



**BUDGET SPEECH OF THE GAUTENG DEPARTMENT OF
COOPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS,
PRESENTED BY MEC DIKGANG UHURU MOILOA, AT THE
GAUTENG PROVINCIAL LEGISLATURE, 29 JUNE 2018**

*The Honourable Speaker of the House and the Deputy
The Honourable Premier of Gauteng
Members of the Executive Council from Gauteng
Honourable Members of Parliament
Honourable Members of the Legislature
Presiding Officers of the Legislature
Leaders of all Political Parties
Traditional Leaders here present
Executive Mayors and Councillors here present
Distinguished Guests
Members of the media
Baagi ba Gauteng
Ladies and Gentlemen*

Dumelang! Sanibonani! Molweni! Good day!

Introduction

A few days ago, our country celebrated one of the significant political landmarks in our forward march to the liberation of our country. It was on that fateful day on the 16 June 1976 when the gallant students and youth of our country said enough is enough. They not only rose up against the imposition of Afrikaans as a language of instruction but also against the very system that made them and their parents and grandparents subhuman. Inspired by the ideals of equality, freedom and democracy, the youth of our country took a stand against the apartheid system that was declared a crime against humanity by the United Nations. They had a dream! Indeed, they dreamt of freedom. They dreamt of a better life. They dreamt of equality and an end to discrimination. They also dreamt of quality education and restoration of their dignity. Our youth also dreamt of quality education. They were inspired by the Freedom Charter that declares that “The doors of learning and culture shall be opened to all!”

Through their actions and pronouncements, they expressed, unequivocally, a hunger to learn in conditions that were conducive for them to contribute to building a better country free from oppression of man by another man, free from landlessness and free from hunger and exploitation! These dreams that were turned into a clarion call for all South Africans to rise up in pursuance of a vision of a better life for all as opposed to the continued apartheid colonial rule that promoted racial segregation and class exploitation, became an inspiration to generations to fight for what is right – justice, equality, non-racialism, non-sexism and democracy.

These were young women and men who had a vision, who were selfless and who loved their country and their people. Hence, they were prepared to sacrifice everything they had including life and limb to set us free. As we meet in this Chamber today during the centenary of the birth of two of the outstanding stalwarts of our liberation struggle, Tata Nelson Mandela and Mama Albertina Sisulu – a son and daughter of the soil who distinguished themselves through commitment to principles and upholding of values of selflessness, moral uprightness and service to the people - we need to reflect on the long and windy road we have travelled for our country to be where it is today. As we reflect, we must do that with the aim to not only pat ourselves in the back for the progress our country has made but also to critically look at the journey we have travelled, the challenges that are in the way of further movement forward and how we will surmount them.

The people shall govern

Honourable Speaker, local government is a sphere that is closest to our people and at the coalface of service delivery. Hence, it is bearing the bulk of the brunt of our people's frustrations. Indeed, this is where people interact with government on a day-to-day basis. It should therefore not be surprising that it is this sphere of government that bears the bulk of the brunt of our people's frustrations. It is however unfortunate that some of the people have resorted to violence when expressing their dissatisfaction.

Whilst the right of everyone to protest has to be protected and defended, this does not extend to violent and at times criminal acts in the name of service delivery. I therefore condemn the acts of violence and criminality that we are experiencing in some communities and urge the law enforcement agencies to bring those responsible to book. Otherwise, we are planting a seed of lawlessness if we are to turn a blind eye to what is developing into a total disregard for the state and reckless violation of other people's rights.

Indeed, local government is facing a myriad of challenges ranging from capacity or lack thereof to deliver services, corruption and other malfeasances. This is a situation

that we are alive to and are attending to. As CoGTA in Gauteng, we are continually seized with what must be done to make our municipalities work.

In the past financial year and even before, we have been implementing a number of interventions to ensure that municipalities are in a position to execute their constitutional mandate of delivering services. It has and it is not easy but progress is being made in turning the situation around. Allow me therefore, Honourable Members, to reflect on this as part of a report back on the work we have done during the year past.

Municipal financial viability

It is common cause that challenges relating to the non-payment of services has reached unprecedented levels within Gauteng Municipalities. The total debtors' book for Gauteng Municipalities is R56.6 billion and of that total, R46 billion is over 90 days. What is striking is that of this, a significant R7,7 billion (13.6%) is attributable to business – a sector that has the ability to pay but is not doing so.

Another factor worth noting is that the highest contributor is the Household Customer Group with R46, 4b (81.8%) of the outstanding debtors. Debt owed by Government Entities contributes 1.4% of the Total Gauteng Municipal Debtors book and this is the reflection of the effort by Debt Management committee established by the Province to assist in resolving this type of debt. Given these difficulties, some of the municipalities like Emfuleni and Merafong are showing strains in meeting their constitutional mandate. More effort is needed to assist these Municipalities as they are experiencing cash flow challenges to a point of even being unable to pay Eskom, Rand Water and other crucial service delivery suppliers.

The inability of municipalities to effectively collect debt owed is caused by a myriad of reasons. Some of the challenges are within the municipalities' sphere of influence, while others are beyond the municipalities' control. Thus, a call to intensify efforts to mitigate against if not break the culture of non-payment of services is a clarion call that must be addressed by the political leadership (across the spheres of government) in strong and purposeful partnerships and engagements with communities.

Other challenges relate to administrative problems within the revenue value chain that include lack of implementation of effective credit control policies, incorrect and/or incomplete billing data and financial leakages caused by corruption and maladministration. As CoGTA, we are intensifying efforts to clean municipal billing data whilst attending to corruption and collusion between municipal officials and businesses.

We are also going on an intensive community outreach programme that will see Community Development Workers (CDWs) and public representatives visiting communities to promote a culture of payment of services and bring integrity to the indigent register. To that extend, the Department will intensify engagement with the people to appreciate that development will not take place unless they contribute through payment of services.

Municipal financial situation and support provided

Honourable Members, as we embark on this journey, we are alive to the socio-economic context that are having a dire impact on municipal revenue. These include the current national economic decline and associated fiscal constraints and the related high unemployment challenges and the specific municipal economic problem, such as closure of key steel industry in Emfuleni and the closure of mines in the West Rand Region. It is not coincidental therefore, that most of Gauteng municipalities are faced with financial viability challenges – something that both government and private sector must address.

Having said that, prudent financial management remains at the core of the Provincial priorities as it speaks directly to good management of the public purse. This in turn ensures public trust. It is noted with pride that there are no negative audit outcomes in all Gauteng Municipalities. In fact, Gauteng is the only province with 100% positive audit outcomes. According to the Auditor General's Consolidated General Report on Local Government Audit Outcomes for 2016/17 Financial Year Report, 91% (ten municipalities) of municipalities in Gauteng received unqualified audit outcomes and 9% (one municipality) received clean audit outcomes. We are concerned that there has been regression in audit outcomes.

To this extent, the department will during the current financial year work with the AGSA to intensify our interventions. In this regard, the department will pay specific attention to consequence for non-performance to ensure increased accountability and compliance.

These achievements can be attributed in no small measure to CoGTA's provision of technical and advisory support to municipalities to enhance prudence in financial management. The support to municipalities on financial and audit issues is provided in partnership with stakeholders such as the Auditor General (AGSA), Chartered Institute of Government Finance, Audit and Risk Officers (CIGFARO), SALGA and Gauteng Treasury.

In addition, due to numerous audit findings in the Property, Plant and Equipment (assets) area, the Department is providing Asset Management support to municipalities to ensure that Asset Registers are compliant with the required GARP Standards.

One of the key areas will be attending to the following: curbing of unauthorised, irregular and wasteful expenditure (prior to the previous preceding para)

It is worth noting and celebrating that the Department has been leading by example and receiving clean audit outcomes for the past four years. In addition, the Department was awarded a Clean Administration Award by the Chartered Institute of Government Finance, Audit and Risk Officers (CIGFARO) for the second time as the "Most improved Provincial Department in Supporting Governance Processes in the Municipalities".

Institutional support

This year the department through its Municipal Institutional Support unit will continue with its capacity development support and interventions in critical identified areas such as Supply Chain Management (SCM), Finance (revenue management), service delivery, Contract and Project management and oversight.

We are targeting 200 officials across the various disciplines outlined above. Our approach to capacity development will take on a much-needed on-the-job training coupled with classroom based training and action learning approach. This will aim to re-instate systems and procedures and improve its capacity to enhance service delivery. We are also targeting 100 MPAC Section 79 Committee member councillors on a continued learning path to attain a qualification on our newly developed Oversight qualifications.

Given all the challenges and increased need to support struggling and distressed Municipalities, CoGTA will further intensify its support by deploying additional capacity through its Hands-on Support Multi-disciplinary teams. Particular focus will be placed on legal, labour and human resources management and development, including Organisational Development and Design with a special focus on revenue management.

Back-to-Basics Programme

Honourable Members, as you are aware, the Back-to-Basics programme has been ongoing over several financial years. To remind ourselves, this is an approach or programme initiated by the National Department of Cooperative Governance and Traditional Affairs. At the core of this programme is to strengthen the local government sphere of government, improving service delivery and promoting economic growth and development. Subsequently, a province-wide approach to resolve challenges based on eight B-2-B pillars amongst others, Putting People First, Good Governance, Delivery of Basics Services and Infrastructure and Sound Financial Management was adopted.

Since then, work has been ongoing to support municipalities through vigorous implementation of the B-2-B programme. As the department, we fully support and we will continue to implement the B-2-B approach. I will lead efforts to intensify hands on monitoring and support of local government to accelerate service delivery. I am delighted to report that a team of senior officials drawn from National COGTA, Gauteng CoGTA, Gauteng Treasury and Office of the Premier visited the municipalities, starting with the Metros.

The general diagnosis is that district municipalities and constituent municipalities continue to experience perennial systematic challenges that are beyond their control. For example, they face challenges related to financial viability and sustenance, tariff setting and an inability to account for loss trading services (water and electricity), poor budgeting for maintenance, refurbishment and replacement of aging infrastructure resulting in poor quality and breakdown of services, inability to plan, procure, project manage infrastructure delivery resulting in poor infrastructure grants spending and public participation remains generally weak in some municipalities, including the metros, amongst others. In responding to these challenges, the department will insist that municipalities allocate 8% of their capital budget for maintenance of infrastructure as per National Treasury Regulations.

Honourable Speaker, in an effort to mitigate these risks, CoGTA will continue to engage more in active mainstreaming of Back to Basics approach. This will include the introduction of aggressive monitoring and accountability measures. For example, the MEC will do unannounced municipal visits whilst assisting in nurturing B2B champions in each municipality.

Given the challenges facing Emfuleni Local Municipality, the Provincial Government is intervening through invoking Section 139 (1)(b) and 139 (5)(a). The aim is to provide hands-on support to the municipality to enable it to continue executing its constitutional mandate.

Public participation

We will also intensify our public participation and community development initiatives so as to work together with our people to develop communities. Gone are the days where communities wait for government to deliver services to them. Whilst executing our constitutional mandate as government including municipalities, we will mobilise communities to play an active role in determining their own destinies and this include a paradigm shift of people not just demanding their rights but also taking responsibility like paying for the services they consume.

Through our Premier-led Ntirhisano programme, we will reach out to people whilst strengthening ward committees to escalate contact between government and communities. Our new approach to stakeholder engagement on local issues that could feed into or be synergised with what government delivers through programmes or projects will be intensified as this will minimise protests that at times turn violent.

It is heartening that our new approach is bearing fruits as our door-to-door efforts have assisted municipalities with indigent registration – i.e. identifying household in distress, informing communities about government programmes and services to expand access to services especially those who are indigent, reached 122 000 homes for address harvesting during the last IEC address harvesting campaign and launched a pilot on Citizen Based Monitoring (CBM) in Lesedi Local Municipality to test how we can practically involve citizens in the monitoring of services.

We have worked with municipalities to establish and induct 422 ward communities albeit serious challenges with respect to the functionality of Ward Committees as it is apparent that most of these committees are divorced from the very communities they must assist and serve. Going forward, CoGTA will lead efforts to implement integrated, evidence-driven and collaborative approach and model of operation informed by an integrated and collaborative community workers model.

We will support municipalities to develop capacity and implement the Asset Based Community Development approach with Ward Committees and community interest groups. This will involve taking Ward Committees and community interest groups through a practical approach of community asset mapping to identify local assets, opportunities and activities for community development. These activities will help communities to identify promising activities for local collaboration and how it can be implemented with community and government support.

During the preceding financial year, COGTA has partnered with all departments, municipalities, IEC - led by Gauteng Legislature - to build a civic awareness campaign leading up to the 2019 national elections. This campaign seeks to register young voters, speak to the importance of voting, educate citizens how their voice matters within the province and what they can do to contribute.

Disaster Management

Honourable Members, our province is prone to natural and other disasters. As CoGTA we have been seized with building the requisite capacity to either prevent or respond to these disasters. Our Provincial Disaster Management and Fire and Rescue Services have been hard at work coordinating disaster management and response efforts. Whilst successes have been registered, capacity challenges have been hampering efforts to effectively respond, on a province-wide, to disasters.

Gauteng, faces numerous challenges with regards to the vulnerability of its communities to disaster risk. In addressing these challenges, the Provincial Disaster Management Centre (PDMC) has drafted a policy framework for disaster management which provides a clear direction on how the function must be implemented and also ensures a uniform approach to disaster management in the province. In addition to this and in line with what the framework provides for, a provincial disaster management centre building was procured and the provincial centre is in the process of being restored during the current financial year.

In addition, a macro disaster risk profile was developed which has enabled the drafting of a Level 1 disaster management plan. In instances where, regardless of our disaster preparedness planning we were unable to cope with the effects of eventualities, the PDMC was able to coordinate disaster rehabilitation funding in the excess of R 200 million for various sectors.

To ensure that it is able to continue to effectively coordinate response, the PDMC successfully led the classification of the Gauteng Provincial Urban Search and Rescue (USAR) team which was classified as a medium team by the United Nations International Search and Rescue Advisory Group (INSARAG). This team is ready to be deployed locally and internationally on Search and Rescue missions with the PDMC in the process of procuring equipment for this team.

Water conversation and demand management

Honourable Members, our province like the rest of our country is experiencing water scarcity and this situation was exacerbated by the recent drought. As part of efforts to mitigate against this risk, CoGTA has embarked on a water conservation and demand management project to encourage people to conserve water and municipalities to attend to leaks due to aging infrastructure. In order to complement these efforts, a rainwater harvesting campaign is ongoing. To date, 150 water tanks have been installed in communities especially schools. Going forward, additional 150 water tanks will be installed during the current financial year. We will also escalate the #savewater campaign in an effort to effect changes in both the behavioural and attitudinal outlooks of water users.

Fight against corruption and efforts to institutionalise ethics and integrity

Honourable Members, our fight against corruption and efforts to institutionalise ethics and integrity in government and society is ongoing. As you are aware, COGTA, The Ethics Institute (TEI) and the Gauteng Office of the Premier (OoP) introduced the Gauteng Municipal Integrity Project. Since its inception, the project has yielded the following tangible results:

- Integrity Maturity Assessments were conducted in all local municipalities in Gauteng, namely Rand West City, Mogale City, Merafong City, Lesedi, Midvaal and Emfuleni.
- Ethics Risk Assessments were initiated in City of Tshwane, City of Ekurhuleni, Rand West City, Mogale City, Merafong City, Midvaal, Lesedi and Emfuleni City Local Municipalities.
- 53 Ethics Officers were trained in the Ethics Officer Certification programme and 11 of them have been certified; and
- 14 Internal auditors have been trained.

In addition, efforts to ensure that municipalities comply with our fraud and anti-corruption strategies have been executed. To date, all Gauteng metros are complying with anti-corruption legislation and the following activities are a clear indication of this: all Metros have appointed Anti-corruption units, all fraud and corruption cases are

being investigated, alleged perpetrators are being investigated, Ethics Officers have been appointed and trained, and Metros have developed fraud and anti-corruption strategies and are being reviewed from time to time.

Whilst noting the positive action taken by metropolitan municipalities in the fight against corruption, it is still a matter of concern that they fail to comply with Sections 57A (7) and the Schedule 1 of the Municipal Systems Act which requires that municipalities inform the MEC of any cases of corruption at the municipal level. We are engaging these municipalities to nudge them to comply as this, the reporting, will ensure that no person charged and dismissed on account of fraud and/or corruption is appointed in any other organ of state.

We are also assisting the districts to correct the disjuncture between the districts and their constituent local municipalities with regard to the implementation of the fraud and anti-corruption strategy. Going forward, CoGTA will provide the following support in order to build and encourage a culture of anti-corruption, ethics and integrity:

- Establishment of Cities Fraud and Anti-Corruption Network to share best practice among metros;
- Establishment of Fraud and Anti-Corruption Forums in Sedibeng and West Rand in order to share best practice and to facilitate regional integration; and
- Ensure close monitoring in the district and local municipalities as they do not have records of fraud and corruption cases investigated.

Support to Institutions of Traditional Leadership

Honourable Members, the 2017/18 financial year demonstrated significant progress in the administration of traditional leadership. In line with the department's annual report, the two recognised traditional councils and their Senior Traditional Leaders have complied with legislative prescripts. Recently, the two recognised Senior Traditional Leaders held annual general meetings with their communities to report on the activities of the traditional councils and their plans for the year ahead.

Gauteng's emphasis on this level of accountability by the Senior Traditional Leader to his community should be commended.

Over the past financial year, the Department have also recorded and dealt with several complaints, claims and requests for recognition.

As you are aware, the responsibility for implementing the Traditional Leadership and Governance Framework Act and the provincial legislation has been delegated to me by the Premier of the Province. Since my appointment, I have given special attention to the applications for recognition and these are stringently evaluated against the legislative framework mentioned above, which amongst others states that communities can be recognised if it is subject to a traditional system of leadership, observes customary law and complies with the criteria set out in the Constitution and the Framework Act.

Before I proceed, allow me Honourable Members, to celebrate the appointment of Inkosi MP Mahlangu and Kgosi KC Kekana to the National House of Traditional Leadership in November 2017 and the appointment of the three headmen and a headwoman appointed by the Amandebele ba Lebelo traditional community. These headmen/women were formally recognised on the 4th January 2018, through a notice published in terms of Section 15(4)(i) of the Gauteng Traditional Leadership and Governance Act, No. 4 of 2010.

Given the challenges facing the institutions of traditional leadership, policy development and enhancing the regulatory environment in the area of traditional leadership is required to address challenges and anomalies within the province. Looking forward to the 2018/19 financial year, the Department will maintain the current support provided to the two traditional communities. We should start looking at interventions in the two communities that will leave a rich legacy and therefore in partnership with the Gauteng Department of Agriculture and Rural Development and the national Department of Rural Development and Land Reform, we will roll out the Comprehensive Rural Development Programme (CRDP) to the Amandebele ba Lebelo traditional community in Hammanskraal. The same programme will be enhanced and revitalized in the Amandebele Ndzundza Sokhulumini traditional community.

It is also imperative that the two recognised traditional communities are given a greater voice within the City of Tshwane. In this regard, the Department will work towards the establishment of a Local House of Traditional Leadership within the City of Tshwane.

The Local House will be established in terms of Section 17 of the National Framework Act and its function will be to, amongst others, advise the municipality on matters pertaining to customary law, customs and traditional communities within the municipality, develop planning frameworks that impact the traditional communities and participate in local programmes that have the development of rural communities as an objective.

On initiation schools

The other matter of concern is the practice or malpractice of cultural initiation. Over the past few years, the Department in collaboration with the CRL Commission observed challenges in the application of the customary practice of initiation. In order to deal with these challenges, the CRL Commission suspended the customary practice of initiation in Gauteng until the 31st December 2018. In April 2017, special permission was granted to the Ndebele nation to host customary initiation and during the winter initiation season, the Department monitored the 46 Initiation schools with 1189 Ndebele initiates in the City of Tshwane and 15 initiation schools with 162 initiates in Ekurhuleni. During the same season, 13 initiation schools were closed in Sedibeng and 107 initiates were taken to places of safety by the Department of Social Development. CoGTA recorded 269 children in illegal initiation schools during the summer season and these children were rescued and taken to places of safety.

In closing this policy gap, the National Department of Traditional Affairs introduced a Bill to set a national legislative framework to regulate the practice of initiation. The specific circumstances of Gauteng will be dealt with through the draft policy on the customary practice of initiation. During the last financial year, COGTA prepared and consulted on its draft initiation policy with key stakeholders including civil society, municipalities, sector departments at national and provincial level. The revised policy document will inform the development of a provincial bill to regulate and administer the cultural practice of initiation.

Coupled with this, my Department will, during the current financial year, draft legislation to address Gauteng specific circumstances and challenges as this will contribute immensely to efforts to put an end to the rampant abductions, abuse and

proliferation of illegal initiation schools. Meanwhile, we urge parents and community generally to encourage our children to perform medical circumcision.

On a different note, the National Department of Traditional Affairs are in the final stages of the Traditional and Khoisan Leadership Bill. This Bill was consulted with the public as early as 2011 and has been revised several times. I am confident that attention will be given to the Khoi and San leadership during the final stages of the Bill.

Appropriations

The 2018/19 budget of R468 million represents an aggregate decline of 2% from the 2017/18 budget mainly because of a once off allocation received during 2017/18 financial year to relieve the victims of flooding in Alexandra and surroundings in September 2017 and the allocation for the replacement of a feeder pipe in Merafong City Local Municipality because of sink holes that are products of previous mining activities in the area.

A greater portion of the budget or 70% is allocated to core business with the rest allocated to administration (30%). Compensation of employees still dominate the budget at 68% followed by Goods and Service at 27% with transfers, subsidies and capital expenditure amounting to 5% of the budget.

The Department plans to transfer R8 746 000 to municipalities for the following projects/program:

- To assist four municipalities to comply with GRAP 17 with regards to their assets register R3 million
- To assist three municipalities with performance management R2million
- A further R2 million in grants from National Government for Extended Public Works Program to three municipalities
- During the adjustment, the Department anticipate a reallocation of R35 million of which R20 million will be allocated to support Merafong City Local Municipality for replacement of their feeder water line, this funds should have been transferred during the previous financial year, due to reason beyond the Department they can only be transferred in the current financial year.

R15 million has just been transferred to the West Rand District Municipality to assist with their fire and rescue activities.

Honourable Members, the following are the major projects that the Department will be embarking on during the current financial year: If all goes according to plan, the Department will be allocated its own building by the Department of Infrastructure Development, if this materialize the Department has allocated a sum of R10m for rental, excluding installation of necessary services such air-condition and partitioning of which an amount of R5 million is allocated.

The total budget allocation for Goods and Service and Capital for this program is R49 million.

Regarding the Local Governance (Program 2), a total amount of R11m excluding compensation, was allocated to the Community Development Worker program, this allocation is earmarked to supplement the existing tools of trade of the Community Development Workers and this includes availing data and voice to the CDW to enable them to communicate issues of the community and report periodically to the Department. In addition, about R1 million was set aside for training of CDW on various areas of development.

To support the Institutions of Traditional Leadership (Traditional Institutional Development, Program 4) an amount of R1,2 million was set aside for purchase of a car for one of the Traditional Council (one vehicle has been purchased for the other already) to support the Traditional Council with operating expenses and to further assist with the building maintenance.

Conclusion

Honourable Members, local government is facing serious challenges that pose the risk to impede municipalities to execute its constitutional mandate. As CoGTA, we are committed to providing hands-on support to municipalities in Gauteng to ensure that these sphere of government works effectively and efficiently. The budget is being appropriated for our department to be utilised to turn the situation around.

Indeed, we are committed to working municipalities to ensure that local government is in a position to execute its mandate of delivering services. The commitment we make is that, tomorrow will be better than today!

As I conclude, Honourable Members, allow me to extend my gratitude to the Honourable Premier for his leadership and guidance. I also wish to thank the Chairperson and Members of the Portfolio Committee for CoGTA and Human Settlements for their support and guidance. May I also thank the Head of Department and other officials and staff of CoGTA.

Ke a leboga!