



CLOSING REMARKS BY THE CHAIRPERSON OF THE NATIONAL COUNCIL OF PROVINCES, HONOURABLE MR A. N. MASONDO, ON THE OCCASION OF THE LOCAL GOVERNMENT WEEK HELD FROM 08-11 SEPTEMBER 2020 UNDER THE THEME “ENSURING CAPABLE AND FINANCIALLY SOUND MUNICIPALITIES” –

VENUE: VIRTUAL DATE: THURSDAY, 10 SEPTEMBER 2020 TIME: 10:00

Programme Director, House Chairperson for International Relations and Members' Support, Honourable Ms Winnie Ngwenya

Deputy Chairperson of the National Council of Provinces, Honourable Ms Sylvia Lucas

Minister of Cooperative Governance and Traditional Affairs, Honourable Dr Nkosazana Dlamini-Zuma

President of the South African Local Government Association (SALGA), Councillor Ms Thembisile Nkadimeng

Deputy Minister of Cooperative Governance and Traditional Affairs, Mr Parks Tau

Deputy Minister of Cooperative Governance and Traditional Affairs, Mr Obed Bapela

House Chairperson for Committees and Oversight, Honourable Mr Jomo Nyambi

Chief Whip of the NCOP, Honourable Mr Seiso Mohai

Honourable Members of Parliament and Special Delegates

Members of the SALGA National Executive Committee

Mayors and Councillors

Leaders of Organisations in the Local Government Sector

Ladies and gentlemen

Programme Director, in my opening remarks on the first day, I said that the National Council of Provinces had resolved to focus amongst other things on strengthening oversight and accountability to ensure the implementation of government objectives. I also said that our oversight work will require deeper insights, deeper scrutiny and more effective involvement. It is in this way that we hope to contribute to the national task of improving the quality of life of all citizens.

I wish to thank all the participants for deepening the debate on how to ensure capable and financially sound municipalities. What remains now is to set up 'a processing team', as recommended by the President of SALGA Councillor Nkadimeng, to assist us with regard to implementation. 'The steering committee' will finalise this matter soon.

The Minister of Cooperative Governance and Traditional Affairs, Dr Nkosazana Dlamini-Zuma, demonstrated how the District Development Model will work, with Hubs that will serve as a functional network of support and a facilitation system for Intergovernmental Planning. Municipalities would have access to critical and scarce skills such as engineers, planners, ICT specialists and administrators, as the Minister explained using the example of the introduction of these professionals to the community of Waterberg District, which is one of the pilot sites in Limpopo, in the past weekend. This is a work in progress.

As always, the President of SALGA Councillor Thembi Nkadimeng raised very fundamental issues which we must attend to. One of these is the issue of the debt owed to municipalities. In this regard, we need to look at the proposals that SALGA is making, such as putting together measures to write-off the ever increasing household debt in exchange for the installation of prepaid water and electricity metres. Indeed the MEC for

COGTA in the Eastern Cape, Honourable Xolile Nqatha, solicited the assistance of the NCOP in devising a 'business rescue' to save financially distressed municipalities.

In seeking to address this particular challenge of municipal debt, we also need to be guided by what the Deputy Minister of Finance, Honourable David Masondo, highlighted. It is the fact that the structure of the budget is such that expenditure outstrips revenue.

We welcome the interventions by National Treasury, through the Municipal Finance Improvement Programme, to assist local government in improving its spending on conditional grants and to assist municipalities to build sound revenue management systems. Members would recall that when responding to questions in the NCOP, in November last year, the Minister of Finance, Honourable Tito Mboweni¹, had called for a focus on the strategic utilisation of these national grants to avoid a situation whereby these monies are taken back from municipalities because they are not spent.

There has been general concern raised about the political interface in administrative matters which allegedly strains the relations between key political and administrative officials. The Chairperson of the Select Committee on Cooperative Governance and Traditional Affairs, Water, Sanitation and Human Settlements, Honourable China Dodovu, refers to this as 'the elephant in the room'. He suggested that this might actually be the source of the many challenges being experienced in some of our municipalities. We agree.

A point has been made quite clearly that we must continue to interrogate the implementation of Section 139 interventions. The Deputy Minister of Cooperative Governance and Traditional Affairs, Honourable Parks Tau, helped with unpacking some

¹ Questions to Ministers: Economics Cluster 4D and 4B. 27 November 2019. Hansard.

of the challenges. His suggestion for the review of our conception of Section 139 as an instrument is worth considering. His argument is that sometimes we design financially unviable municipalities and thereafter use wrong tools to seek to address the challenges they experience.

Furthermore, we cannot escape the need to strengthen our legislative tools and take our legislative procedures to their final logical conclusion to improve outcomes, as he suggested. The Intergovernmental Monitoring and Support Intervention Bill, which is required by section 139 of the Constitution, will indeed assist a great deal. Parliament has long been waiting for the introduction of this Bill. We are happy that the office of the Leader of Government Business has now indicated that the Bill will be introduced this year.

The MEC for COGTA in Mpumalanga, Honourable Mandla Msibi, outlined the nature of the challenges currently besetting municipalities, like the Govan Mbeki Local Municipality, in spite of Section 139 intervention. We, however, commend the Mpumalanga Provincial Government and other provinces that have demonstrated support to municipalities in line with section 154 of the Constitution. This is the way to go.....

We still have much to learn in respect of the Section 139 intervention as a tool to assist municipalities. The MEC for Local Government in Gauteng, Honourable Lebohang Maile, cited two examples with different outcomes. One is in respect of the dissolution of the City of Tshwane Metropolitan Municipality, of which he said that the team of administrators deployed there has managed to stabilise the finances. The other is in respect of the intervention in Emfuleni Local Municipality which was placed under administration in 2018 but has still not shown any significant improvement.

A number of the participants have raised the need to strengthen the Municipal Public Accounts Committees (MPACs) to improve accountability. The importance of these

committees is that they perform an oversight function on behalf of the Council. To illustrate the need for their strengthening, the MEC from North West, Honourable Boitumelo Moiloa, cited a municipality that was placed under administration and was found not to have had a functional MPAC for many many years.

The Western Cape MEC for Local Government, Environmental Affairs and Development Planning, Honourable Anton Bredell, spoke of a 'tsunami' that is travelling at 200 kilometres per hour and is set to hit the finances of our municipalities. As leaders we should be able to predict possible calamities so that we can fashion better responses. The reality though is that the impact of the Covid-19 pandemic will amongst other things result in the serious decline in revenue in municipalities. We thus require foresight and agility in responding to this challenge.

We have taken note of the point made by Mr Bredell that our Institutions should engage national government for the improvement of the capacity of the country's law enforcement and prosecuting authorities. This is an ongoing matter. It is important that the country should continue to build the necessary capacity to deal with corruption and malfeasance. This sentiment was strongly supported by MEC of COGTA in the Eastern Cape and the Chairperson of NCOP Select Committee, China Dodovu.

The Auditor-General, Mr Kimi Makwetu, highlighted the importance of addressing the lack of planning discipline, which exposes municipal administrations to abuse, and the need for preventative controls. We welcome with great appreciation his launch yesterday of the Preventative Control Guidelines to assist public officials in dealing with wasteful, fruitless, unauthorised and irregular expenditure.

Today's inputs confirmed some of the issues raised with regard to Section 139. Councillor Bhekumzi Stofile, representing SALGA, made the observation that some municipalities

emerge from an intervention worse than before while others are subject to a series of interventions. This points to the following issues raised collectively by Dr Tracy Ledger from the Public Affairs Research Institute, Hon Dodovu, Cllr Stofile and Deputy Minister Tau:

- Application of incorrect remedy to the problem;
- Interventions taking place later into the process;
- Haphazard and unstructured invocation of Section 139;
- Lack of early provincial warning system; and
- Failure to use the provisions of the Municipal Finance Management Act

From the point of view of the NCOP, we would like to see the following :

- The establishment of Early Warning System;
- Proper diagnosis of the problem;
- Strengthening the monitoring and support functions of the Province;
- Intervention must be targeted (Identify the Areas of Concern);
- The Provincial Government should adopt an incremental approach;
- Timeous submission of complete documents to Minister, Provincial Legislature and NCOP;
- Interventions should be carried out in the spirit of co-operation;
- Establishment of Forensic Units;
- Strong focus on participation of Local Communities;
- Development of exit strategy after Intervention - the “After Care”;
- Speedy facilitation of the Intergovernmental Monitoring and Support Intervention Bill.

A detailed report on the inputs made in this Local Government Week is being finalised. It will assist us in processing the issues and setting up timeframes. We also appreciate the indication by the Minister of Cooperative Governance and Traditional Affairs, Dr Nkosazana Dlamini-Zuma, that she will ensure that the MinMEC look into some of the critical issues. As the Chief Whip of the NCOP, Honourable Seiso Mohai said, the key question is moving beyond these conversations towards locating municipalities at the cutting edge of national development.

We applaud all the municipalities that continue to set the good example as sites for the advancement of the country's agenda of socio-economic transformation. Good practice should be emulated by all of us. **Let us Continue to Learn from One Another.**

From the bottom of my heart, I would like to thank everyone who participated in the proceedings. This has been an exercise worthy of our effort and time.

Thank you