



**ADDRESS BY THE PRESIDENT OF SALGA AT THE OCCASION
NCOP LOCAL GOVERNMENT WEEK**

Enabling Local Government to Meet Constitutional Obligations

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INSPIRING SERVICE DELIVERY:



SALGA President

Enabling Local Government to Meet Constitutional Obligations

Introduction: Local Government at the Centre of Our Constitutional Democracy

Programme Director, Honourable Members of the NCOP, Ministers present, Premiers, MECs, Mayors, Councillors, comrades, and compatriots,

It is a profound honour to address this 2025 Local Government Week, convened under the theme *“Restoring the dignity of our people through spatial planning, the provision of human settlements, and water and sanitation.”* At the heart of our democracy lies a covenant between the people and the state: and therefore, governance must serve, uplift, and transform lives.

Nowhere is this covenant more tangible than in the local sphere of government, the level that brings water to a household in Lusikisiki, electrifies a street in Botshabelo, paves a road in Dutywa, and clears refuse in Khayelitsha. Local government is where the promise of democracy either becomes real or remains a dream deferred.

Reality today, more than 50% of South Africa's population resides within only 17 municipalities, resulting in significant pressure on urban

infrastructure. Recently, a meeting convened with all metropolitan mayors to reflect on this reality, which necessitates a re-evaluation of governmental planning strategies, guided by cooperative governance and the Intergovernmental Relations Framework Act.

Hence, New arrivals in urban areas, including those not accounted for in the equitable share, continue to utilise land, water, sanitation, and electricity; nevertheless, municipalities are obligated to absorb these costs. This situation underscores the imperative for more equitable planning practices.

We often repeat, and it bears repeating: local government is akin to the legs of the state. If the legs are weak, the whole body falters. However, if the legs are robust, the state stands upright, moves forward, runs toward development, and even soars into transformation.

Section 139 versus Section 154: From Political Football to Mandatory Constitutional Support

The Constitution offers two vital mechanisms for the protection of municipalities in distress: **Section 139 interventions** and **Section 154 support**. These provisions were established not to undermine municipalities but to ensure that, in times of difficulty, appropriate mechanisms are in place to assist municipalities in their recovery and in fulfilling their obligations.

Recent cases involving **Ditsobotla** and **Knysna municipalities** exemplify the importance of these provisions. Both municipalities experienced significant governance and service delivery failures that necessitated intervention. However, it is essential that these tools are applied equitably, transparently, and in accordance with the principles of strengthening local democracy, rather than being utilised for political gain.

Yet, our experience has been sobering. Too often, interventions under

Section 139 have been employed as instruments of political control rather than as constitutional remedies. In many instances, provinces have invoked interventions selectively, targeting municipalities governed by political opponents while neglecting dysfunction in municipalities. This is not what the drafters of our Constitution envisioned.

Consider the North West Province in 2018, when the majority of municipalities were placed under Section 139 administration. Despite these interventions, service delivery barely improved, corruption persisted, and the underlying causes of collapse such as poor revenue collection, unqualified staff, and political interference remained unresolved. Section 139 became a ritual rather than a remedy.

Conversely, **Section 154**, which obliges provinces and the national government to proactively support municipalities, is often treated as an afterthought. Instead of provincial and national government using the myriad of reports from municipalities, as an early warning systems to identify weaknesses and challenges, and in response deploying the requisite support, municipalities experience neglect, leaving them to struggle until collapse becomes inevitable. At that point, interventions become a blunt instrument.

As SALGA, we propose a paradigm shift: interventions must be preceded by strong, sustained and well structured and coordinated support. Section 154 should be elevated as the primary tool of cooperative governance. Section 139 must be a last resort reserved solely for extraordinary cases, exercised with full transparency, time-bound action plans, and clear exit strategies. Municipalities must not be reduced to political footballs; they must be safeguarded as constitutional entities entrusted with the dignity of our people.

Debt Owed A need for Balanced Narrative

Honourable Deputy Chair, when discussions regarding municipal debt arise in this House, in provincial legislatures, in Parliament, and in boardrooms the narrative almost invariably concentrates on what municipalities owe to creditors. We are reminded daily that municipalities owe Eskom and water boards more than R100 billion, and that creditors are lined up at municipal gates. Yes, municipalities must be held accountable for their debts. However, the narrative is dangerously incomplete unless, in the same breath, we also consider what is owed **to** municipalities.

Across the country, municipalities are owed more than **R416 billion** by households, government departments, state-owned enterprises, and business.

Municipalities cannot meet their financial obligations if they are not paid what is owed and due to them for services already delivered. This imbalance creates a vicious downward spiral: Eskom cuts off municipalities, municipalities fail to supply communities, communities lose trust and cease payment, and the spiral of dysfunction deepens.

Moreover, the culture of non-payment or payment boycott cannot be left unchecked. It undermines the social compact of democracy. The same citizens who march and protest for better services must likewise pay for those services, especially where they can afford to. Equally, the state including its entities must lead by example by paying its municipal accounts in full and on time.

Local government is a matter of collective concern. Financial institutions, insurance companies, and the SARS must collaborate with municipalities to enhance revenue collection, as they operate on municipal land and rely on municipal systems. Under the leadership of the Deputy President, a national forum comprising representatives from business, labour, and community

sectors should be convened to delineate stakeholder roles in the development of robust municipalities.

The establishment of functional municipalities serves the patriotic interests of all stakeholders by facilitating enterprise, fostering investor confidence, and supporting initiatives aimed at the improvement and beautification of towns and townships.

NERSA and Water Boards: Questioning Unfettered Authority

Central to the financial suffocation of municipalities is the role of regulators and bulk service providers. For an extended period, **NERSA** has exercised unchecked power over electricity tariffs. The Constitution grants municipalities the authority to set tariffs; however, in practice, NERSA undermines this power by dictating tariff paths without taking into account the fiscal realities displayed by the cost of supply studies faced by municipalities.

NERSA's miscalculation of R54 billion in Eskom's revenue requirements constitutes a significant error that will ultimately impose increased tariffs on South Africans. This oversight has undoubtedly exacerbated the challenges faced by municipal systems that are already under considerable strain. As the South African Local Government Association (SALGA), we have consistently raised concerns regarding NERSA's role, which appears to involve a collaboration with Eskom that undermines the interests of municipalities.

As Chimamanda Adichie cautioned, *"the danger of a single story"* is a tangible concern; the persistent narrative that places sole blame on municipalities distorts the complexities of the situation. It is imperative that citizens and municipalities are not left as collateral damage in this context.

When municipalities propose tariffs that accurately reflect the cost of supply, NERSA unilaterally reduces them. Conversely, when Eskom requests increases, NERSA approves them with minimal regard for local affordability. As a result, municipalities find themselves between rising costs and constrained revenue.

The recent debacle involving NERSA's failure to adhere to appropriate procedures in tariff determinations has elucidated the fragility of the regulatory system. SALGA has long cautioned that NERSA's authority is overly centralised, excessively insulated from accountability, and insufficiently cognisant of municipal realities. This situation serves as a stark reminder for those who have defended the regulator's unchecked authority.

Similarly, **water boards** often operate more as commercial creditors rather than as cooperative partners. Municipalities purchase water in bulk; however, when debts accrue, water boards are quick to initiate litigation, attach municipal assets, or threaten disconnections without due consideration of municipalities' constitutional obligation to provide water as a basic right.

Honourable Deputy Chair, As SALGA, we advocate for a fundamental review of the **regulatory architecture**. Municipalities must reclaim their constitutional authority to set tariffs within a framework that balances affordability with sustainability. Regulators must be accountable to Parliament and municipalities, rather than solely to national technocrats. Water boards must be re-mandated to support municipalities, not to undermine them.

White Paper Review; Building a New Fiscal and Governance Framework

Honourable Members, none of these issues can be resolved without

addressing the elephant in the room: the outdated fiscal and governance framework of local government. The **1998 White Paper on Local Government** was a bold blueprint for its time, introducing the concept of “developmental local government,” which was committed to social transformation. However, it was premised on assumptions that no longer hold true.

The White Paper assumed that economic growth would be steady, that households would progressively become able to pay for services, that municipal institutions would rapidly professionalise, and that transfers from national revenue would suffice to close the gaps. However, reality has proven to be harsher than anticipated. Economic growth has stagnated, unemployment has deepened, poverty has widened, and the equitable share has diminished in real terms.

Today, municipalities bear responsibility for a greater array of services than they did in 1998, yet they operate with proportionally fewer resources. Municipalities generate only approximately **9% of total public revenue** in South Africa, in contrast to an international average of 20%. Nonetheless, they are tasked with delivering some of the most expensive and capital-intensive services, including water, sanitation, electricity, roads, waste management, and housing infrastructure.

As part of the **White Paper review process**, the South African Local Government Association (SALGA) has proposed several measures:

- A **new funding formula** that allocates additional resources to rural and underdeveloped municipalities, rather than solely to metropolitan areas.
- Empowering municipalities to collect revenue more effectively, including through partnerships with **SARS and financial institutions**.

- Reviewing the role of State-Owned Enterprises (SOEs) in service delivery to ensure that municipalities are empowered as the primary agents of development, rather than being marginalised.
- Codifying the principle that interventions must be balanced with support to prevent political abuses of Sections 139 and 154.

This presents an opportunity to reconstruct the architecture of local government. If this opportunity is not seized, municipalities will be condemned to a state of perpetual crisis.

Towards a Developmental State Rooted in Local Government

Local government should not be diminished to an administrative arm of national or provincial government. Instead, it must be revitalised as a catalyst for transformation. We must envisage municipalities as **hubs of local economic dynamism**.

Consider a rural municipality where community gardens are fenced, irrigated, and supported to combat hunger. Imagine a small town where a brick-paving cooperative constructs roads linking villages to markets. Visualise a township where a clean cities campaign restores dignity to public spaces, where youth brigades are employed to repair leaks, maintain parks, and gather data for planning.

These are not fanciful aspirations but practical manifestations of developmental local government. They are already being realised in various regions across the country whether in Limpopo's community agricultural hubs, the Eastern Cape's rural road brigades, or Gauteng's revitalisation of the township economy. What is required is scale, sustainability, and systemic support.

Therefore;

Parliament must take the lead in reshaping the discourse. It must not merely lament municipal failures but instead champion the systemic reforms necessary to empower municipalities. Provinces must not seek refuge behind interventions but must embrace their constitutional duty of support.

National departments and state-owned enterprises must cease defaulting on municipal accounts while advocating fiscal discipline. The dignity of our citizens hinges on the ability of municipalities to deliver services effectively. Furthermore, municipalities can only fulfil their mandates if they are fiscally viable, politically respected, and constitutionally empowered.

Conclusion

Honourable Members, restoring the dignity of our citizens is not solely about spatial planning, human settlements, water, and sanitation. It is equally about rebuilding municipalities as the robust pillars of the state, capable of supporting the weight of development.

We must transition from interventions to support, from crisis to sustainability, and from being political pawns to upholding constitutional fidelity this is the journey we must undertake.

As the South African Local Government Association (SALGA), we are prepared. We call on you, the National Council of Provinces (NCOP), to embark on this journey with us. For if local government stands strong, South Africa will not only walk but will run and soar.

I thank you