gentlemen,

I greet you all.

It is an honour to stand before you today and deliver my first Budget Vote Speech as the Minister of Cooperative Governance and Traditional Affairs.

In the State of the Nation Address in February this year President Cyril Ramaphosa invited each one of us to participate in the building of our country, with the clarion call Thuma Mina/Send Me, from our iconic musician Hugh Masekela.

The call is a reminder that whatever we do as public representatives and civil servants, in different spheres of government, we remain servants of the people. We have the responsibility to take forward the struggle for the improvement of the lives of our people. We have to carry the baton as successors of the many South African people who led our struggle for freedom, justice, equality and democracy and vowed never to rest until poverty, inequality and unemployment has been defeated and the lives of our people change for the better.

This Budget Vote debate is also inspired by the spirit of the New Dawn that drives the current administration. We are also greatly moved by the legacy of our founding President, His Excellency Nelson Mandela, and our mother and leader Honourable Albertina Sisulu, whose centenary anniversaries we are celebrating this year.

In 2011 Tata Madiba warned that:

“As long as many of our people still live in utter poverty, as long as children still live under plastic covers, as long as many of our people are still without jobs, no South African should rest and wallow in the joy of freedom.”

Their selflessness, commitment and unwavering dedication to making South Africa a better place for all her people, should drive us all to continue working hard together, to build the South Africa they fought so hard to achieve.

Local government is an important sphere of government because it is closest to the people. Everything happens in a municipality and in a ward. It is where our people live, work and play. The municipalities also have a key role to play in nation building and social cohesion. They 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.

Municipalities need to ensure good governance for effective use of public resources and create conditions for investment promotion, economic growth, job creation, the elimination of poverty and inequality and to achieve citizen satisfaction as well as to create attractive conditions for investment flows.

These investments will grow municipal revenue and individual income and create sustainable communities. We would like to mobilise community leaders, traditional leaders, religious leaders, business, labour, youth, women and civil society and create a harmonious existence of all South Africans, everyone contributing to the success of the municipality and its people.

COGTA advocates for inclusivity, integration and partnership involving all departments, municipalities and sectors of society as we build our municipalities.

Local government is everybody's business!

Chairperson,

Substantial progress has been made in building our country's local government system in the past 18 years. The results have been visible in terms of the expanded access to basic services such as water, electricity, health care, housing and others.

According to the 2016 Stats SA Community Survey, access to electricity had increased from 58,1% in 1996 to 90,3% in 2016. The number of households with access to piped water increased from 13,2 million in 2011 to 15,2 million in 2016.

The number of households accessing water from taps within their yards increased significantly from 3,9 million in 2011 to 5,1 million in 2016. Of the 16,9 million households in South Africa, about 10,3 million have access to a flush toilet connected to a sewerage system.

The municipalities in the country have hard working councillors and municipal officials. We appreciate the good work done by many to ensure the provision of efficient municipal services. A lot of good work is being done. Paying attention to the weaknesses in the system is not an indication that there are no achievements. It is an effort aimed improving the system.

We launched the Back to Basics programme in 2014, with the aim of getting municipalities to do what they are supposed to do. Municipalities should be able to provide water, electricity, street lighting, cut the grass on the verges of the road, ensure refuse removals, repair potholes and ensure correct billing systems for both households and businesses. Such services are a barometer used by investors to choose potential municipalities in which to locate their businesses.

We also want to build stable, well-functioning municipalities, which have a strong political and administrative leadership. There should be functional council and oversight structures, a consistent spending of capital budgets, consistent unqualified audit outcomes and good financial management. That is what COGTA is striving to achieve nationwide.

Our municipalities must be able to provide these services in a professional and efficient manner, putting people first. To achieve these goals we need to have qualified and competent staff. The municipal staff should treat our people with respect and dignity. A visit to municipal offices must be such a positive experience and a pleasure that our people look forward to.

In terms of the Batho Pele principles, the attitude of both councillors and staff must demonstrate that we respect, love and care for our people that we serve. While great strides have been made, many challenges still remain in local government. Based on our assessments and reports, the performance of the majority of the municipalities is below expectations.

What we have found is as follows;

- Seven percent of the country's municipalities are classified as well-functioning,
- About 31% of the municipalities are reasonably functional,
- Thirty one percent are almost dysfunctional and
- The remaining 31% is dysfunctional or distressed.

Our major concern right now are the municipalities which are becoming distressed or dysfunctional, including those that are regressing in audit outcomes. There are some that have been performing which had good revenue which are now eroding their revenue base and eating into their reserves, or diverting conditional grants for operational expenditure.

We are also mindful of the fact that the problems in many municipalities may be structural. The advent of wall to wall municipalities extended service delivery to previously neglected communities at the cost of the fiscus.

The services were extended beyond the previous boundaries of municipalities which were defined in terms of a concrete rates base that enabled them to raise their own revenue. Some of the current municipalities were created out of a collection of villages and largely rural or peri- urban communities and small towns with no industrial base or significant economic activity. The standards of service delivery that are expected in our Constitution have to be funded to the same extent to all by those that can raise alternative revenue by levying rates and other charges and those that are entirely dependent on transfers from national government.

Another challenging issue relates to the number of old towns which have aging infrastructure which is over 100 years old, which has become suddenly inadequate because of the influx of new residents.

To find a permanent solution to non-viable municipalities, we need to recommend that the next administration should conduct a comprehensive review of the wall to wall municipalities, focusing on the size and structure, balanced with the levels of public representation, backlogs as well as the economic considerations to arrive at an effective and affordable model that will be sustainable into the future.

In addition to the above, to a varying degree, distress may be occasioned by mismanagement due to political instability or interference, corruption and incompetence.

As we seek solutions, therefore, we need to differentiate between the causes of the dysfunctionality that is a result of human weaknesses such as incompetence or corruption and situations where non-viable or distressed municipalities are occasioned by structural and systemic constraints. In an environment of low growth and growing demands, the fiscus is strained, meaning that there will always be more demands for services than what the fiscus can afford.

We want to champion an aggressive turnaround strategy to reverse the culture of impunity and inaction in our municipalities. National and provincial governments routinely support and strengthen the capacity of municipalities to manage their own affairs, to execute their powers and to perform their functions, in terms of Section 154(1) of the Constitution.

In dire situations where municipalities fail, provincial governments intervene through invoking section 139 of the Constitution. A number of municipalities are currently being administered by provincial governments under Section 139.

These municipalities will be monitored with a view of ensuring that they improve and get out of Section 139 within 12 months.

The 11 municipalities wherein section 139 has been imposed by provincial governments is as follows:

1. **FREE STATE:** Masilonyana Local Municipality S139 (1)(b)
 - : Maluti –a- Phofong Local Municipality S139 (1)(b)
 - : Mafube Local Municipality S139 (1)(b)

2. **EASTERN CAPE:** Walter Sisulu Local Municipality S139 (1)(b)

3. **KWAZULU NATAL:** Emadlangeni Local Municipality S139 (1)(b)

: Emzinyathi District Municipality S139 (1)(b)

: Mpofana Local Municipality S139 (1)(b)

: Inkosi Langalibalele Local Municipality S139 (1)(b)

: Dr Nkosazana Dlamini Zuma Local Municipality S139

: Edumbe Local Municipality S136/137 MFMA

4. **WESTERN CAPE:** Kannaland Local Municipality S139 (1)(b)

To build functional municipalities nationwide, we have decided to initiate an intensive Recovery Programme, which encompasses a package of clustered support in three focus areas, namely governance, service delivery and financial management. This is in line with the on-going Back to Basics approach that was launched in 2014.

A major part of this approach revolves around ensuring good governance. Our people expect us to appoint competent managers to run their municipalities. Some municipalities have collapsed due to the appointment of managers who do not qualify for the jobs they are entrusted with.

We insist on having the best managers and staff being recruited for critical posts. During the 2017/2018 financial year, 423 appointments were concluded with competent and suitably qualified senior managers. The use of competency assessments for different positions has greatly built confidence in the recruitment systems. A total of 95 corrective actions were taken to enforce compliance where appointments were made in contravention of the Municipal Systems Act and its Regulations.

Where waivers were granted to deviate from requirements, good cause has to be demonstrated in order to obtain Ministerial consent.

A total of 1 120 candidates were screened by the Department to advise as to whether the shortlisted candidates appear on the record of staff dismissed and staff members who resigned prior to the finalisation of disciplinary proceedings. We have developed a database that will ensure the blacklisting of any manager who is dishonourably discharged from service in any municipality in the country.

It needs to be noted that most of the investigations and forensic audits are performed by the municipalities themselves and reports are sent to COGTA at the national level. We encourage municipalities to continue with this work.

Since the amendment of the Municipal Systems Act in 2011, a total of 1651 municipal employees were dismissed for misconduct, and 130 resigned prior to the finalisation of the disciplinary proceedings. The offences include financial misconduct, corruption or fraud, gross misconduct involving dishonesty or gross negligence, as well as the breach of the code of conduct for municipalities.

We briefed the Portfolio Committee on Cooperative Governance and Traditional Affairs recently on the work being done to fight corruption.

The Directorate for Priority Crimes Investigation or the Hawks, is investigating municipalities, through the Clean Audit project. Out of the 311 cases, 98 are in court, 178 are under investigation, while 35 are considered finalised or withdrawn.

We are concerned by the discovery that R1.6 billion of municipal funds were deposited at the VBS Mutual Bank against the advice of the National Treasury. We support the forensic investigation being conducted by the South African Reserve Bank into the deposits involving 15 municipalities. We are working closely with SA Reserve Bank and have formed a joint technical committee working on the matter following my meeting with the Governor of the SA Reserve Bank. I will convene a meeting of mayors, municipal managers and CFOs to discuss this crisis and determine a way forward.

Good financial management remains critical for our municipalities. Even though there is an improvement in the overall municipal audit outcomes, we are concerned that 27 municipalities have received disclaimers. As part of our turnaround strategy, a strong focus will be paid to reversing these negative outcomes.

No disclaimers will be tolerated. We give all municipalities with disclaimers one year to put their house in order. All interventions must show improvements and a reversal within 12 months. We are also piloting the insertion of a clause in the contracts of municipal managers for them to be removed in case of disclaimers.

We are determined to turn municipalities around. Achieving clean audits should not be seen as the duty of the chief financial officer and the treasury staff, nor even of the municipal manager alone. It is the responsibility of the Mayor, the Speaker, councillors and administrative staff combined. No treasury staff can cure the impact of illegal political instructions, badly researched decisions of council and poor supervision by the executive or an accounting officer who abdicates responsibility.

We are setting very high standards for our municipalities because our people deserve the best.

I would like to table the list of municipalities which have received disclaimers from the Auditor General.

LIST OF MUNICIPALITIES WITH DISCLAIMER			
	Municipality Name	Province	Audit Opinion (MTSF Outcome 9)
			Disclaimed
Eastern Cape			
1	Dr Beyers Naudé Local Municipality	Eastern Cape	Ü
2	Enoch Mgijima Local Municipality	Eastern Cape	Ü
3	Mnquma Municipality	Eastern Cape	Ü
4	Walter Sisulu Local Municipality	Eastern Cape	U
Free State			
5	Nketoana Local Municipality	Free State	Ü
6	Tokologo Local Municipality	Free State	Ü
7	Letsemeng Local Municipality	Free State	Ü
8	Mohokare Local Municipality	Free State	Ü

9	Msunduzi Municipality	KwaZulu-Natal	Ü
Limpopo			
10	Mopani District Municipality	Limpopo	Ü
11	Vhembe District Municipality	Limpopo	Ü
12	Ba-Phalaborwa Municipality	Limpopo	Ü
13	Thabazimbi Municipality	Limpopo	Ü
Mpumalanga			
14	Thaba Chweu Municipality	Mpumalanga	Ü
North West			
15	Bojanala Platinum District Municipality	North West	Ü
16	Mamusa Local Municipality	North West	Ü
17	Ngaka Modiri Molema District Municipality	North West	Ü
18	Madibeng Local Municipality	North West	Ü
19	Lekwa Teemane Local Municipality	North West	Ü
20	Ditsobotla Local Municipality	North West	Ü
21	Moses Kotane Local Municipality	North West	Ü
22	NW405- JB Marx (Tholwe/Ventersdorp)	North West	Ü
23	Siyathemba Local Municipality	N. Cape	Ü
24	Joe Morolong Local Municipality	N. Cape	Ü
25	Phokwane Local Municipality	N. Cape	Ü
26	Kgatelopele Local Municipality	N. Cape	Ü
Western Cape			
27	Beaufort West Municipality	Western Cape	Ü
Total			27

COGTA has signed a Memorandum of Understanding with the National Treasury. The two departments will work together and ensure a structured and coordinated approach to support prioritised financially distressed or dysfunctional municipalities. We have created a joint technical intervention team in terms of the Municipal Systems Act and the MFMA.

We have jointly identified 87 priority municipalities which are distressed or dysfunctional, which require urgent intervention.

The municipalities are the following;

	MUNICIPALITY	District Municipality	National Treasury	Dept of Cooperative Governance and Simplified Revenue	Section 139	CoGTA Ministerial Priorities	MISA	VBS ¹	Joint CoGTA/NT Priorities
1	Makana	Sarah Baartman		1		1	1		
2	Dr Beyers Naude	Sarah Baartman	1	1			1		1
3	Mnquma	Amathole				1			
4	Amahlati	Amathole				1			
5	Raymond Mhlaba	Amathole	1	1					1
6	Inxuba Yethemba	Chris Hani		1					
7	Enoch Mgijima	Chris Hani		1		1	1		
8	Walter Sisulu	Joe Gqabi		1	1	1			
9	Joe Gqabi	Joe Gqabi				1			
10	Matatiele	Alfred Nzo				1	1		
11	Mbizana	Alfred Nzo				1			
12	Alfred Nzo	Alfred Nzo					1		
13	Port St Johns	OR Tambo				1	1		
14	King Sabata Dalindyebo	OR Tambo				1			
15	Letsemeng	Xhariep		1					
16	Kopanong	Xhariep	1						
17	Masilonyana	Lejeweletswa			1		1		
18	Maluti-a-Phofung	Thabo Mofutsanyana					1		
19	Nketoana	Thabo Mofutsanyana			1				
20	Mantsopa	Thabo Mofutsanyana	1						
21	Mafube	Fezile Dabi			1		1		
22	Emfuleni	Sedibeng					1		
23	Lesedi	Sedibeng					1		
24	Mogale City	West Rand	1						

	MUNICIPALITY	District Municipality	National Treasury	Dept of Cooperative Governance and Simplified Revenue	Section 139	CoGTA Ministerial Priorities	MISA	VBS ¹	Joint CoGTA/NT Priorities
25	Merafong City	West Rand	1					1	
26	Rand West City	West Rand	1				1		1
27	West Rand District	West Rand						1	
28	uMuziwabantu	Ugu				1			
29	Ray Nkonyeni	Ugu	1	1					1
30	Mpofana	Umgungundlovu			1	1	1		
31	Msunduzi	Umgungundlovu				1	1		
32	Richmond	Umgungundlovu				1			
33	Amajuba	Amajuba	1						
34	Umkhanyakude	Umkhanyakude	1						
35	Alfred Duma	Uthukela	1	1					1
36	Endumeni	Umzinyathi		1					
37	Umzinyathi	Umzinyathi			1				
38	eMadlangeni	Amajuba			1				
39	eDumbe	Zululand			1	1			
40	Abaqulusi	Zululand				1	1		
41	uMlalazi	uThungulu		1					
42	Umzimkhulu	Harry Gwala		1					
43	Dr Nkosazana Dlamini Zuma	Harry Gwala			1	1	1		
44	Jozini	Umkhanyakude				1	1		
45	Inkosi Langalibalele	Uthukela			1	1	1		
46	Mopani	Mopani					1		
47	Greater Giyani	Mopani						1	
48	Makhado	Vhembe						1	
49	Collins Chabane	Vhembe	1	1				1	1
50	Vhembe	Vhembe						1	
51	Molemole	Capricorn		1					
52	Capricorn	Capricorn						1	
53	Thabazimbi	Waterberg					1		

MUNICIPALITY	District Municipality	National Treasury	Dept of Cooperative Governance and Simplified Revenue	Section 139	CoGTA Ministerial Priorities	MISA	VBS ¹	Joint CoGTA/NT Priorities
54	Modimolle – Mookgopong	Waterberg	1					
55	Ephraim Mogale	Sekhukhune					1	
56	Makhuduthamaga	Sekhukhune					1	
57	Greater Tubatse/Fetakgomo	Sekhukhune					1	
58	Sekhukhune	Sekhukhune				1		
59	Lekwa	Gert Sibande				1		
50	Govan Mbeki	Gert Sibande				1		
51	Emalahleni	Nkangala	1			1		1
52	Thaba Chweu	Ehlanzeni	1					
53	Nama Khoi	Namakwa		1				
54	Ubuntu	Pixley Ka Seme		1				
55	Emthanjeni	Pixley Ka Seme		1				
56	Kareeberg	Pixley Ka Seme				1		
57	Siyancuma	Pixley Ka Seme		1		1		
58	Renosterberg	Pixley Ka Seme				1		
59	Joe Morolong	John Taolo Gaetsewe	1					
70	Tsantsabane	ZF Mgcawu	1	1		1		1
71	Moretele	Bojanala	1				1	
72	Madibeng	Bojanala				1	1	
73	Kgetlengrivier	Bojanala		1				
74	Moses Kotane	Bojanala				1		
75	Tswaing	Ngaka Modiri Molema		1				
76	Mafikeng	Ngaka Modiri Molema					1	
77	Ditsobotla	Ngaka				1		

MUNICIPALITY	District Municipality	National Treasury	Dept of Cooperative Governance and Simplified Revenue	Section 139	CoGTA Ministerial Priorities	MISA	VBS ¹	Joint CoGTA/NT Priorities
	Modiri Molema							
78	Ngaka Modiri Molema					1		
79	Dr Ruth Segomotsi Mompati						1	
30	City of Matlosana	1						
31	Cederberg		1					
32	Langeberg					1		
33	Swellendam		1					
34	Beaufort West					1		
35	Kannaland	1		1		1		1
36	Laingsburg	1	1					1
37	Central Karoo District	1						

The failure to spend the Municipal Infrastructure Grant allocations is unacceptable as it affects ordinary citizens who need water, roads, electricity and other services. There are 226 municipalities in the country that are receiving the Municipal Infrastructure Grant funds.

Most do not have capacity to execute big infrastructure projects. Only 55 out of 257 municipalities have a qualified engineer who can advise them better on running infrastructure projects. Over the MTEF period, national government has made an allocation of R47.6 billion and R16 billion was allocated for 2017/18 financial year. In the past five years, since 2012/13, a total of R3.4 billion in MIG transfers was stopped and was reallocated from underspending municipalities to better spending municipalities.

Between 2013/14 and in the past financial year, 55 municipalities had their annual MIG allocations stopped at least twice. This is not ideal as it has an inadvertent consequence of penalising municipalities with a lower capacity and hence punishing the poorer communities. This cannot continue, rather alternatives must be found to support service delivery to poorer

communities. We have decided to intervene immediately to resolve this matter. We will deploy technical experts from the Municipal Infrastructure Support Agent (MISA), in the form of District Technical Support Teams, in 55 of the 87 priority distressed municipalities to provide support.

Each District Support Team will be constituted by engineers, construction and project managers, financial accountants, town and regional planners as well governance and administration experts as the case may be. Fourteen teams will be dispatched immediately and the rest of the teams must be in place by the end of the December, through the adjustment of budget. The teams will be expected to build permanent capacity in these municipalities beyond project implementation. This will bring to an end the problem of municipalities that fail to spend their Municipal Infrastructure Grants.

During his official visit to COGTA on 10 May, President Ramaphosa impressed upon us to advance our skills development programme for the sector. As part of promoting youth skills development, municipalities will be supported by 150 Young Graduates produced by the Municipal Infrastructure Agent.

We welcome one of our special guests, our town and regional planning graduate, Vele Mukhondiwa from Luheni village in Thulamela, Limpopo province. We will work with the Youth Employment Service to ensure that youth in municipalities across the country benefit from this initiative that was launched by the President in March.

We met black professional associations recently and engaged them on their participation in drawing in skills to assist municipalities. We will hold further engagements.

To assist distressed municipalities with financial and revenue management, the Department of Cooperative Governance is rolling out the implementation of the Municipal Specific Revenue Plan in selected municipalities nationwide. The Department of Cooperative Governance is rolling out the implementation of the Municipal Specific Revenue Plan in selected municipalities nationwide.

The revenue plans are intended to result in, improved revenue management, reduced municipal consumer debtors and the protection and augmentation of the municipal revenue collection. In addition, the culture of non-payment by consumers to municipalities affects and results in the inability of municipalities to service their creditors, mainly Eskom and Water Boards. Let me take this opportunity to appeal to the public to pay for their electricity and water accounts, as failure to do so makes it difficult for the municipality to continue providing services.

Government offers free basic services of water and electricity and others to indigent households. Our assessment has indicated that the databases are unreliable and that some people who do not qualify are on the lists while those who qualify, are left struggling. To correct the situation, the Department of Cooperative Governance signed a Memorandum of Understanding with the South African Revenue Service (SARS), to verify the indigent registers of municipalities. We anticipate that this partnership with SARS will yield the desired results.

It is unacceptable that municipalities owe so much money to Eskom and water boards. As at 31 December 2017, the total Bulk Services owed by municipalities was R23.6 billion, R16.2 billion for electricity and R7.4 billion for water. (S71 National Treasury Report).

Among the top five provinces owing Eskom are Free State, Mpumalanga, North West, Gauteng and Limpopo.

The top 10 owing municipalities are;

- Maluti a Phofung,
- Matjhabeng,
- Emalahleni,
- Ngwathe,
- Emfuleni,
- Govan Mbeki,
- Lekwa,

- Thaba Chweu,
- Disobotla and
- Naledi.

Together they owe 70 percent of the total debt to Eskom. We have appealed to Eskom to suspend the interruption of services to municipalities due to the huge sums of monies that they owe.

An Inter-Ministerial Task Team led by COGTA is currently looking at the Constitutional, Systemic and Structural Challenges in electricity distribution and reticulation as well as to find solutions to the electricity and water bulk services debt owed to State Owned Companies by municipalities. In addition to the Constitutional matter, the IMTT is overseeing a technical team which is tasked with finding solutions on the issue of municipal debt on bulk services.

I met with Business Unity SA and Business Leadership SA last Friday and one of the key issues discussed was the debts owed by municipalities and the negative impact on existing business and investment promotion in the country. We will convene an urgent discussion between BUSA/BLSA and the South African Local Government Association as this matter is critical for business confidence, economic growth and job creation.

It is not advisable that this matter should be settled in court. The IMTT is confident that we will be able to find a solution.

Local government is everybody's business.

Beyond governance challenges, some of our municipalities are beset by a high level of political infighting and instability. Unstable political coalitions in some areas affect governance.

We are also concerned and pained by the loss of life of councillors and municipal staff. KwaZulu-Natal has borne the brunt of the killing of councillors in uMzimkhulu, Mkhambathini, Richmond, Pietermaritzburg and other areas which spread to other provinces. Two leaders were gunned down this past weekend again in KZN.

We strongly condemn the killing of councillors and other community leaders. We must all take a collective stand to say Here and no further! This must stop. Councillors are elected to serve and should be given the space to do so peacefully and without fear.

We trust that law enforcement agencies would shed light as to whether or not corruption and procurement irregularities may have been precipitating the deaths of councillors in some municipalities. All these matters need scrutiny as they impact on the delivery of services to our people.

The people must feel that their elected representatives are here to serve them, using ward committees and the Municipal Community Complaints Management System, and progress is being made in this regard. To promote services at the ward level, integrated Service Delivery Models in the form of one stop shops or war rooms have been established in six provinces and this needs to extend throughout the country.

We have also begun Ministerial Visits to various provinces and municipalities to conduct on-site inspections and consultations towards turning the situation around, as part of the Back to Basics programme. We intend to visit a number of provinces from which reports of distressed municipalities have emanated. We will soon visit the Free State following reports of challenges in Mangaung and Maluti a Phofung which are experiencing financial management challenges including the Eskom debt.

We will visit KwaZulu-Natal following an increased number of Section 139 interventions by the province and several matters which require investigation, which have been raised with me by the provincial government and members of the public.

Similarly, another visit is being planned to Limpopo where several municipalities were affected by the VBS Mutual Bank debacle and other outstanding issues such as the tensions in Vuwani. We will also schedule another visit to Mpumalanga where municipalities are affected by a large debt to Eskom and where communities have reported sewerage spillages, namely Govan Mbeki, Lekwa and Musukaligwa.

We have undertaken a fruitful visit to the Eastern Cape following requests for intervention in the following municipalities - King Sabata Dalindyebo, Makana, Sarah Baartman, Walter Sisulu, Mnquma, Enoch Mgijima, Alfred Nzo, Port St Johns, Amahlathi, Joe Gqabi, Mbizana and Matatiele.

In North West, 20 out of 22 municipalities had deteriorating audit performance in terms of the audit outcomes of 2016/17 financial year. Twelve out of the 22 North West municipalities are in serious financial distress and of which 8 received disclaimers in audit outcomes. Previous Section 139 interventions in five municipalities have not yielded results. Following on work done by the COGTA team since October 2017, we will be conducting district forums and issuing directives in terms of section 100 1 (a) of the Constitution. These interventions start with immediate effect.

Attention will also be given to municipalities where section 139 has been invoked and serious financial distress has been reported, including Western Cape and Gauteng. We need early detection of community discontent and timeous responses to reduce instances where community frustration bursts out into public protests and burning barricades. COGTA will be exploring the acquisition of ICT capability and an early warning system Dashboard. This ICT capability will improve COGTA effectiveness in supporting early interventions.

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Our national urban policy, the Integrated Urban Development Framework (IUDF), was adopted by Cabinet on the 26th of April 2016. During his visit to our offices the President directed us to lead the charge around integrated urban development and to decisively dismantle the legacy of apartheid spatial planning.

To this extent, we will ensure that, as part of their spatial development frameworks, municipalities identify strategically located land that is required to transform the apartheid spatial patterns, boost economic growth and provide opportunities to our communities.

We will also intensify work that we have started on the revival of small towns.

Deputy Minister Nel will speak further on this aspect of our work.

We are working with the Departments of trade and industry, Economic Development and Small Business Development in developing a framework for Local Economic Development.

Our people must benefit from resources beneath the land that they occupy in order to eliminate the resource curse which is manifested in violence and instability. In this regard, I am in discussion with the Minister of Mineral Resources to ensure that the Integrated Development Plans of municipalities include the Social Labour Plans of mining companies. This intervention will also assist in addressing the role of traditional leaders in radical economic transformation, social development and job creation.

The Community Work Programme continues to make a difference in the lives of the poor and the unemployed. In 2017/18, the CWP was allocated a total budget of approximately R3,6 billion and it has provided work opportunities for close to 260 000 participants.

Today we have special guests, two early childhood development centre teachers who have graduated thanks to the programme and are now able to work and put food on the table. We extend a warm welcome to Ms Catherine Ntembane and Ms Gladys Malebye from North West.

Deputy Minister Nel will talk further on this programme.

Our country is increasingly experiencing the effects of climate change and variability. Through the National Disaster Management Centre, funds have been transferred to repair the damaged infrastructure and rehabilitate the sinkholes in Merafong during 2017/18 financial year.

Additional amounts were allocated to the Western Cape Province to provide the much needed relief from the persistent drought conditions.

On 13 March 2018, we declared a national state of disaster. To this end, we made an allocation of R433 million of which R348 million was given to the three Cape provinces for relief.

We have placed under review, the amendments to the Local Government Municipal Structures

Act, 1998, and the Local Government Municipal Demarcation Act, 1998. We are working with the Department of Justice and Constitutional Development on the requests from various communities to have their location reviewed by being incorporated into a Province in which they were not presently located in.

The mandate of the Department of Traditional Affairs is to provide support to the institute of traditional leadership. There have been several engagements between the President and traditional leaders represented by the Kings, National House of Traditional Leaders, provincial Houses and CONTRALESA. Several issues have been raised in those meetings and also during the debate of the National House of Traditional Leaders. The President has given a directive that the Ministry should attend to these matters.

I am currently engaged in a programme of visiting our Kingships and Queenships throughout the country which has been helpful with regards to issues being raised that of concern to our traditional leaders. Traditional leaders have expressed concerns regarding various policies and their impact on the institution of traditional leadership. Kings and Queens have raised their concerns around the issue of the tools of trade that involves such issues as salaries, transport, security and others.

This matter has been discussed in the past and decisions were taken for different provinces to implement the policy on the tools of trade as agreed. The latest information indicates unevenness in the implementation by provinces. To reach finality, this matter will be tabled to MINMEC in the next few days to achieve a uniform application on the issue of the tools of trade. I have given the Department of Traditional Affairs till the end of June to finalise the norms for the staff that will serve traditional leaders.

I have also directed that the infrastructure programme for the construction of traditional courts be revived. The Departments will submit the programme of construction to me by the end of July. Land issues raised by traditional leaders such as the record of land tenure, the issuing of title deeds, will be addressed in the meetings with the Department of Rural Development and Land Reform. COGTA will facilitate a meeting between the Department and the National House of Traditional Leaders to take this matter forward.

Concern has been raised by traditional leaders with regards to several pieces of legislation. A joint task team representing members of the National House of Traditional Leaders and officials of the Department of Traditional Affairs has been established for processing the matters raised.

This is with regard to a number of the pieces of legislation such as Property Rates Act and SPLUMA. That team will also discuss the proposal by traditional leaders for the amendments of Chapter 7 and 12 of the Constitution.

Regarding the tensions between the traditional leaders and Councillors, mechanisms have been proposed for the district municipal leaders and traditional leaders to be constituted to resolve tensions as they arise.

Discussions are taking place with the Department of Cooperative Governance and SALGA on best options for participation of traditional leaders in municipalities. The Department of Traditional Affairs has already developed a draft guide on the participation of Traditional Councils in Municipal Councils and IDP processes. COGTA has been given a directive by the President to coordinate the relevant departments to champion the agrarian revolution utilising the communal land in the hands of traditional leaders and rural communities. This matter has been discussed with and received support from the National House of Traditional leaders.

The programme will have traditional leaders participating at the centre of economic development at district level, identifying land for cultivation, driving ploughing and harvest programmes and engaging in building livestock herds and creating markets for our people in rural areas. The National House of Traditional Leaders and the Department of Traditional Affairs are currently in the process of acquiring land that can be used for agrarian revolution. We are partnering with the Departments of Agriculture, Forestry and Fisheries, Rural Development and Land Reform, Small Business Development, Environmental Affairs, Trade and Industry, Water and Sanitation as well as the National House of Traditional Leaders in driving the programme.

This week provincial structures will be briefed on the model of the District Support Centre to coordinate all agricultural projects and ensure the successful implementation of the project. More details will be made available as the process unfolds.

We have tabled three Bills in Parliament, namely, the Traditional and Khoi-San Leadership Bill (TKLB); the Traditional Leadership and Governance Framework Amendment Bill and the Customary Initiation Bill to address gaps in legislation in our sector.

We urge Parliament to fast track the promulgation of these pieces of legislation so that their implementation can be rolled out

We reiterate our stance of zero initiation deaths.

As we enter the initiation season we urge stakeholders to ensure that no lives are lost during the initiation period this year. Deputy Minister Bapela will speak further on this aspect of our work.

The Commission for the Promotion and Protection of the Rights of Cultural Religious and Linguistic Communities in my portfolio has been investigating harmful practices in religion around the country and has produced a report following a roadshow and consultations with affected communities and stakeholders as well as Parliament. This work is ongoing.

South Africa will host the 10th BRICS Summit and take over the BRICS Presidency in 2018. As part of the build-up, COGTA will host the BRICS Friendship Cities and Local Governments Cooperation Forum and also the 3rd Meeting of BRICS Ministers of Disaster Management in Buffalo City Municipality at the end of June.

We look forward to hosting our BRICS cooperation partners.

During the 2016/17 financial year, the Department achieved 20 (91%) of its 22 planned annual targets. This was a significant improvement from the previous financial year.

The Department received a total allocation of R83 billion in the 2018/19 financial year, which is divided as follows:

- Department of Cooperative Governance
 - Transfers and subsidies: R80.1 billion (95.8%).
 - Operational costs (Including Compensation of employees, goods and services and payment of capital assets): R556 million (0.7%).
- Community Work Programme: R3.8 billion (4.6%).
- Municipal Infrastructure Support Agent (MISA) R342 million (0.4%).
- Department of Traditional Affairs: R153 million (0.2%) and about R42m is ring-fenced for transfers to the Commission for the Promotion and Protection of the Rights of Cultural Religious and Linguistic Communities.
- Municipal Systems Improvement Indirect Grant: R115 million (0.1%)

It shall be a hectic year for COGTA as we continue to drive our mission of improving the state of local government while also revitalizing and advancing support to the traditional leadership sector. We value the support we are getting from stakeholders and communities.

We value the support we are getting from stakeholders and communities and will be meeting more sectors of society as we cement partnerships towards a better life for our people.

Local Government is everybody's business!

I wish to express my heartfelt gratitude to my colleagues, Deputy Ministers Nel and Deputy Bapela, for their hard work and support.

I thank the MECs, mayors and councillors, the CRL Commission as well as the Portfolio Committee on COGTA. Let me also thank the Directors-General of DCOG and the DTA, the Chief Operations Officer, Acting CEO of MISA and all staff for their hard work and commitment. I thank the Local government is indeed everybody's business.

I wish to thank my wife May and the whole family for all their support and understanding.

Madam Speaker, I have the honour to submit Budget Vote 4 to the House.

I thank you.