

**CONTRIBUTION OF LIMPOPO MEC OF COOPERATIVE GOVERNANCE, HUMAN SETTLEMENTS AND TRADITIONAL AFFAIRS (COGHSTA) MR. BASIKOPO MAKAMU ON THE OCCASION OF THE 2020 NATIONAL COUNCIL OF PROVINCES (NCOP) LOCAL GOVERNMENT WEEK: VIRTUAL SESSION**

**Friday, 11 September 2020**

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**“ENSURING VIABLE AND FINANCIALLY SOUND MUNICIPALITIES.”**

Programme Director

Honourable Chairperson for the National Council of Provinces, Mr Amos Masondo;

Deputy Chairperson of the National Council of Provinces, Ms. Sylvia Lucas;

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

Honourable Ministers in Attendance;

Honourable Chairperson for the Select Committee on Cooperative Governance and Traditional Affairs, Water and Sanitation and Human Settlements, Mr China Dodovu;

Honourable Chairperson for the Portfolio Committee on Cooperative Governance and Traditional Affairs, Ms. Faith Muthambi

Deputy Ministers for Cooperative Governance and Traditional Affairs Messrs Obed Bapela and Parks Tau;

President of the South African Local Government Association, Councillor Thembi Nkadimeng

Members of the Select Committee on Cooperative Governance and Traditional Affairs, Water and Sanitation and Human Settlements

Members of the Portfolio Committee on Cooperative Governance and Traditional Affairs;

Members of the Executive Councils: Cooperative Governance and Traditional Affairs

Mayors

Councillors

Ladies and Gentlemen.

Programme Director

I join the rest of the country in expressing my heartfelt condolences to the family, friends and comrades of the late Advocate Bizos who gave of his life remarkably to the cause of freedom and justice. May his soul repose in eternal peace.

The National Council of Province couldn't have chosen the best theme for its 2020 Local Government Week – Ensuring Viable and Financially Sound Municipalities.

Viable and financially sound municipalities are able to fulfil the constitutional and legislative duties to citizens in their areas of jurisdiction.

The opposite is municipalities that are dysfunctional and perform below expectations or completely fail to fulfil their obligations according to the Constitution and the laws governing local government.

In the quest of ensuring viable and financial sound municipalities cabinet adopted the District Development Model to ensure proper coordination in districts and metropolitan municipalities. To get the Model going, President Cyril Ramaphosa unveiled pilots in EThekweni in Kwa-Zulu Natal, O.R Tambo District Municipality in the Eastern Cape and Waterberg District Municipality in Limpopo.

On Saturday Minister of Cooperative Governance and Traditional Affairs was in Waterberg to launch the District Hub and introduce expert capacity of Engineers, Development Planner, a Financial Specialist and the Hub Manager to provide support to the district and local municipalities. District Hubs will be launched in all the District Development Models to ensure localised and easily accessible support for municipalities across the country.

The 2018/19 Municipal Audit Outcomes as released by the Office of the Auditor General under the Theme:

**“Not much to go around, yet not the right hands at the till** paint an unfavourable picture of how resources allocated to municipalities are being managed in **“ways that are contrary to the prescripts and recognised accounting disciplines.”**

In the Report that has been widely and deeply scrutinised across the three spheres of government, Auditor General strongly cautions against these administrative and governance lapses that **“make for very weak accountability and the consequent exposure to abuse of the public purpose.”**

The Report tells a disturbing story of most municipalities **“crippled by debt and being unable to pay for water and electricity; inaccurate and lacklustre revenue collection; expenditure that is unauthorised, irregular, fruitless and wasteful; and a high dependence on grants and assistance from national government.”**

It is against this dire background that this NCOP Local Government Week convened to reflect and give concrete expression to ways to **‘ensure viable and financially sound municipality.’** A focussed and detailed attention was also given to Section 139 interventions to review its efficiency and effectiveness over the years.

## Section 139 Interventions

The Limpopo Province Executive Council decisions to invoke Section 139 interventions were taken in respect of the following municipalities:

- **Pre-2016 Local Government Elections**

Thabazimbi Local Municipality; Feb 2016

- **Post-2016 Local Government Elections**

Modimolle-Mookgophong Local Municipality: 2018

Fetakgomo Tubatse Local Municipality: 2018

Mogalakwena Local Municipality: 2019

Of all the Section 139 Interventions, all but for Mogalakwena local municipality which only came into effect in 2019 have run their course and since been terminated. The terminated Section 139 Interventions have been met by mixed results such as resistance to intervention by some municipalities, though generally all municipalities have been stabilised and are today able to meet their obligations and render adequate and sustainable services to communities.

Lessons learnt from the interventions in the province are similar to those captured in the input by the Public Affairs Research Institute (PARI) and the Deputy Minister of COGTA the Honourable Parks Tau.

Among the lessons learnt from the interventions are the following:

- The role of “Administrator/Head of Intervention Team” versus the role of a municipal manager in terms of legislated functions in the case of Section 139(1)(b) should be legal defined.
- The Administrator must be supported by a full-time team so as not to rely on municipal officials, and this requires budgets to appoint additional staff where required.
- The success of an intervention depends on support from both Council and Staff. The Modimolle-Mookgophong team faced a lot of threats and poor support from council, affecting ability to attain critical milestones.
- It requires more than 12 months to get a dysfunctional municipality to full functionality.

The challenge of the invocation of Section 139 of the Constitution remains how do we go about addressing the current state of affairs and ensuring that the framework actually delivers what was intended. The envisaged legislation on the implementation of Section 139 will go a long way in ensuring clarity and certainty in its application. With this legislation applicable, albeit in the distant future, there will no longer be diverse applications among provinces and within the same province resulting in confusion and inconsistencies.

The inputs and discussions on the invocation of Section 139 have lived up to the expectations of the Local Government Week – sharing knowledge and experience which we take back to our provinces and municipalities.

## **FINANCIALLY VIABLE AND SOUND MUNICIPALITIES**

The fact borne by the inputs of the Office of the Auditor General and National Treasury, the financial viability of municipalities is generally in a dire state with regressive audit outcomes. As result of the current state of municipalities, we experience municipal councils approving budgets that are not based on realistically anticipated revenues and expenditures. It stands to reason that the right way is for municipalities to only budget for revenue they are realistically going to receive.

We have developed measures to enable municipalities in the province to attain financial viability and therefore set them on a sound footing.

As elaborated in our presentation during the interactive provincial focus session earlier in the week, we have put together measures to improve service delievery, financial management and develop capacity in the local sphere of government, especially in Municipalities under Section 139 with repetitive disclaimed audit opinions.

Among the interventions currently being rolled out in support of municipalities in the province are the following:

- Technical capacity through the Government Technical Advisory Centre (GTAC) to support municipalities to spend on their Municipal Infrastructure Grant (MIG) efficiently and effectively. The support involves the deployment of infrastructure, Information Technology, Organisational Development, Public Finance and Change Management.
- Quarterly MIG sessions as well as bilateral sessions with beneficiary municipalities where challenges are experienced.

Over and above these measures required to ensure that municipalities in the province are financially and otherwise viable the following interventions are required:

- Strengthened intergovernmental collaboration and alignment, especially in the water value chain (Department of Water and Sanitation and Water Service Authorities).
- Shared services at a district level for critical and scarce technical, project management and contract management skills, especially for strategic/critical infrastructure with high social and economic impact.
- The District Development Model and the introduction of the District Hubs provide an opportunity to address capacity challenges. This will however require political and administrative commitment across all spheres of government. On Saturday, 5 September 2020, the Minister of COGHSTA Dr Dlamini-Zuma was at the pilot Waterberg District Development Model to launch the District Development Model Hub with a Manager and a team of expert to get it going.

- Facilitate partnerships with private sector, academic institutions and other development institutions such as the DBSA to invest in a structured long capacity building programme in the quest of building a developmental state. One of the key features of a developmental state is capacity. Capacity was also given special attention during the Panel Discussion under the sub-theme, Professionalization of Local Government.
- Revise the funding framework to make provision for repairs and maintenance.

Ongoing and planned interventions will go a long way of ensuring that we have municipalities that are viable and financially sound, and therefore able to live up to live up to their Constitutional and Legal Obligations.

## **CONCLUSION**

Honourable Chairperson I register my appreciation to the National Council of Provinces for bringing together all the three spheres of government on a challenging topic such as – Ensuring viable and financially sound municipalities.

We have had four days to share knowledge and experience across spheres. Experts were also at hand to add substance to our engagements and set us on the route of building a truly developmental and competent local government equal to its constitutional and legislative obligations.

What remains to be done is to give translate the knowledge, best practices and experiences of the Local Government Week into an actionable programme to hold all the three spheres of government to ensuring viable and financially sound municipalities.

The goal of viable and financially sound municipalities can only be realised if all the three spheres of government were to fulfil their constitutional and legal obligations to municipalities, and not wait until they've literally collapsed to invoke Section 139 of the Constitution.

NCOP chairperson, Hon. Amos Masondo and SALGA president Cllr. Thembi Nkadimeng were on being practical in ensuring viable and financially sound municipalities in their closing remarks at the end of yesterday session of the Local Government Week.

The Constitution enjoins the three spheres to act in concert to ensure that our democracy succeeds in ways that change that the lives of our people are changed for the better and they govern in the true spirit of the Freedom Charter.

I thank you.