

**PRESENTATION OF THE 2017/2018 BUDGET VOTE TO THE KZN PROVINCIAL
LEGISLATURE BY THE MEMBER OF THE EXECUTIVE COUNCIL FOR
COOPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS, HONOURABLE
NOMUSA DUBE-NCUBE**

9 MAY 2017

**VOTE 11: COOPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS
“MUNICIPAL AND TRADITIONAL SPACES FOR RADICAL ECONOMIC
TRANSFORMATION”**

Madam Speaker;
Deputy Speaker;
Honourable Premier;
Colleagues, Members of the Executive Council;
Honourable Members of the Provincial Legislature;
Honourable Mayors and Councillors;
Esteemed Amakhosi and Izinduna;
Members of the Diplomatic Corps;
Distinguished guests;
The people of KZN;

Madam Speaker, once more I am deeply honoured to stand before this revered House to table the Budget for Vote 11 in my capacity as the Executive Authority of the department.

Madam Speaker, celebrated poet Langston Hughes, in one of his seminal works, asks a question:

“What happens to a dream deferred”?

Does it dry up?

Like a raisin in the sun?

Or does it explode?

Madam Speaker, the 2017/2018 financial year is a unique one. This is a year in which as a nation we celebrate and honour the life of a rare leader, a revolutionary,

an intellectual par excellence, a teacher, a principled and cultured person, President Oliver Reginald Tambo. This year he would have celebrated a century of selfless struggle. This was a struggle that was waged by men and women of lofty thoughts and higher purpose, patriots who envisioned and dreamt of a better South Africa. Today, Madam Speaker, as we celebrate, basking in the warmth of freedom, we cannot help but ask ourselves the question: are we still pursuing the dreams that rallied President OR behind our gigantic liberation struggle for so many decades? Are we still on track to ensure that the dreams of our people of a better life for all are going to be realised in our life time? We ask ourselves these pertinent questions, Madam Speaker, lest we find ourselves in the mist of dreams that are on the verge of exploding.

In tabling this Budget Vote, Madam Speaker, we seek in the main to rise to the occasion and to rectify a past that was wrong and inhumane, a past that President Tambo sacrificed his life to undo, for it had usurped all essential rights that every person in life qualifies for by virtue of being human.

Informing this Budget are pronouncements by His Excellency, President Zuma during the State of the Nation Address, who reminded us that, having delivered basic services does not mean that we have fully realised the dreams of our forebears. Nor does it imply that we have extended various freedoms to the masses of our people. He challenged us to radically advance the most important form of freedom that our people need in this epoch - that of radical socio-economic transformation, as part of the second phase of our transition.

This injunction was also echoed by the Honourable Premier TW Mchunu in his State of the Province Address when he said that “through Unity in Action, we must move KZN to a prosperous future”.

MUNICIPAL SPACES FOR RADICAL ECONOMIC TRANSFORMATION

Madam Speaker, at the recent 3rd Presidential Local Government Summit, His Excellency, President Zuma directed that the sphere of local government must lead radical socio-economic transformation and development. He unpacked Radical Economic Transformation, as a policy, to mean the *“fundamental change in the*

structure, systems, institutions, and patterns of ownership, management and control of the economy in favour of all South Africans especially the poor, the majority of whom are African and female". President Zuma also emphasised that ***"we need to see radical economic transformation in local government"***.

Madam Speaker, when the commanders speak, our task as their generals is to deliver and win not only the battle but the war. The philosophy that underlines this Budget Vote is that our developmental focus is on building a vibrant local economy to serve as a springboard for Radical Economic Transformation, a decent quality of life for all, with reduced poverty, and decent employment opportunities. We are determined to ensure that our radical transformation agenda does not become a mere catch phrase.

As a starting point, our municipalities have been allocated a combined budget of R5.5-billion infrastructure grant allocations divided as follows:

- Municipal Infrastructure Grant (MIG) - R3.46-billion
- Regional Bulk Infrastructure Grant (RBIG) – R605-million
- Water and Sanitation Improvement Grant (WSGI) – R890-million, and
- INEP – R540-million

We will be monitoring the implementation of preferential procurement regulations in municipalities that implement capital-intensive projects. These regulations will be the game-changers in terms of redressing historical economic imbalances. We will ensure that a minimum 30 percent of projects undertaken through these grants are utilised to drive Radical Economic Transformation through emerging contractors, small- and medium-sized enterprises and co-operatives. We will insist on procuring locally to stimulate local economic growth.

Madam Speaker; we have already good examples in uKhahlamba Municipality where, with very limited resources, the municipality has been able to set aside a budget for the benefit of local co-operatives, and ring-fenced all grade 1-3 construction projects for emerging contractors. Similarly, the eThekweni metro has taken a position that for every project with a contract value above R30-million, 30 percent of the project value should be set aside for community participation.

The City of uMhlathuze has approved a ground-breaking supply chain management policy to open opportunities to locals, the youth, women and the disabled. This is part of the set-asides for beneficiation in the mainstream economy of the City. This new SCM policy for the City of uMhlathuze sets aside 40 percent of its capital expenditure for the youth, 40 percent for women and 20 percent for disabled people who have businesses, known as a 40-40-20 policy. All of these reforms should be in line with the revised procurement policies and the relevant legislation.

To date, the City has awarded a 33-year-old woman, Ms Nano Mbuyazi of Mkhadi Trading, a R5-million project to revamp the eMpangeni Taxi Rank, which is due to be completed next month. This is a Radical Economic Transformation in action that we aspire to see in the whole of KZN. Ms Nano Mbuyazi is seated in the gallery today.

Madam Speaker, our Radical Economic Transformation agenda will cascade to areas under amakhosi and bring about rural economic transformation. Central to this is making land productive and creating markets in rural areas. Today we are also joined by Ms Thandiwe Madondo who runs Asisukume Maize Mill project in uMsinga. She recently wowed the audiences in the United States of America with her success. We have other examples that prove that rural areas can constitute the backbone of our RASET agenda under Inkosi Mkhize and Inkosi Zondi, also seated in the gallery today. These are the faces of our Radical Economic Transformation agenda and rest assured they are going to grow in every nook and cranny of this province.

OVERVIEW OF THE 2016/2017 FINANCIAL YEAR

Madam Speaker, having set the policy agenda that will drive our service delivery priorities in the 2017/2018 financial year, allow me now to pay tribute to some of the development activists in the sphere of local government and traditional affairs who passed on during the past year. These include councillors, amakhosi, including Inkosi Lushaba, Mkhulisi, Mathonsi and Chiliza, and municipal officials, some of whom lost their lives in a violent and gruesome manner. May their souls rest in peace!

I also reflect briefly on the departmental performance during the year under review, during which we received an unqualified audit opinion. As we work hard to reclaim

our clean audit status, we rejoice in the fact that we have delivered in a big way and continue to outperform despite our ever shrinking budget. I am pleased that the successes we have made have added to our growing list of achievements.

Back to Basics - Getting the basics right to achieve developmental outcomes

Since the launch of the Back to Basics programme, we have noticed a marked improvement by municipalities across all five pillars of the Back to Basics programme. We have seen improvements in most districts in terms of service delivery, good governance, sound financial management, putting people first, and building capacity. Ugu District Municipality is one of the leading district municipalities in the country which has advanced service delivery and good governance. Recently, we signed a new memorandum of understanding between Cogta, SALGA, and municipalities represented by the new Mayors, outlining their re-commitment to the Back to Basics programme. A key set of indicators to monitor and evaluate the programme on a quarterly basis and monitoring support plans on a monthly basis are in place to ensure rapid responses to critical issues in municipalities.

Next phase of Back to Basics

As we move to the second phase of the Back to Basics programme, our main focus is on consolidating our stable, functional and developmental local government system to address the spatial injustices that continue to define the development landscape of our local government institutions. Through this phase of Back to Basics, we will respond to the call by the President to ensure that:

- Township roads and streets are tarred and repaired;
- That the bucket system is eradicated and that all hostels are turned into family units; and that
- We will convene a summit with all municipalities and sector departments and specifically Human Settlements as well as the civil society to address and prevent illegal land invasions and growth of informal settlements.

Quality service delivery and correct standards of performance are our key priorities in this second phase of the Back to Basics programme. We have defined what we call non-negotiables or accepted levels of performance by elected leadership and administration in municipalities. They include:

- Strong political stability and administrative stability;
- Councils meeting regularly as legislated;
- Functional council and oversight structures;
- Regular report back to communities;
- Low or no vacancy rates;
- Collection rates above 80 percent on average;
- Spending on capital budgets above 80 percent;
- Consistent spending of capital budgets; and
- Consistent clean audit outcomes.

What will we do going forward?

To ensure positive community experiences of local government, we will, as we implement our Back to Basics programme during this term:

- Prioritise municipalities receiving disclaimers and eliminate them;
- Support revenue enhancement programmes;
- Ensure appointment of senior managers with appropriate and requisite skills in municipalities;
- Ensure oversight over and support for quality service and maintenance of infrastructure;
- Ensure vigorous implementation of forensic reports; and
- Ensure differentiated approach to capacity building in district municipalities.

Reconfiguration of municipalities from 61 to 54

Honourable Members; it is now on record that in the 2016/2017 financial year the province had 61 municipalities that have now been seamlessly reconfigured to 54. We are happy that we have achieved this smooth transition. We thank all

stakeholders, including members of this House, amakhosi, izinduna, councillors, communities and officials who worked tirelessly to make this happen.

2016 Local Government Elections

The 2016 local government elections was one of the major activities that shaped the department's performance in the year under review. It also marked the end of a term of office for councillors. Our department also ensured that the government mandate of supporting the IEC with the infrastructure they need to conduct free and fair elections was fulfilled.

Post-election environment

Madam Speaker, as soon as the election results were declared by the IEC, the department rolled out a process of reconstituting all newly elected municipal councils. Most municipalities met the legal deadline which required them to reconstitute themselves within 14 days after the formal announcement of election results by the IEC. Of all the municipalities in the province, we only had challenges in two municipalities, namely Nquthu and uMzinyathi. When political theatricals could no longer be tolerated in Nquthu, the Provincial Executive intervened and we are now getting ready for by-elections and a fresh start in Nquthu and eventually in uMzinyathi municipality.

Councillor Orientation Programme

In partnership with SALGA, we have undertaken immediately after the elections a Councillor Induction Training programme and Councillor Orientation Training programme. The newly elected councillors are now capacitated with a general understanding of their leadership roles, legislation that is applicable to local government, key municipal processes, and the concept of developmental local government and community-centred service delivery.

Establishment of Ward Committees

Ward Committees have been established in all our municipalities with the exception of Nquthu. We are now repositioning the Ward Committees by highlighting their importance and the impact they have on communities if they operate optimally. We will introduce programmes to raise the profile of the Ward Committees and prove to the communities that this structure is an indispensable governance tool in addressing the issues of community engagement in making a difference to local government.

Financial management

For 2015/2016, forty-three of our municipalities received unqualified audits which are just a notch below a clean audit opinion. Eleven received clean audits. While we are pleased with the overall performance, considering that the province has the highest number of municipalities, we are concerned about the regression sustained in some areas. We will be working tirelessly to deal with all transgressions of our financial laws. We have already met with the municipalities concerned and we are implementing consequence management and turnaround plans. All the new Mayors and councillors have assured us that they will prioritise making the clean audit goal a reality.

Municipal viability

The ongoing viability of municipalities over the medium and longer terms is a matter that requires more dedicated attention and energy as we go forward. It remains of utmost importance that our municipalities are able to perform all their functions. Only when they are in this space can they render consistent services to their communities. A number of critical actions will be undertaken this year to ensure that our municipalities remain financially viable. We will relook at municipal organisational structures to ensure that municipalities focus on core services in the most cost-effective way. We will also ensure that municipalities focus on collecting all revenue that is due to them. Based on the audited financial results for the 2016 financial year, municipalities in KZN are collectively owed R13.1-billion which can be broken down as follows:

Household debts = R7.9-billion (60.43%);

Commercial debts (debt owed by businesses) = R3.5-billion (26.8%);

Government debts = R735-million (5.6%); and

Other debts (such as traffic fines) = R413-million (3.15%).

If this problem is not addressed, municipalities are going to collapse. We are now looking at taking extraordinary measures to address this problem. We are going to be reviewing the enforcement provisions in municipal credit control and debt collection policies and by-laws. We want to strengthen enforcement provisions to enable municipalities to deal decisively with deliberately defaulting consumers. In this respect, we will look at options of legally accessing creditor information from SARS, banks and credit bureaux. A study group will be established to research a proper legal instrument and advise even on possible legislation we can pilot nationally to deal with this challenge. Consumers run the risk of having properties and assets attached for owing debts to municipalities.

Households that cannot afford to pay up in light of the bigger macro-financial challenges that we face already will be accommodated within the municipal programmes that cater for the indigent and the poor. We have to uncover those who illegally benefit from policies meant to benefit the poor and the indigent. They own mansions in townships and rural areas while they do not pay for water and rates. It is unfortunate that some people prioritise payment for DSTV over payment for municipal services. This has to change!

Lastly, to achieve financial viability, we are going to be ensuring that municipalities become more prudent and efficient with their expenditure patterns and ensure that there is value for money for the services paid for. To make an example, every municipality's expenditure will be regularly analysed and assessed so that it does not spend the bulk of its budget on non-core functions but on areas where there can be some return on investment.

Good Governance: Municipal Oversight Committees

Municipal Oversight Committees are beginning to play a very important oversight role in municipalities. More MPAC meetings are being held regularly. We have reviewed the MPAC framework for municipalities, including the composition and functions of MPACs. Our focus going forward is on enhancing the role of Portfolio committees in undertaking oversight over municipal administrations, the role of the Speaker in ensuring that all oversight structures in a municipality are functional, and in so doing preventing unpleasant surprises, such as non-payment to creditors and under-expenditure on capital projects.

Action against fraud and corruption

Since 2016 a total of twenty-three cases of corruption and related offences were reported to the department. A total of twenty-three forensic investigations were undertaken, with sixteen forensic investigations already being finalised and reviewed and seven investigations pending. Some of the finalised investigations were tabled in council and the reports have been handed over to the municipalities concerned for final processing. Just to give members a synopsis of the findings at Nongoma Municipality:

- The investigation uncovered that prepayments were made to service providers amounting to more than R2.5-million and payments that resulted to fruitless and wasteful expenditure were approved amounting to R5.7-million.
- Six Directors did not satisfy either the educational requirements and/or the management experience to hold the Director positions.
- Irregularities relating to the construction of a Testing Ground resulting in payments amounting to R3.4-million were also uncovered.
- Contracts were awarded for the roads which were not constructed.

Our recommendations included:

- That disciplinary action be instituted against the CFO, acting MM and the previous CFO.
- Opening of a criminal case with the SAPS.
- Civil recovery of R6.7-million against the implicated service providers.

uMzinyathi forensic investigation

We have launched a forensic investigation into allegations that have surfaced relating to the abuse of service delivery funds. To date the Municipal Manager has been suspended and is undergoing due disciplinary processes. The amount involved runs into millions of rands – around R95-million to be precise.

Arrest of Councillors allegedly involve in Social Grant Fraud

Partly due to Cogta's vigilance about the issues of fraud and corruption and our participation in the investigative processes, there have been developments in some cases in the former Ingwe municipality where some senior officials and office bearers have appeared in court. Also the recent arrest of councillors allegedly involved in social grants fraud is largely due to Cogta's swift response and action. We are sending a clear message that corruption in the sphere of local government will not be tolerated.

Within Cogta itself, officials who had been involved in fraud and corruption amounting to R7.5-million earmarked for the former Ingwe municipality, were charged criminally and have been dismissed from the public service following a misconduct enquiry. In the criminal matter one employee has been convicted and is scheduled to be sentenced on 12 May 2017 to direct imprisonment whilst two other Cogta employees will be tried on 24 and 27 May 2017.

Municipalities in the forefront in the fight against corruption

We similarly applaud the tough stance taken by the Greater Kokstad Municipality under the leadership of Mayor, Cllr Bheki Mtolo, in rooting out fraud and corruption which saw the dismissal of five municipal employees who have allegedly embezzled funds from the municipality's pay-point customer service station. We also applaud the anti-corruption initiatives by the eThekweni Mayor, Cllr Zandile Gumede, which include the "jobs and tenders not for sale campaign" and the arrests of officials involved in housing fraud. These municipalities are setting the right tone and an example to be emulated by others. We need to bring to book those who tarnish the

reputation of our government and erode the confidence of our communities in municipalities.

Landmark eThekweni judgement

We have noted the landmark judgement in the Westwood vs eThekweni matter, delivered by Justice Pillay, which holds municipal officials involved in supply chain management personally liable for costs incurred by a service provider who has been prejudiced by negligent and incompetent actions of procurement officials. This has created an important judicial precedent that Cogta intends to use to monitor municipalities in the performance of their supply chain management functions and to hold negligent officials personally liable for their actions. We will be sharing this judgement with all municipalities in the province.

Appointment of senior managers in municipalities

We are uncompromising in the principle that only through the placement of qualified and skilled officials in the correct positions can we advance municipal delivery. The appointment of senior managers in municipalities is therefore closely monitored and municipalities are supported to ensure that the legislative provisions are adhered to. I am pleased to say that we have not approved the appointment of several unqualified and unskilled officials. We have now issued a directive that all Section 54 and 56 employees in municipalities have only 18 months from now to comply with the national competency requirements for holding such positions or risk losing their jobs when the time expires. We will be uncompromising in enforcing this directive. The overall vacancy rates of Municipal Managers and CFOs in KZN has been reduced, with 36 of 54 Municipal Manager posts and 39 of 54 CFO posts being filled. We must take into account the dynamic that we are within the one-year period following the local government elections, during which many of the contracts will expire. Despite this, the province once again leads in the number of senior officials employed to date. We are professionalising local government!

Accelerating service delivery

Madam Speaker, service delivery in our municipalities is occurring against the backdrop of declining revenues. As I said earlier, fewer people are paying for services but the expectation that services will be provided by local government is increasing. Honourable Members must note that local government in South Africa is still receiving less than 10 percent of the national fiscus to execute its developmental mandate and to deepen democratic participation. The 2016 population Census indicates that KZN's population has exceeded by 11.5 million. What is striking is that our population has increased and access to basic services by our municipalities has also increased. This means that despite this huge increase in the number of people in KZN, access to basic services has not only kept up but has also improved as reflected in our Back to Basics indicators.

Water

According to the Community Survey data released in 2016, households with access to water have increased to 85.4 percent. In the year under review, a total of 288 465 households were provided with fresh potable water. We have spent a total of R3.417-billion on water infrastructure in the fourteen Water Services Authorities in the province. The focus is now on extending services to the previously underserved areas as well as on ensuring a high order of service. Thus a significant budget is allocated to the construction of bulk pipelines. Some of the projects include:

- Greater Bulwer (Steven Dlamini Dam) in Harry Gwala to benefit communities in Bulwer, Gala, Nkwezela, and Donnybrook;
- Greater Mthonjaneni Bulk Water Scheme in King Cetshwayo to benefit communities in Mthonjaneni Municipality;
- Jozini Bulk Water Supply Scheme in uMkhanyakude to benefit communities in Ingwavuma, Tshongwe, Malobeni, KwaJobe, and Mbazwana;
- Greytown Bulk Water Scheme in uMgungundlovu to benefit communities in Enhlalakahle, Craigieburn and Greytown;
- Lower Thukela Bulk Water in Ilembe to benefit communities in Mandeni Darnall, and Ballito;
- Driefontein to Indaka in uThukela to benefit communities in the district; and

- Mhlabatshana Water Supply Scheme in Ugu to benefit communities in Gumatane, Ncengesi, Nhlalwini, Assissi and KwaMadlala.

Other major water projects for the current financial year include the expansion of water storage facilities in the province to bring our 147 water supply systems into balance and further augment future demand. The Mkhomazi Bulk Project, now at advanced planning stage, is scheduled to commence construction in 2019 to provide 250 million cubic meters of water per annum to augment supply to eThekweni. We will also pilot a storm water capture initiative based on our recent learning experience in Australia. Storm water will be captured as part of our diverse portfolio of water resources and will be stored in canals and ponds and reused for both domestic and recreational purposes. This strategy is most feasible in areas such as Durban and Richards Bay where there is sufficient rainfall falling on impermeable surfaces such as roads and buildings. No water must go to waste!

Drought

Madam Speaker, substantial amounts have been spent on drought interventions in KZN municipalities from national and provincial government allocations. To the extent that we have been able to navigate this crisis, we would like to express our sincerest gratitude to the national Minister of Water and Sanitation Honourable Nomvula Mokonyane who always attended swiftly to KZN's needs. We have committed our resources to innovative medium- and long-term interventions, such as seawater desalination mentioned by the Premier in his State of the Province Address, construction of steel reservoirs to augment storage capacity and store potable water from production boreholes across the province, drilling of boreholes, procurement of water tankers, and the installation of mobile treatment plants, static tanks and standpipes. We have spent our entire drought allocation of R150-million for these projects. **(Honourable members are encouraged to peruse the attached booklet on drought for further details.)**

The drought crisis has helped us to devise sustainable innovative solutions that are on par with new methods of water supply globally. We were granted an opportunity to host the United Nations World Water Day Summit under the theme **“Waste Water**

- ***the Untapped Resource***". We now know that no water should be wasted because every drop is critical in addressing our water scarcity. All our Water Services Authorities are now expected to introduce mechanisms for waste water re-use to potable water. We are able to showcase the following:

- The Ilembe District Municipality through Siza Sembcorp Waste Water Recycling Plant in Ballito has built a water treatment plant and is the first to treat water to potable state in the province to supply the North Coast.
- The Richards Bay Desalination Plant which was constructed in just six months. The plant abstracts and processes more than ten mega-litres of water per day from the sea. The purified seawater will be pumped to reservoirs around the City of uMhlathuze. This state-of-the-art plant produces water that tastes as good as any other natural water. This will bring a major relief and allay fears of water shortage for consumers and industries. I must add that a feasibility study for all coastal towns in KZN has been completed to identify the most viable sites for seawater desalination.
- The first demonstration plant for energy efficient desalination in South Africa is being implemented in eThekweni. It is intended to provide a sustainable solution for the growing demand for water in the region that was further heightened by the drought situation. The remix water system consists of a combination of seawater and treated effluent.
- Water security has led to the Liquefied Natural Gas Project worth a net investment of R50-billion in Richards Bay. This project will create job opportunities for the people of the City of uMhlathuze as a variety of skills will be required for this project. On completion, the plant will have a stationary vessel that will store solid gas onshore then release it to the offshore plant for processing from solid into liquid gas which will then be transformed into power back to the grid. The project will also expand the scope for the City and the province for gas related investors to look into relocation to KZN, thus creating more opportunities. The City of uMhlathuze will no longer be known for only exporting coal but it is slowly establishing itself as a South African gas hub. The project has been facilitated by uMhlathuze and the King Cetshwayo District Mayors Mduduzi Mhlongo and Nonhle Mkhulisi, respectively, our mayors are seated at the gallery.

We still remain a province in the midst of a severe drought and we will continue to implement interventions that are designed to make a qualitative and sustainable impact as opposed to just being obsessed with the spending syndrome.

Sanitation

The number of communities in our province that now have access to flush toilets connected to sewerage system is increasing significantly. Similarly, there is an increase in the proportion of households using pit toilets with ventilation and the decline among those using pit toilets without ventilation. Also, there is a decline of households with no toilets. Again, this has been confirmed by the Community Survey in 2016. Following this year's World Water Day Summit in Durban, we have been inspired by the advancements in global technology to ensure that unsafe toilets such as pit latrines will soon be a thing of the past. Some of these new technologies are already benefiting communities in parts of eMadlangeni Municipality and communities are grateful.

Electrification

In the year under review, people served with electricity in KZN are estimated at 85 805 which represents a reduction of backlog from an estimated 15 to 12 percent, resulting in an estimated 2 861 748 of KZN's households being served. We have successfully maintained a large provincial allocation notwithstanding the fiscal constraints. There is now greater alignment in the funding of energy infrastructure. Consequently, districts such as uMkhanyakude (Umhlabuyalingana and Jozini), Ugu (Umzumbe), and Ilembe (Maphumulo and Ndwedwe) which record the highest backlogs that result from constraints in the network now have large allocations to upgrade bulk infrastructure. This investment will facilitate socio-economic development in these areas, such as power for water supply and energy security. We expect to achieve universal access to electricity soon in uKhahlamba, Greater Kokstad, Hibiscus Coast and Phongolo municipalities.

In addition to the Integrated National Energy Programme allocation, the department, through its Massification Grant, has implemented scores of electrification projects, including:

- Dukuza/Busingathi Infill Project - uKhahlamba - 379 connections;
- Mhlumba Electrification Project - Inkosi Langalibalele - 630 connections;
- Msobotsheni Electrification Project - Inkosi Langalibalele - 174 connections;
- Mbabazane Electrification Project - Inkosi Langalibalele - 267 connections;
- and
- Mjinti Electrification Project - Msinga - 117 connections, to the tune of R40-million.

In addition to these projects, the following Massification Projects are still running:

- Mvoti (Makhabeleni: 2414 connections, R90-million),
- Nquthu (Ward 3, 10 and 13: 1706 connections, R49-million),
- Buhlebezwe (Mahehle, Ofafa and Mkhunya: 4404 connections, R140-million),
- Mandeni (eVutha: 352 connections, R8-million),
- Abaqulusi (Triangle: 204 connections. R5-million),
- iNkosi Langalibalele (Msobotsheni), Okhahlamba (Sandlwana): 440 connections, R20-million,
- Dukuza: 374 connections, R6.1-million),
- Phongolo (Dwarsrand: 350 connections, R10-million), and
- uMhlabuyalingana (Mboza and Mvelabusha: 577 connections, R10-million).

In KZN there is a decline in the percentages of those using paraffin and candles, respectively. This is major progress.

Electricity islands

Madam Speaker, we stand here proud to announce that this provincial government, working together with Eskom and the Department of Energy, has successfully eradicated what we used to know as “islands” of communities located along the supply routes of Eskom power lines but left without electricity for political reasons.

We committed ourselves to eliminating this unacceptable behavior where communities were denied access by unscrupulous councillors and officials because they were voting for a different party.

Municipalities owing Eskom

Madam Speaker; three of our municipalities that faced a medium risk to power supply due to the outstanding debts they owed to the power utility Eskom have with the support of Cogta managed to resolve the problem without any supply being cut off. Ulundi Municipality had an overdue debt of R54.2-million, Mooi Mpofana owed R29-million, while eDumbe owed R2.6-million. In total, the debt to Eskom as of February 2017 amounted to R85.7-million. Continuous engagements and agreements with municipalities concerned have yielded positive dividends and the payment plan has been agreed by all parties.

The following electrification bulk infrastructure projects are to be completed in the current financial year 2017/2018:

- Ndumo-Geziza 132 Transmission Line (uMkhanyakude District);
- Gezisa Substation; and
- Mangethe Substation (Mandeni).

Refuse removal

The percentage of households using their own refuse dump or without any refuse removal has also decreased and we are seeing consistency in grass cutting, pothole fixing and refuse collection. We want to move to a stage where the communities know the dates and times of their refuse collections in all municipalities.

MIG expenditure - Municipal infrastructure

Madam Speaker, our province has received the largest annual allocation of the Municipal Infrastructure Grant over the last five years. The overall total provincial

expenditure of the MIG was 98.22 percent of its R3.388-billion at the end of 2015/2016. This is a 12 percent improvement in expenditure from 86.22 percent in 2011/2012 to 98.22 percent 2015/2016 in a five-year period. The five-year national MIG expenditure performance overview shows significant progression in the provincial expenditure, resulting in KZN taking the first place in 2015/2016. As of February 2017, our MIG expenditure is at 60 percent of the total allocation of R3.273-billion against a target of 55.68 percent. This is despite the hiccups experienced with the realignment of municipal boundaries, the election period that delayed the procurement and delays caused by IDP review processes.

Disaster management

Madam Speaker, our province and the country in general faces increasing levels of disaster risk. It is exposed to a wide range of weather hazards which include drought, cyclones, lightning strikes, flooding, mini-tsunamis, and severe storms that can trigger widespread hardship and devastation. Our approach to these developments is that most of our resources must be directed to the introduction of preventive strategies aimed at saving lives and protecting assets before they are lost. We continue to provide grants to municipalities for the establishment and enhancement of their Disaster Management Centres to deal with disasters. The Provincial Disaster Management Centre has supported the building of the uMkhanyakude, Ilembe, Harry Gwala, Ugu, uKhahlamba and Umlalazi Disaster Management Centres. uThukela, uMzinyathi and Amajuba are currently being constructed with the help of Cogta. In addition, the construction of a fully equipped Provincial Disaster Management Centre at Mkhondeni is now complete and its equipping is now underway. Five years ago, Honourable members will recall, in this province we only had two District Disaster Management Centres. Since then, we have completed seven, including the PDMC, and three others are at various stages of construction. This goes to show that we understand the importance of these facilities in providing the first line of defence against disasters. Our goal is to ensure that every district and local municipality has a fully functional Disaster Management Centre.

Fire services

The department is in the process of establishing a unit that deals with fire coordination in the province in line with the Fire Services Act. In order to rescue entrapped victims and perform fire suppression more efficiently, fire services in places as geographically diverse as the United States and Singapore, are becoming increasingly coordinated under one command centre. The revised organisational structure has made provision for this new function and recruitment of qualified personnel will be underway in 2017/2018.

Partnerships with stakeholders and NGOs

The American experience with open field fires tells us that no emergency management function can exist without a strong preparedness capacity. This capacity is built through planning, training and testing and here in KZN we are learning from the very best. We have concluded an agreement with the 911 Fund in New York which has led to the province receiving two containers of fire-fighting equipment. We similarly appreciate the support from our local partners, such as the Durban Chamber of Commerce, who generously contributed in supporting our communities in distress during some of the disasters we experienced this past year. We also have good relations with Red Cross, Alimdad Foundation and Gift of the Givers. The South African Weather Services continues to be our strategic partner in providing regular forecasts and enables issuing of early warnings for some inclement weather patterns that, from time to time, result in incidents that do impact and disrupt our community and economic life.

Fire detection alarms

To address fire problems in some of our informal settlements, all our municipalities will be expected to pilot the installation of fire detecting alarms in some of the informal settlements that are prone to fire incidents, especially as we approach the winter season. Most fires occur at night so these alarms will make warning sounds to wake people up for safety.

Disaster by-laws on lightning conductors

In view of the ever increasing lightning incidents, we are now issuing a directive that in every municipality, a by-law be passed compelling each and every public facility (school, church, community hall) to have a lightning conductor installed. In China, such by-laws have existed for decades as part of the country's mandatory standards that deal with protection of human health, personal property and safety. Chinese local government regulations on compulsory lightning conductors have reduced casualties and damage to property dramatically since they were first introduced.

In our own context, this should also include that every public gathering must have as a standard requirement lightning conductor certificates in the same manner that a marquee will have an engineer-issued certificate. In all new public building developments it should become compulsory to have lightning conductors during construction. Cogta will lead the initiative to help municipalities pass such by-laws. Owners and users of the public facilities and events must be responsible for compliance with the proposed by-laws.

4th Industrial Revolution – Creating Smart municipalities with free public Wi-Fi

Madam Speaker, pundits are in agreement that the world has entered an era known as the Fourth Industrial Revolution which will see technology changing the way we live and relate to the world. Already, the ripple effects of this revolution are being felt as evidenced by the fact that the biggest companies in the world today are those that are driven by technological innovation. As the sphere of government that is closest to the people in the province, we cannot afford to sleep through this revolution, but we must harness it to ensure that we create municipalities that are at the cutting edge of technological invention and that use the state-of-the-art technology and which will push the boundaries of innovation. In this epoch where sustainable development is at the heart of human endeavour, we need to ensure that we become trail-blazers in creating smart municipalities, with technology at the centre of their evolution. At last week's WEF in Durban, "Internet for all" initiative was launched to benefit 22 million South Africans by 2030.

It is for this reason that one of the initiatives that we want to pursue through municipalities with vigour is the roll out free public Wi-Fi zones throughout the province of KZN. Our vision is to ensure that that in the fullness of time, we can have Wi-Fi zones where, whether you are in a public area such as a taxi rank, you can be able to access internet. To this end, we will partner with municipalities to ensure that all Thusong Centres and Traditional Administration Centres have Wi-Fi. Internet connectivity is not only the biggest economic enabler of our time but has given the world technological products such Google, Facebook, Twitter etc. For us to have our very own Mark Zuckerberg in the province, we need to have municipalities that begin to embrace the Fourth Industrial Revolution which must find expression in everything they do including in their IDPs. We want to create municipalities that are able to harness the power of technological invention to deal with their day to day challenges, using technology as an enabler and a catalyst for development. To this end, we will pilot an initiative that will ensure that all new infrastructure installed in municipalities will have GPS coordinates so that it can be located easily. One of the challenges we experienced recently was during water interruptions in Ugu when faulty water pipes could not be located and people literally had to walk to trace the damaged infrastructure. We are aware of the same challenges in uThukela.

Such is the power of technology that we should live to see the day when warnings about an impending disaster, for example, can be simplified and sent to everyone in an affected area before the disaster. This becomes even more critical because research shows that even in rural areas there is one the highest levels of cell phone penetration, as evidenced by the fact that almost everyone has a cell phone. Our duty as policymakers is to ask ourselves questions about how we can create municipalities of the future by not changing how our people live, but by using technology. For example, we want to ensure that this year all municipalities have created applications that are used by ratepayers to pay municipal bills and are used to inform, educate and collect revenue. For this purpose, we will launch a “smarter municipality campaign”. Some of our Mayors have been invited to participate in a Smart Cities Conference at the invitation of His Excellency, President Zuma and we hope this will add value to the campaign.

Implementation of RASET through Local Economic Development Programmes

The underlying theme of all our LED initiatives going forward is the Radical Economic Transformation and its specific offshoot – the Radical Agrarian Socio-Economic Transformation programme (RASET), as announced in this year's State of the Province Address.

District Development Agencies as drivers of Radical Economic Transformation

Our District Development Agencies have been designed as special purpose vehicles to implement strategic economic development projects and programmes for the family of municipalities within our districts, facilitating both private and public sector investments through inclusive projects. DDAs which are fully owned by municipalities are the vehicles that will drive the Radical Economic Transformation programme by taking responsibility for larger-scale projects that have a wider impact beyond municipal boundaries. As such, DDAs are intended to fulfil a vital role in the regional development of KZN, serving as a powerful link between the public and the private sectors and undoing the historically uneven economic development across the province our democratic government inherited from its apartheid predecessors. I will soon be convening a meeting of all the Board Members and CEOs to ensure that all DDAs are ready for the historic mission before us.

Coordinated by EDTEA and Cogta, municipalities will be assisted to promote previously disadvantaged farmers involved in the production, processing and distribution of food as key role players in LED initiatives through the District Development Agencies. This programme will be implemented in collaboration with the provincial Department of Education in the context of its National School Nutrition Programme for which these farmers will supply vegetables. The programme will run from July 2017 in six RASET priority districts, which include uMkhanyakude, King Cetshwayo, Ilembe, Ugu, Harry Gwala and eThekweni, and it will benefit hundreds of small farmers and thousands of schools in these districts. Ilembe Enterprise Development Agency as well as the King Cetshwayo Municipality are already implementing this initiative and will now massify it to all districts through their DDAs.

Small Town Rehabilitation Programme

Madam Speaker, the Small Town Rehabilitation Programme which was pioneered by this province has since been adopted as a national programme by SALGA. This programme continues to create confidence for investors to inject their resources in towns that sustain our municipalities. Although the programme will be impacted by budget cuts in the new financial year, we will continue to support municipalities to facilitate development in the key economic nodes by providing funding and technical support to projects, such as infrastructure upgrade (including maintenance of roads and storm-water, street signs, robots, power networks, and waste collection points) as well as urban management (by law enforcement, management of informal trading and safety in the small town including surveillance cameras, and waste management). To take this project forward, we also intend to create in every municipality industrial parks based on the competitive and comparative advantages of municipalities and aligned with the province's strategic plans, such as the Provincial Growth and Development Strategy and industrial hubs. This will go a long way towards ensuring that we change our municipalities into centres of economic activity.

Youth Enterprise Parks

In meeting the challenge of youth unemployment, the Youth Enterprise Parks Programme will be piloted this year in municipalities as a means to provide affordable space for youth to trade and access entrepreneurial support. These facilities will provide young people with easy access to Wi-Fi and training rooms. Three pilot sites have been identified at uMsunduzi in 2016/2017 and uMhlabuyalingana and KwaDukuza earmarked for 2017/2018 after further consultation with the relevant municipalities. We have set targets for all municipalities in KZN to establish Youth Directorates that will monitor the implementation of programmes, including set-asides as part of our Radical Economic Transformation agenda.

Job creation

The unaudited figures for 2016/2017 reflect that 2147 jobs were created through the EPWP programmes of the department such as (Amakhosi Rural Development, Food for Waste, Beadwork Programme, CSC/TAC facility maintenance and construction, Corridor Development, Small Town Rehabilitation and construction of Disaster Management Centres). This is an increase by 488 jobs compared to the previous financial year. The Community Works Programme has to date created 35984 work opportunities and we continue to intensify this programme.

Red tape reduction

Madam Speaker, in a 2016 study conducted by Deloitte and Touche which assessed the potential for investment in KZN's municipalities, municipalities were described as lacking in competitiveness due to excessive bureaucracy. The study also revealed that a quarter of the surveyed respondents planned to move their operations out of KZN due to red tape. When asked about the main challenges KZN needed to address to remain attractive to investors, the respondents mentioned poor municipal management and service delivery, a deteriorating and incomplete infrastructure and unnecessary red tape and bureaucracy.

In collaboration with the Department of Small Business Development, SALGA, the International Labour Organisation and EDTEA, we will during this financial year spearhead the Red Tape Reduction Programme which aims to address compliance and regulatory processes impacting negatively on small-, micro- and medium-sized enterprises (SMMEs), including cooperatives, thereby reducing their efficiency. This is our direct response to the need to position KZN municipalities as leading investment destinations. Ten districts and the eThekweni Metro will be supported in dealing with red tape in different areas of their business processes, including:

- Lengthy and inefficient supply chain management processes (which ultimately affect the 30-day payment system to SMMEs);
- Municipal building plans approval processes;
- Effectiveness of the complaints notifications system;

- Communication of relevant business information by municipalities to small businesses;
- An assessment of the enforcement of municipal by-laws which are relevant to business signage; and
- Municipal business registrations and permits.

Amakhosi driving rural economic development

We are proud to announce that we have supported six Traditional Councils in the development initiatives such as uKhahlamba winery project, Emadungeni Piggery and Vegetable Production, Empangisweni Citrus Fruit Production and Pack House, and Imbabazane Pack House for the ongoing projects under the eight amakhosi in uThukela Local House, as well as Msinga Asisukume Maize Mill Project, and Phongolo Isilo Initiative – Imbube Cultural Village. The department is currently busy with feasibility studies for mushroom production in Ugu, strawberries in Ilembe and rabbit outgrower project for implementation in various traditional areas through amakhosi trusts and co-operatives. It is exciting to see amakhosi and their communities leading from the front in driving these RASET initiatives. Together with amakhosi, we will ensure that rural economic transformation becomes a reality.

Municipal planning

The implementation of the Provincial Growth and Development Strategy brings the need for municipalities to manage development of land within their boundaries. To date, we have supported all 44 local municipalities with the implementation of the Spatial Planning and Land Use Management Act (SPLUMA). We have also supported municipalities with the amendments of delegations from the Planning Development Act to SPLUMA by-laws. To date, 14 out of 23 Municipal Planning Tribunals have been established and 41 municipalities have adopted and gazetted their planning by-laws. The remaining three will finalise the process by June 2017. In undertaking this, we have partnered with the national Department of Rural Development and Land Reform and made funds available to realise implementation of the SPLUMA legislation. In ensuring that land development plans are aligned to

the municipal Integrated Development Plans, we have supported all 54 municipalities in improving their Spatial Development Frameworks with Provincial Spatial Planning Guidelines. We further supported 45 municipalities in the development of land use schemes and systems in the province.

Traditional Settlement Plans

Traditional communities under amakhosi have been supported in the development of Traditional Settlement Master Plans for improved land administration and spatial planning. To date, we have developed and concluded for all Traditional Council areas in uMkhanyakude, Amajuba and uMzinyathi Districts, Amazizi TC - uKhahlamba, KwaMondi TC - Umlalazi, Baso TC - Msinga, KwaNxamalala TC – Impendle, and KwaMachi TC - Ezingoleni. Eight more of these master plans are to be developed in 2017/2018.

Traditional Affairs

Madam Speaker, we owe a debt of gratitude to His Majesty the King that our traditional leadership remains the mainstay institution for our communities and this government always stands ready and willing to support and work with amakhosi in serving the people of KZN. Amakhosi and the institution in its entirety have a key role to play as development partners with government. It is for this reason that since the dawn of democracy our government has been putting in motion programmes to catapult this important institution of our forebears to play its role as a key component of our democracy.

Strengthening of institution of traditional leadership

Madam Speaker, not only have we walked the talk and disappointed the prophets of doom who said that we would diminish the role of the institution but we have also put our money where our mouth is. Since 1994 we have improved the remuneration of amakhosi and restored their dignity by making them public office bearers with benefits. In our journey of reclaiming the dignity of the institution, we have now

introduced the remuneration of izinduna in recognition of the role they play as catalysts for development in our communities.

Although this has had a major impact on the financial position of the department, we believe that there will be a return on this investment for the communities as they will now have resourced community leaders who will be able to provide them with effective support. We are grateful for the guidance of His Majesty the King and the Honourable Premier who have ensured that we find a breakthrough in this matter. To date a total of 2998 izinduna are been receiving their remuneration. In total, they should be 3153, however, in a few areas there are administrative matters that are being resolved.

Promoting stability, social cohesion and peace

Recognition of senior traditional leaders is important in ensuring that Traditional Councils function optimally and that there is stability within traditional communities. In the previous financial year, we have recognised 11 senior traditional leaders as amakhosi and amaBambukhosi. We also have supported 12 cultural events hosted by amakhosi in ensuring the restoration of dignity of amakhosi in the traditional communities they lead, by providing platforms for them to play their roles. Conflicts and disputes within the institution of traditional leadership can have a negative impact on the stability of traditional communities. We have finalised 67 disputes which included land matters, governance matters, misconduct matters and succession matters and court cases.

Capacity building for amakhosi

In ensuring that our amakhosi are capacitated in their functions, we have rolled out our capacity building programme throughout the province to the tune of R3.7-million. Amongst the training programmes provided was capacity building in judicial skills in which we have trained 127 amakhosi. This training is assisting amakhosi in presiding over cases brought forward to traditional courts. The department will continue this programme in 2017/2018 with an amount of R4-million. In addition, the department

will train identified members of Traditional Councils in public management at the cost of R2.1-million.

Correcting the wrongs of the past through restoration of uBukhosi

As part of a concerted effort to restore the dignity of ubuKhosi and to correct the wrongs of the past, the department has been successful in restoring the following ubuKhosi following the recommendations by the Commission for the Traditional Leadership Disputes and Claims:

- kwaShazi in Mzumbe under Ugu District;
- Mthembu eNonoti in KwaDukuza under iLembe District (had been disposed of their land, now returned);
- Ntshangase in eMamba in Inkandla under King Cetshwayo District;
- Xaba under uMzumbe in Ugu District; and
- Ncwane under eMzumbe in Ugu District.

This represents victory for democracy and it shows huge strides the department is making in ensuring that what represented interference in matters of ubuKhosi by the colonial and apartheid regimes is now corrected. We are proud of these newly restored izizwe and amaKhosi. We are supporting these amakhosi to ensure that they are able to start working and ensure the rebuilding of their izizwe in a manner that is seamless and that shows the correction of our history as a people.

Traditional Leadership Bill

In strengthening our legal system, we are about to finalise a Bill on matters of ubukhosi that fully aligns our legal system with the national prescripts to take into account the views of amakhosi and the experts and the general public. Many of the shortcomings and gaps that we have identified in the past twelve years of the implementation of the legislation passed after the dawn of democracy in our country are also being addressed in the Bill. All we do in this process ensures that there is little interference with our customs and traditions, but we also ensure that whatever is done is aligned with our Constitution which is the supreme law of the land. We

also commissioned research on historical and customary laws. It is important that all our laws recognise and respect the institution of traditional leadership. We are grateful to Isilo samaBandla Onke and Abantwana for ensuring that we safeguard this sacrosanct institution of our forebears.

Outlook for the 2017/2018 financial year

Budget per programme

Madam Speaker, Cogta has been allocated a budget of R1.5-billion for the 2017/2018 financial year. The department's budget shows a general decrease over the period under review. This is as a result of the substantial budget cuts of R5.728-million, R6.548-million and R11.614-million, respectively, over the MTEF in Compensation of employees, and Goods and services. Despite these cuts implemented by the National Treasury and impacted by the remuneration of izinduna, the budget still represents our priorities as articulated in the SONA and the SOPA. All the projected targets will be met irrespective of the substantial cuts, in particular the allocation for Compensation of employees.

Programme 1: Administration = R393 839-million

Madam Speaker, as I announced in the previous budget presentation, Cogta has re-engineered its way of doing business in that we no longer see ourselves as a mere support structure to municipalities. Every line-function unit is no longer inward-looking but is actively involved in supporting the sphere of local government and traditional leadership institutions.

With an allocation of **R393 839-million**, Programme 1 will focus on strengthening our capacity in the provision of leadership and oversight. It is responsible for general administration and corporate services which include, among others, Office of the MEC, legal and operating costs, ICT system, and auxiliary services.

Programme 2: Local Government = R291 385-million

This programme has an allocation of **R291 385-million**. It is the key driver of the Back to Basics programme in the province. This programme will drive the second phase of the Back to Basics programme as encapsulated in the 11 point plan through its sub-programmes:

Programme 2: Sub-programmes	2017/2018 ('000)
1. Municipal Administration	55 704
2. Municipal Finance	32 264
3. Public Participation	168 206
4. Capacity Development	18 380
5. Municipal Performance Monitoring, Reporting and Evaluation	16 831

Programme 3: Development Planning = R338 735-million

With an allocated budget of **R338 735-million**, our focus will be on upscaling our electrification, water and sanitation programmes to ensure universal access, especially in the rural areas.

Programme 3: Sub-programmes	2017/2018 ('000)
1. Spatial Planning	42 220
2. Land Use Management	24 694
3. Local Economic Development	102 205
4. Municipal Infrastructure	76 268
5. Disaster Management	56 207
6. IDP Co-ordination	19 141

Programme 4: Traditional Affairs = R561 267-million

This programme is allocated an amount of **R561 267-million**. Its strategic initiatives will be implemented through the following sub-programmes:

Programme 4: Sub-programmes	2017/2018 ('000)
1. Traditional Institutional Administration	440 852
2. Traditional Resource Administration	82 207
3. Rural Development Facilitation	20 410
4. Traditional Land Administration	17 798

Conclusion

Madam Speaker; the dreams of our forebears were deferred, but they never dried up like a raisin in the sun and neither did they explode. Rather, they ushered in a constitutional democracy, a system of majority rule, a rule of law and opened up opportunities and possibilities unknown to the masses of our people. As the people of KZN and the country in general, we must use the centenary of our struggle icon President Oliver Tambo to re-imagine the type of society President OR would want us to create. As the current generation of change agents, it is the mission of our generation to realise those dreams by improving the socio-economic conditions of our people for the better. We will deliver Radical Economic Transformation now! The battle lines are drawn!

Madam Speaker, let me take this opportunity to thank the African National Congress, my comrades and compatriots for their continued guidance and support. I thank His Majesty the King for his wise counsel and the Honourable Premier and Members of the Executive Council for their collective guidance and leadership. I am grateful to the Portfolio Committees on Cogta, Finance and SCOPA for always ensuring that our outcomes are resourced. I would also like to thank all our staff under the leadership of the Acting Head of Department, Mr Thando Tubane, for all their commitment and support. My special thanks goes to my family – my husband Mr Sbusiso Ncube, my dear kids, my sister uMamkhulu Lorraine; I could not do what I

am assigned to do if I did not enjoy your love and support. You see the stress regularly as I dedicate my life to public service. And finally, I must give thanks to the great architect of the universe, the Almighty for His blessings and guidance.

I now have the pleasure of introducing the 2017/2018 Budget for Vote 11 for consideration by this House.

PROGRAMME	2017/2018 (R'000)
1. Administration	393 839
2. Local Governance	291 385
3. Development and Planning	338 735
4. Traditional Institutional Management	561 267
TOTAL ALLOCATION	1 585 226

I thank you!