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OF PROVINCES** LOCAL
**GOVERNMENT
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Land Use: Towards Integrated Spatial Planning
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OLD ASSEMBLY CHAMBER

REPORT

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SESSION 1: OFFICIAL OPENING

1. Background

Whereas local government is at the coalface of service delivery, chapter 3 of the Constitution enjoins all spheres of Government to cooperative government and sound intergovernmental relations. Thus, the main objective of Local Government Week is to create a platform to share experiences and best practices, to provide an opportunity for national reflection on issues affecting local government, in order to improve the lives of South Africans through accelerated service delivery. Given the overarching theme of the week '*Land Use - Towards Integrated Spatial Planning*', it provides a platform to mobilise the three spheres of government to plan together, implement jointly and monitor in harmony, the urgent matter of land use management and spatial planning.

The National Council of Provinces (NCOP) is at the core of cooperative government and protector of intergovernmental relations. The South African Local Government Association's (SALGA) representative role in the NCOP completes the fundamental make-up of the House as the only institution within South Africa's constitutional construct that brings representatives of the three spheres of government under one roof.

Whilst it is important to acknowledge that local government has performed, and has taken the lead to ensure that certain pertinent issues are addressed, it is equally important during Local Government Week to openly confront challenges facing this sphere of government. Various challenges threaten the sustainability of local government. These include transformation fatigue, being on the receiving end of social upheavals, the triple challenges of poverty, inequality and unemployment, municipalities that are still struggling to address basic service backlogs and the rolling out of free basic services. Moreover, the revenue base of local government, especially in rural municipalities, is on the decline. This trend threatens fiscal sustainability and overall viability. This regression was largely caused by poor debt management practices, lack of appropriate finance skills and the poor economic climate. Making

local government sustainable is one of the most critical objectives in creating a capable and developmental state.

Due to its history of inequality, South African cities and towns are amongst the most polarised in the world, with stark disparities in the living conditions between suburbs, townships and informal settlements. Structural and social inequality, compounded by rapid urbanisation and associated economic challenges, are some of the factors which impact the present and future of the country. The three spheres of government should plan differently to revive rural areas and to ensure that people have access to affordable, secure and well-planned environment.

The country's national urban policy (IUDF) seeks to foster a shared understanding across government and society about how best to manage urbanisation and achieve the goals of economic development, job creation and improved living conditions by addressing current urban inefficiencies as outlined in the National Development Plan (NDP). The effective implementation of the IUDF is dependent on all partners mainstreaming the concept of integrated planning across spheres and sectors, and promoting sustainable land use in the interests of appropriate development that meets the needs of the people. Traditional leaders are a major player in the successful implementation of IUDF. They are concerned about the impact of urbanisation in the land they occupy. There is a need to open engagements in some areas, to find a formula for traditional leaders to be a full partner in development to ensure inclusivity and meaningful participation.

The NCOP and SALGA should finalise a way forward to deal with all the proposals on pieces of legislation that impede delivery. The opportunity to address some of the fundamental constraints hampering local government should be leveraged so that the sector has a more stable, sound and equitable policy, legislative and fiscal framework to deliver on the developmental mandate. This is in line with the African Union Agenda 2063 and the NDP.

2. Key issues

Key issues that affect local government performance include:

- Climate change places the provision of crucial services, such as water and electricity services, under strain.
- Supply side challenges from national utilities impact the reliability of service provision, revenue collection and the financial viability of municipalities negatively.
- Support by national and provincial government to local government, as envisaged by section 154 of the Constitution, is not provided in a coordinated and substantive manner.
- A number of municipalities are either emerging from or are currently under section 139 interventions.
- SALGA representation is not catered for in the budget of the NCOP and local government, thus rendering it an unfunded mandate.
- The NCOP does not have sufficient resources to facilitate proper inter-governmental relations.
- Local government should be transformed to build sustainable municipalities.
- Backlogs in the provision of free basic services.
- Inadequate revenue collection, rising debt levels.
- South Africa's national housing programme is struggling to meet broader transformational objectives.

3. Recommendations

- Planning and communication at national level should be better coordinated and include local government to avoid resistance to the imposition of plans by local government.
- Government at all levels should be proactive in responding to change to avoid economic and social disasters.

- Communication and coordination between the three spheres of government should be improved.
- Improve the capacity of local government.
- Broaden the scope in planning of dwellings to consider the impact of Information and Communication Technology (ICT) for households and not businesses only.
- Parliament should engage with the National Treasury, through the head of state, to ensure SALGA's participation in the NCOP is sufficiently budgeted for.
- All spheres of government should adopt an integrated approach to planning and explore mechanisms to accelerate service delivery. Care should be taken to include the people in such initiatives and provide feedback to the people to lessen the burden on local government.
- Technological innovation in the energy industry. The rules should be changed to provide for decentralised energy provision.
- Expedite the processing of the Monitoring and Intervention Bill.
- Introduce a Bill on the writing-off of household debts to municipalities.
- Amend the Tax Administration Act to allow for access to non-financial data to improve municipal billing and the proposal of payment of municipal debts before tax refunds are made.
- Amend schedule 10 to the Municipal Systems Act to extend its provisions to all employees.
- Commission a study on the financial and fiscal repercussions of Eskom's role in the electricity distribution industry on local government.
- Consider a more robust role for the NCOP in monitoring and overseeing interventions.
- Critical need for collective action across government working with partners, to restore the functionality of water management and supply across municipalities.
- Consider different funding models to convert township houses to modern metropole houses.
- The Back to Basics programme should form the baseline for functionality of services.
- Government should engage with the private sector and communities to deepen investments and partnerships in local spaces.

SESSION 2: PANEL DISCUSSION - Mainstreaming Integrated and Sustainable Land Use

1. Background

Many disenfranchised communities continue to be denied access to employment and economic opportunities due to geographic and structural exclusion from such opportunities in land markets in urban conurbations, secondary cities and small towns. Many municipalities also continue to experience challenges with the acquisition of land owned by the national and provincial government, State-owned Entities and the private sector for the advancement of their long-term strategic goals of integrated spatial planning and transformation, as well as inclusive economic development. While many of the discussions around spatial integration take place in relation to urban regions, small towns play a pivotal role in bringing social and economic services closer to communities.

2. Key issues affecting spatial planning and mainstreaming integrated sustainable land use

Some of the key issues that affect spatial planning and mainstreaming of integrated sustainable land use include:

- **Rural-urban migration:** The lack of opportunities in rural areas results in a large part of the rural population relocating to urban areas in search of better opportunities.
- **Small town regeneration and rural-urban interface:** The question was whether integrated spatial planning can take place in municipalities in the absence of the resolution of outstanding issues relating to land claims.
- **Outstanding land claims:** This factor causes further limitations to rural development as municipalities that have the necessary resources are prohibited to develop land upon which there is an ongoing dispute.

- **Parliament's involvement in the spatial development of our municipalities:** There was uncertainty as to whether Parliament is doing enough to assist municipalities to develop their infrastructure effectively and efficiently. The current manner in which municipalities and small towns are being developed is representative of the archaic methods adopted by the apartheid regime.
- **Allocation of financial resources:** Allocations made to smaller municipalities are drastically limited. This negatively impacts their ability to meet the infrastructural demands. These allocations in the interim are disproportional to the infrastructural needs of municipalities.
- **Reasons for municipalities being in distress:** There is a need to look at why a large number of municipalities are in distress.
- **Further planning in municipalities:** There is a desperate need for further planning in all municipalities. It is important to note the dire need to resuscitate development in rural areas. Planning and development should focus on both human settlements needs as well as economic growth opportunities. It is crucial to identify draconian municipal, provincial and national legislation that promotes apartheid style segregatory infrastructural development. The replacement thereof by planning mechanisms and models which are more representative of a democratic society should be implemented e.g.: the implementation of SPLUMA.
- **Lack of skills:** Several municipalities were placed under intervention due to various reasons, the most predominant of which is poor financial management. Skilled town planners are also difficult to employ and retain in smaller municipalities due to the availability of more lucrative opportunities in urban areas.
- **The implementation of the Small Town Regeneration Programme (STR):** This programme is currently being piloted in the Karoo Local Municipality. The initiative adopts a bottom-up approach in the sense that it is driven by the municipalities' agenda. It deals with development at the town and the regional levels, which incorporates a distinct economic and spatial planning component.

3. Recommendations

- Revenue generating tools should be considered. The current fiscus is severely limited and strained. Unfortunately, this is not expected to improve in the near future hence there is an immediate need for municipalities to develop mechanisms to generate additional income.
- The possibility exists of allowing individuals from rural communities access to land in urban areas earmarked for development in order for them to obtain employment and better opportunities.
- The Municipal Spatial Development Framework should focus on job creation. It is evident that there is a need for small towns to be re-developed. Focus should be placed on the needs of the people and their economic involvement in the driving of the economy of the local municipality. Education and skills development are crucial elements to consider when implementing these development frameworks.
- The reconsideration of the manner in which land is used, accessed and transformed is crucial before any further planning can take place. Rather consideration should be afforded to the planning that has been done. Implementation and evaluation should flow from the previous planning processes.
- Redistribution of land should be synchronised with the allocation of service delivery, infrastructural development and resource allocation.
- The establishment and development of economic zones could largely assist in the creation of jobs and possibly increase the municipalities' ability to generate own revenue from utilities that it would provide.
- The development of a model that would contribute and facilitate efficient development in rural areas. This type of development should be jointly initiated, planned and implemented by the three spheres of government in consultation with the relevant traditional leaders.

SESSION 3: PANEL DISCUSSION - Intergovernmental Fiscal Relations Review - Fiscal allocation for the developmental Local Government

1. Background

Section 214(1)(a) of the Constitution of South Africa requires an Act of Parliament to provide for “the equitable division of revenue raised nationally among the national, provincial and local spheres of government”.¹

In addition, Section 227 of the Constitution states that provincial and local government is entitled to an equitable share of nationally raised revenue to enable it to provide basic services and perform its allocated functions. The equitable share is an unconditional transfer to provinces and municipalities.

The share of nationally raised revenue allocated to the provincial and local government spheres through the equitable share is determined by the national budget process and endorsed by Cabinet; this is what is referred to as the vertical division of revenue. The provincial and local government equitable shares are determined using a formula, referred to as the horizontal division of revenue.

Local Government also receives additional allocations through conditional transfers, which is funding for specific purposes in support of national government priorities such as increased access to and the expansion of basic service infrastructure.

Local Government also has fiscal powers to raise own revenue more so than national and provincial governments. Thus it is important to emphasise that fiscal

¹ Constitution of the Republic of South Africa, 1996.

allocations are supplementary funding which is allocated to local government to be used in conjunction with own revenue to fulfil their constitutional mandate.

This review therefore focuses on fiscal allocation trends and municipal own revenue generation capacity as it relates to fiscal viability.

2. Key issues raised by the Minister of Finance

- Too many municipalities have inappropriate staff structure and spend increasing amounts on their own administration rather than on service delivery.
- The local government equitable share was reviewed in 2012 and a new formula introduced in 2013/14. The impact of these changes was so large that the new formula was phased in over 5 years (ending in 2017/18).
- Review of infrastructure grants to local government began in 2013 and changes emanating from the review are continuing.
- Funding for district municipalities needs major reforms. Interim changes were made in 2017/18 and 2018/19 to shift funds from allocations from the richest district municipalities to the poorest ones.
- Metros have formally applied for new tax powers twice in the last decade. Both applications have been declined, for now.
- National Treasury is also reviewing the policy on municipal borrowing.
- There is a need to stabilise the deficit and reduce interest payments. In future there will be more funds available for services in all spheres.
- The Division of Revenue Act recognises that the different municipalities have very different poverty levels and infrastructure backlogs. Allocations are based on these variables and are designed to enable municipalities to provide free basic services to the poor. As a result, rural municipalities get much larger allocations per household than urban areas.

- Conditional grants to municipalities are consistently underspent, with underspending on infrastructure grants averaging between 10% and 15% over the last few years.
- Grants should only be used for infrastructure that would serve the poor.
- Local government's main source of funding is its own revenue. The sphere will never be adequately funded unless they collect all of the revenues owed to it.

3. Key issues raised by the Minister of Cooperative Governance and Traditional Affairs

- There is a need to look at how the municipalities are utilising allocated funds.
- Municipalities should be making greater use of their own revenues and invest in economic infrastructure.
- The culture of non-payment for municipal services needs to stop. The residents must be encouraged to pay for services.
- The municipalities need to improve on their debt collection and billing systems.
- There should be a debate on reviewing the number of municipalities.
- Municipalities currently owe Eskom and water boards billions of Rand.
- The government, through an Inter-Ministerial Task Team, has been mandated to oversee the resolution of debts owed by the municipalities.

4. Key issues raised by SALGA

- There is a need to review the fiscal framework in terms of what is being transferred from central government to local government.

- Infrastructure grants to municipalities have been reduced and this has impacted the Local Economic Development programme negatively.

SESSION 4: PANEL DISCUSSION - Municipal Support and Intervention Framework: Support, Monitoring and Intervention

1. Background

The Constitution establishes the system of government in South Africa as a unitary state with decentralised characteristics, consisting of the national, provincial and local government spheres. In Chapter 3 of the Constitution, the principles of intergovernmental relations and co-operative government are set out, requiring that each sphere of government performs the functions allocated to it and, in so doing, coordinates the execution of functions with other spheres so as to provide coherent government for the country as a whole. Within this context, there is an implicit assumption that each sphere will provide whatever support necessary to ensure such coherence and coordinated governance.

However, should the local sphere of government fail or be unable to meet its obligations in terms of the Constitution or legislation, section 139 of the Constitution provides for a system of interventions, in terms of which a provincial government may intervene in municipalities within its jurisdiction. The duty to support and strengthen the municipality is based on the principles of co-operative government. National government and provincial governments, by legislative and other measures, must support and strengthen the capacity of municipalities to manage their own affairs, to exercise their powers and to perform their functions. The duty to support municipalities is outlined in sections 154(1), 155(6) and 41(1)(h)(ii) of the Constitution.

2. Key issues raised by MEC N Dube-Ncube

- The Constitution in Chapter 3 clearly states that all spheres of government and organs of the state within each sphere must respect the constitutional status, institutions, powers and functions of government in the other spheres.
- In line with this principle, the intervention in terms of section 139 should be used as the last resort after all other remedies have been exhausted.

- Government has enacted a number of laws affecting local government with the aim of supporting municipalities.
- Some interventions are the result of administration failing to properly inform their Municipal Councils about administrative challenges, which could affect the smooth functioning of the municipalities.
- It is important for all those who are involved in the administration of local government to be properly educated about all legislation affecting municipalities since councillors at times do not fully understand their role.
- Currently there is a low level of return on investment by provincial and national government and other local government support agencies within the local sphere. The current budget spent and resource allocation does not correlate with the level of improvement within under-performing municipalities.

3. Key issues raised by Councillor Stofile

- South Africa's constitutional construct provides for a form of government, which is made up of three spheres that are distinctive, interdependent and interrelated. It therefore provides for a mutual system of cooperative government.
- Section 139 intervention should only be used in the event where all efforts to provide intensive support in terms of section 154 have failed.
- More often than not, the provinces lack the capacity to deal with their mandate of monitoring and supporting local government in terms of personnel, funds, institutional knowledge, and expertise.
- There is a thin line between intervention and interference that needs proper interrogation and this has led to the effectiveness of some of the interventions being questioned.
- Some of the interventions could have been prevented if an early warning system, leading to proper support, had been in place. It might not be a system issue, but indicators have not been introduced to alert the province of the emerging governance/institutional and service delivery problems.
- Section 139 intervention should be designed to assist the municipalities to become sustainable and viable and be able to perform their functions properly.

4. Discussion

- Section 139(8) of the Constitution provides that national legislation may regulate the implementation of section 139, as well as the processes established by it. However, currently there is no overarching national legislation regulating interventions in terms of section 139 of the Constitution.
- One of the many problems inherited from the apartheid era was a structure of race-based municipal boundaries. These boundaries were based on a policy of spatial segregation at local level. The process of delineating and changing municipal boundaries has attracted political tension and community outrage from across the social spectrum. This is attributable in part, to what the Constitutional Court has described as “*the degrading realities inherited from an apartheid history*” that have impacted very practically on the ability of certain municipalities to meet even the most basic obligations of service delivery.

5. Recommendations

- National and provincial government should exercise the power given to them in terms of sections 154(1) and 155(7) of the Constitution, to regulate and support the executive authority of municipalities to ensure that municipalities perform their functions effectively. It is anticipated that, in most instances, the regulation of municipal executive authority will be sufficient to ensure that municipal functions are effectively performed, and intervention in terms of section 139 of the Constitution will be a rare occurrence.
- The support and monitoring currently being provided to all municipalities requires a higher level of co-ordination and customisation to the needs of individual municipalities. Hence the need for differentiated support and monitoring in local government.
- There is a need to develop an integrated, responsive, statutorily compliant and effective monitoring system for municipal performance to ensure that early warning systems are in place and that progress is made visible.

- There is a weak correlation between the numbers of financially-distressed or non-performing municipalities and the actual number of legislative interventions made.
- There are critical skills gaps within national and provincial departments that impact negatively on the quality of intervention provided to municipalities, for example, experts rather than unemployed officials, are supposed to be deployed as administrators to municipalities under administration.
- Development of a common national Municipal Support and Intervention Framework.
- There is a need to expedite the Intergovernmental Monitoring, Support and Interventions Bill, as a matter of urgency to bring about uniformity with regard to norms and standards, and the exercise of discretion by provinces in respect of section 139 of the Constitution.
- The Municipal Demarcation Board should review demarcation of municipal boundaries to enable redistribution and to achieve democratic, accountable local government consisting of financially viable municipalities.

SESSION 6: COMMISSIONS REPORT BACK

Commission 1: Integrated Spatial Planning

1. Background

Colonialism and apartheid resulted in a South African society that is deeply divided, which is further entrenched by an inequitable distribution of people and economic activity. The resulting spatial inequality serves to trap historically disadvantaged communities in poverty and underdevelopment. It also results in the creation of inefficient cities, as well as undermining rural livelihoods. Spatial inequality in South Africa comprises different dimensions, including economic, social, environmental, institutional and psycho-social. These dimensions illustrate the complex nature of the challenge and serves to indicate how reconfiguring the spatial patterns engineered during Apartheid is likely to be a long-term endeavour, requiring significant political will, resources and dedicated effort.

Spatial segregation is problematic as it: 1) results in the physical separation of people from economic and social opportunities and activity and 2) entrenches the simultaneous and persistent under-development of informal settlements and enterprises. It also poses challenges to cost-effective and efficient delivery of services, such as water and sanitation, electricity and housing opportunities.

Many disenfranchised communities continue to be denied access to employment and economic opportunities by being geographically and structurally excluded from land markets in urban conurbations, intermediary cities and small towns. Many municipalities also continue to experience challenges with the acquisition of land owned by the national and provincial government, State-owned Entities and the private sector for the advancement of their long-term strategic goals of integrated spatial planning and transformation, as well as inclusive economic development. While many of the discussions around spatial integration take place in relation to urban regions,

small towns play a pivotal role in bringing social and economic services closer to communities. Without these small centres, many people would have to endure the inconveniences of long distance commutes to access even the most basic of services.

South Africa is a water scarce country that utilises a variety of surface and groundwater resources. These include rivers, lakes, and groundwater stored in soil, rock pores, aquifers and crevices. In November 2017, South Africa was ranked as the 30th driest country in the world.

Electricity provision is the bedrock of economic growth and development of any modern economy. The appreciation of this notion is noted in the Energy White Paper of 1998, which outlines the restructuring framework for the supply (generation and transmission) and distribution of electricity. The White Paper further mandates NERSA with the responsibility of issuing licences to the distributors and regulation of tariffs by Eskom and municipalities. However, in terms of Schedule 4B of the Constitution of 1996, Eskom is responsible for distributing electricity to municipalities within national and provincial legislative frameworks.

2. Achievements and Successes

- The provision of state subsidised houses and basic subsidies to beneficiaries since 1994 has made a wide-spread positive impact on the lives of many South Africans.
- The continued rationalisation of municipalities has been geared to institutionalise equitable access to the opportunities provided by our municipal areas.
- Numerous pieces of legislation such as SPLUMA has geared to ensure similar non-racial based planning across the country.
- Urban Infrastructure Development Framework (UIDF) is well poised in addressing existing urban inefficiencies as outlined in the National Development Plan.

3. Challenges and Implications for Parliamentary Business

- Parliament should play a leading role in coordinating cooperative governance and engender interaction between the three spheres of government.
- Parliament should reconsider the revision of equitable share formula enunciated in the Division of Revenue Act (DoRA) and reverse the reduction of R3.5 billion on infrastructure grants and avert service delivery challenges.
- Legislation should be developed to write off the municipal debts.
- Land claim backlogs are stifling development and industrialisation in municipalities particularly in small towns.
- Volume of people migrating from rural areas to the cities and towns outstrips the capacity of infrastructure to service newly settled housing areas.
- The big drive for rural-urban migration is lack of economic opportunities in rural municipalities.
- The recent bus strike highlighted the impact of the legacy of apartheid in terms of the long commute and the reliance of the marginalised poor on public transport.
- Availability of land for various socio-economic development initiatives remains a challenge. Many municipalities cannot implement their Spatial Development Frameworks (SDF) due to poor access to appropriate land for development.
- Human settlements continue to be located in areas that are far from social and economic opportunities. Under resourcing of municipalities due to equitable share gives advantage to private developers dictating location of urban development and further contribute to long distances between townships and work places. This trend further entrenches apartheid spatial planning.
- The current approach of RDP houses needs to be revisited. Often large numbers of state subsidised houses are built far from amenities and economic opportunities with insufficient social and bulk infrastructure. The communities expect service delivery and municipalities bear the brunt of protests and costs. There is thus a need for integrated services.
- In terms of land invasions, municipalities have to deal decisively and often have to provide alternative services, which places an economic burden on municipalities.

- Allocation of sites in rural communities is often done by traditional leaders without input from municipalities. Retrospectively providing social services in these areas by municipalities is a challenge. Even if land belongs to traditional leaders, there is a need for proper planning and the provision of social and basic services.
- Greater support in terms of infrastructure in areas with naturally occurring informal sector economic activity hubs can be provided within the context of local economic development.
- Dignified and safe sanitation at schools is of major concern, especially in light of the deaths of children who fell into pit toilets at school.
- Infrastructure maintenance costs are coming from municipal budgets, which rely on rates. Due to non-payment of services and rates, it is becoming increasingly difficult for municipalities to afford bulk infrastructure maintenance.
- Part of the reason why the bucket system has not yet been fully eradicated in a number of semi-arid provinces, including the Free State and North West, has been due to water constraints.
- Provinces often proclaim large housing developments, and municipalities are expected to provide services including free basic services to indigent citizens, placing a financial burden on municipalities.
- There is confusion over roles and responsibilities in some municipalities where water boards provide water services, despite this being a municipal competency, for example in Bushbuckridge.
- There is a marked difference in payment for municipal services between rural municipalities and metropolitan municipalities, where more people pay for services in metropolitan municipalities and fewer people pay for municipal services in rural municipalities.
- Some communities have resorted to illegal water connections thus placing huge burden on bulk infrastructure which is often unable to cater for the unplanned extra demand. This also increases “non-revenue water” which further compromises the financial sustainability of municipalities.
- In the Free State, municipalities failed to pay Bloem Water for water services rendered, which resulted in people not receiving water over non-payment. This issue has been mirrored in some other provinces.

- Community protests, some of which relate to infrastructure and services, often lead to social upheavals and threaten political stability of the country.
- 80% of township land is utilised for housing development against the competing needs of recreation, agriculture and industrial development.
- There are very few qualified town planners in the employ of municipalities.

4. Immediate Implications for the Executive and Other Entities

- COGTA to establish a Memorandum of Understanding (MoU) with the National Treasury to work together in support of the restoration of financial governance and service delivery sustainability.
- Social and economic transformation should include transforming spatial planning to redesign rural towns to modern cities.
- The National and Provincial sphere of government should implement section 139 of the constitution with a developmental and progressive purpose of capacitating municipalities as opposed to crippling services.
- Municipalities in their IDP processes should immediately take into account the inevitable trajectory of rural-urban migration in which the African Union (AU) Agenda 2063 blue print predicts that 66 % of the people in Africa will be living in the cities around year 2050.
- Dams and communities nearby not having water. (Examples are Nandoni dam and Loskop dam) Limpopo. Water must be provided to these communities.

5. Policy and Regulatory Framework

- A protocol around evictions in cases of illegal land invasions needs to be developed to ensure that there is a guideline for municipalities to ensure that land invasions are dealt with effectively and within the confines of the law.
- The option of repealing the Water Act of 1956 should be considered by the Select Committee on Social Services regarding allocations. In some cases, people are denied access to water where communities are located near large dams that provide water for agricultural, industrial or other uses.

- The implementation of SPLUMA must be funded, both for national government and for all municipalities. A funding model for land use and governance is required: NT, DRDLR, and COGTA, should develop a model for land governance funding.

6. Recommendations

- All municipalities, not only metros, should submit reports on the impact of land invasions and the ways in which municipalities have responded. This will provide an indication of the capacity of municipalities to manage the process and effects of this challenge.
- A working group including the Department of Human Settlements and SALGA and other relevant stakeholders, should discuss a mechanism to reduce red tape for the release of publicly owned land. The working group must also determine how local government shall respond to the release of other categories of land for effective socio-economic development. This working group should be set up within 6 months from the adoption of the Local Government Week Report.
- Contingency plans need to be developed for drought stricken areas, especially in rural areas.
- The Select Committee on Social Services should follow up on the issues raised in relation to communities living near dams, but which are not receiving water infrastructure. The Committee should make contact with the Department of Water and Sanitation, the relevant municipalities and other stakeholders within 3 months of the adoption of the Local Government Week report in order to set up an engagement commitment.
- The Select Committee on Social Services needs to follow up with the Department of Water and Sanitation on the slow progress regarding the Umzimvubu dam and other related projects despite several announcements made in this regard. This follow up must be done within 6 months of the adoption of the Local Government Week report.

- The feasibility of a specific municipal grant for waste water treatment plants should be considered by the Department of Water and Sanitation, in discussion with Treasury. The Select Committee on Social Services should make this recommendation to the Department of Water and Sanitation within 6 months of the adoption of the Local Government Week report.
- A working agreement with Treasury and Municipalities to reduce non-revenue water losses should be established. SALGA and the Select Committee on Social Services should convene a meeting to conceptualise this agreement within 6 months of the adoption of the Local Government Week report.
- The use of prepaid water metres in areas with a high level of non-payment of water services should be considered. SALGA should convene a discussion with the Department of Water and Sanitation on this matter within 6 months of the adoption of the Local Government Week report.
- A bi-annual report on progress should be developed regarding the addressing of spatial integration through the use of development incentives. The report should be submitted to the NCOP on progress in this regard.
- A collaboration between DRDLR, universities, South African Council for Planners and other relevant role-players should be established to support the capacity of municipalities to acquire, manage and govern land use.
- SDFs of municipalities need to identify strategically located land, and how this land can be accessed.
- DRDLR, COGTA, DPME, NT, DHS, Transport, must support municipalities in the effective application of SPLUMA, to provide for access to, and collective land decision-making for investments.
- There is a need for providing a greater range of housing options in the GAP housing market segment. This should include the provision of serviced stands to beneficiaries to construct their own homes.
- The feasibility criteria for building new dams should be considered, as South Africa is continually facing water shortages and dams that are not full, while flooding occurs in other parts of the country.
- The Department of Water Affairs, with assistance from other institutions such as SALGA, should conduct a survey to determine the ratio of people receiving services who are able to pay for it, compared to those who are not able to afford

the services. Furthermore, such a study should identify challenges within municipalities related to the capacity to collect revenue. This study should be conceptualised within 12 months from the adoption of the Local Government Week report.

- The IUDF references the urban-rural continuum, and locates smaller urban centres and towns within a typology of municipal types. To begin the discussion, a definition of regional planning is required as part of planning analysis and review to achieve sustainable urbanisation. The IUDF Working Group should establish a sub-committee to assess and guide regional planning, and report its findings to the NCOP to support the STR approach.
- IUDF implementation must be an ‘all of government’, ‘all of society’ approach. The urban-rural continuum development initiatives can be framed and coordinated at an intergovernmental level. CoGTA supported by key stakeholders including SALGA should research sector plans and programmes for small towns and report back to the NCOP on how these may be more strongly coordinated and supported.
- A national land survey could assist with identifying land with high potential for a variety of uses to aid municipalities in spatial planning and land use management. As an example, areas where land has high agricultural potential, it makes sense to encourage agriculture instead of housing developments or industrial developments.
- The option of declaring more restructuring zones to speed housing delivery in well-located areas should be considered.
- Municipal grants should make provision for infrastructure maintenance so that municipalities do not have to rely solely on their rates base for maintenance costs.
- Government should be creating a conducive atmosphere for people to do things for themselves, including in the sanitation and human settlements sectors. Communities should be supported at sites where sanitation infrastructure will be developed so that communities may develop infrastructure for themselves.
- A review of the role, value and function of water boards within the water sector needs to be conducted, including the implications of having water boards on the pricing of water in municipalities.

- Pit toilets designed to address the needs in rural areas are required, especially in drought-stricken areas where bulk water infrastructure is a challenge.
- ESKOM should allow rural municipalities to implement metred electricity due to the high cost of electricity and the mandate of municipalities to distribute electricity.
- Cable theft impacts on service delivery and electricity in municipalities. The Department of Energy should consider a national education campaign similar to the no littering campaign during the 1990's. In general, a campaign is needed to educate communities to take care of infrastructure.
- South Africa requires a nationally non-revenue water funded programme to be championed by the President. SALGA to prepare a proposal to effect such, working in collaboration with municipalities to support local and sectoral initiatives to reduce water demand and improve water-use efficiency including exploring use of grey water.
- Working in collaboration with municipalities, SALGA to champion surfacing costing and pricing methodologies using a differentiated approach. This should include unearthing maintenance (operational) cost versus infrastructure investment (Capex).
- Influence the development of the water and sanitation master plan to include the establishment of an independent regulator. SALGA, working in collaboration with municipalities, to influence its functions and scope of work.
- Enhance Technology and Innovation platform should be established, working in collaboration with research institutions, Science Councils, Local and International innovators and Embassies.
- SALGA to lobby National Treasury and the Department of Water and Sanitation to consider desalination of sea water and Acid Mine Drainage as part of their water resources development mandate. Further that ground water be intensified as a source of water. SALGA working with the Department of Water and Sanitation to ensure development of sufficient raw water storage across the Country – These recommendations are supported by the NDP calls for a regular review of evolving water resources management especially given growing uncertainty about the availability of water to meet expanding demand.

- There are currently working groups dealing with the issue of municipalities with debt owed for water services. The working groups should provide the NCOP with a report on the current state of affairs. Furthermore, the 30 implicated municipalities must each submit a report outlining challenges and progress made in terms of addressing the issue of debt to the NCOP within 60 days of the adoption of the Local Government Week report.
- SALGA working with National Treasury to explore the establishment of grant to address the critical wastewater facilities that poses a health risk to communities and contamination of water resources.
- The Department of Water and Sanitation to ensure the implementation of the 12 policy position adopted by Cabinet in 2012 – with emphasis on water allocation and use.
- SALGA, Municipalities and NCOP to influence and shape the configuration of the proposed Water and Sanitation bill to ensure it enables municipalities and its communities to have access to water resources and services that is equitable and cost effective.
- The Department of Water and Sanitation regularly brief the NCOP and SALGA on the reconfiguration of water boards to Regional Water Utilities and importantly outline cost implications of such for municipalities and their communities.
- Bucket toilet eradication is not a dignified sanitation service. As such the NCOP calls upon stakeholders in the water sector to work jointly to develop a coherent bucket eradication programme in municipal areas where such is prevalent. This should ensure buckets are eradicated according to an Approved Sanitation Policy.
- SALGA and Municipalities to work in collaboration with Traditional leaders to explore mechanism(s) of revenue collection.
- SALGA to facilitate inter-municipal collaboration in areas where a number of municipalities depend on an integrated water supply system – The primary aim being to ensure services in this type of set up are not disrupted.
- Sanitation delivery particularly dry sanitation (VIPs and related infrastructure) is of concern to the NCOP. To this end SALGA, Municipalities and the Department

of Water and Sanitation to work collaboratively to facilitate the delivery of sanitation in accordance with the recently approved Sanitation Policy.

Commission 2: Governance and Municipal Support

1. Background

The Constitution of the Republic of South Africa, 1996, and the White Paper on Local Government provides for a system of developmental local government. This requires municipalities to prioritise the basic needs of the communities in the way they structure and manage their administration, budgets and planning processes, as well as to promote the social and economic development of communities. The Constitution enjoins national and provincial governments to, through legislative and other measures, assist municipalities in their task by supporting and strengthening their capacity (section 154(1)). Where municipalities do not perform their functions, or are unable to do so, the Constitution (section 139) and applicable legislation, such as the Local Government Municipal Structures Act, no. 117 of 1998 and the Municipal Finance Management Act, no. 56 of 2003, empower provinces to intervene in such municipalities. Provinces, however, may only intervene in municipalities as a measure of last resort.

Between the fourth and fifth Democratic Parliaments, municipalities in all but one province, namely the Northern Cape, were placed under section 139 intervention. Whilst there are some examples of successes (Mtubatuba Local Municipality in KZN), interventions have not always yielded the desired outcomes. In fact, after intervention some municipalities, such as the Makana Local Municipality (Eastern Cape), Mpofana Local Municipality (KwaZulu-Natal), Ngaka Modiri District Municipality (North West) and the Nquthu Local Municipality (KwaZulu-Natal), have regressed to such an extent that repeat intervention was necessary.

2. Achievements and Successes

- Support and monitoring by national and provincial government to local government, as envisaged by section 154 and 155 of the Constitution, is not provided in a coordinated and substantive manner.
- There is a need for a more robust role for the NCOP in monitoring and overseeing interventions.
- Section 139 has not always been used as a measure of last resort after all other remedies have been exhausted.
- Most municipalities that have been subjected to section 139 intervention continue to be dysfunctional and at times become even worse off hence.
- In some cases the focus of support provided to municipalities under section 139 is on clinical administrative support and fails to address complex political challenges.
- The current budget spent and resource allocation does not correlate with the level of improvement within under-performing municipalities.
- More often than not, the provinces lack the capacity to deal with their mandate of monitoring and supporting local government in terms of personnel, funds, institutional knowledge, and expertise.
- Some of the interventions could have been prevented if an early warning system, leading to proper support, had been in place.
- Section 139 intervention should be designed to assist the municipalities to become sustainable and viable and be able to perform their functions properly.

3. Challenges and Implications for Parliamentary Business

- The NCOP needs to comply with the turnaround time of 180 days, as prescribed by section 139(2)(b)(ii) of the Constitution, regarding the processing of interventions once notice of intervention is submitted. This should factor in sufficient time for oversight visits by the Select Committee on CoGTA to the affected municipality.

- The NCOP may have to consider reviewing its Rules of Procedure relating to interventions to enable it to assess, measure and evaluate the impact of interventions in terms of desired outcomes.
- The NCOP should facilitate processing and finalisation of the long outstanding Monitoring and Intervention Bill.
- The NCOP should consider mechanisms for strengthening its oversight of local government performance through, for example, improved visibility in provinces and municipalities, as well as structured and robust engagement with reports submitted by Members of the Executive Council responsible for local government in terms of section 47 of the Local Government Municipal Systems Act, no. 32 of 2000.
- The NCOP should facilitate the amendment of section 88(2)(a) of the Local Government Municipal Structures Act (no. 117 of 1998), in order to compel district municipalities to provide hands-on financial, technical and administrative support services to municipalities.

4. Immediate Implications for the Executive and Other Entities

- The South African Local Government Association (SALGA) should make representations to the NCOP and the Department of Cooperative Government and Traditional Affairs (CoGTA) for suggested amendments to sections 71 and 72 of the Local Government Municipal Finance Management Act, no. 56 of 2003 (MFMA). The aim is to compel Municipalities to submit budget expenditure reports to the Provincial and National Department of CoGTA and SALGA. It is envisaged that this will enhance the ability of CoGTA and SALGA to detect early warning signs of non-compliance by municipalities.
- The Minister of CoGTA should consult with SALGA and any other relevant role-players and report to the chairperson of the NCOP on the feasibility of developing a comprehensive Local Government Municipal Support and Intervention Framework to guide intervention implementation, monitoring and oversight, as well as post-intervention support.

- The Minister of CoGTA should consult with the MECs for CoGTA and report to the chairperson of the NCOP on existing support provided to municipalities in terms of section 154(1) of the Constitution, as well as the Department's planned interventions to support municipalities in distress.

5. Policy and Regulatory Considerations

- Possible amendments may need to be effected to section 88(2)(a) of the Local Government Municipal Structures Act, no. 117 of 1998.
- Based on presentations by SALGA and CoGTA, possible amendments may need to be considered to sections 71 and 72 of the Local Government Municipal Finance Management Act, no. 56 of 2003.
- Consideration must be given to the finalisation of the long outstanding Monitoring and Intervention Bill.

6. Recommendations

6.1. *Short-term*

- By 31 August 2018, the Minister of CoGTA, in consultation with the MECs for CoGTA, should report to the Chairperson of the NCOP on existing support provided to municipalities in terms of section 154(1) of the Constitution, as well as the Department's planned interventions to support municipalities in distress. In particular, this report should distinguish municipalities by level of functionality (well functioning, reasonably functional, almost dysfunctional and dysfunctional); the nature of challenges identified per category of functionality; the nature of support to be provided to these municipalities (including skills deployment and funding); timeframes for such interventions and expected outcomes. It is envisaged that a report of this nature will feed into the oversight programme of the Select Committee.

- The NCOP should, by the end of the 2018/19 financial year, consider reviewing its Rules of Procedure relating to interventions to enable it to review, assess and measure the impact of interventions in terms of desired outcomes.
- By 31 August 2018, the Minister of CoGTA should, in consultation with the South African Local Government Association, provide a report to the chairperson of the NCOP regarding the feasibility of developing a comprehensive Local Government Municipal Support and Intervention Framework to guide intervention implementation, monitoring and oversight, as well as post-intervention support. This exercise should include a review of existing frameworks/guidelines developed by individual provinces.
- Oversight of local government by stakeholders in all spheres of government (including Parliament, provincial legislatures and municipal councils) through scrutiny of section 47 reports: Local Government Municipal Systems Act, as well as consequence management for non-performance, should be strengthened. This will serve as an early warning monitoring system to enable national and provincial government, including SALGA, to provide appropriate and responsive hands-on support to municipalities.
- By 31 August 2018, SALGA should make representations to the Chairperson of the NCOP and the Department of Cooperative Government and Traditional Affairs (CoGTA) for suggested amendments to sections 71 and 72 of the Local Government Municipal Finance Management Act.

6.2. Medium-term

- The NCOP, in consultation with the Department of Cooperative Governance and Traditional Affairs, should initiate a process for the amendment of section 88(2)(a) of the Local Government Municipal Structures Act in order to compel district municipalities to provide hands-on financial, technical and administrative support services to municipalities, instead of only responding to individual requests from municipalities.

6.3. Long-term

- The NCOP, in consultation with the Department of Cooperative Governance and Traditional Affairs, should initiate a process for the introduction and processing of the outstanding Monitoring and Intervention Bill.

Commission 3: Fiscal Commission

1. Background

The local government fiscal framework affords municipalities numerous funding instruments to enable them to sustain effective and quality services as per their Constitutional objects. It is submitted that the local government business model, in terms of these revenue instruments and the many competing functions performed by municipalities, is insufficient. There is a need to review the fiscal framework in terms of what is being transferred from central government to local government.

The local government equitable share (the only unconditional transfer to local government) has plateaued over the past five years at 4% - 5%. Municipalities rely largely on their own revenue sources to meet multiple functions (including unfunded powers and functions) and operate under a constrained macro-economic climate. The inability of the country to recover from the 2008 'great recession' has resulted in it missing targeted growth projections for development, has led to an increase in unemployment and has led to more indigent customer profiles and ballooning municipal debts. There is a decline in infrastructure grants, as pronounced by the Minister of Finance in the 2018 Budget Speech; Infrastructure grants will be reduced by R3,5 billion in the medium term. There is a need for municipalities to start leveraging their infrastructure financing capacity with the reducing infrastructure grants.

The inability of municipalities to exercise their powers and functions as per their constitutional mandate impacts on the local government fiscal framework. The stalemate position of electricity reticulation between Eskom and Municipalities in terms of contestation of Service Delivery Agreements has an impact on the ability of municipalities to enforce their debtor's collection policies. The growing debts owed to Eskom by municipalities needs effective intergovernmental relations practices to resolve the matter.

Amongst the objects of local government is the promotion of safe and healthy environments. The delivery of Municipal Health Services (MHS) is one such vehicle, which local government can use to realise this objective. However, with the current challenges experienced in the sector, mainly as a result of inadequate funding or lack

thereof, this might not be realised. The situation could potentially compromise quality of life through the emergence of preventable diseases and therefore require urgent intervention. This could include an increased allocation of municipal health services, which can be achieved through the review of the current funding arrangement.

Climate change has had an impact on the local government fiscal framework. The Local Government White Paper of 1996 contains assumptions about revenue instruments for local government that never could have anticipated the climate change effects municipalities are grappling with today. There is a need for climate finance that should be administered at a municipal level because municipalities deal with climate change challenges on a daily basis. The fiscal framework must also be redesigned to be responsive to climate change challenges.

2. Questions Raised

Question 1: Is the reality of local fiscal framework government today and the funding assumptions made in the constitution and local government white paper 20 years ago?

Question 2: Global climate finance can be accessed through a few South African accredited entities to the global climate funds, however, mandates of these entities are not fully aligned to those of local government. How can the architecture of national fiscal instruments be revisited to better channel funding flows to local government to address environmental management and the climate change challenge?

Question 3: Given inadequate funding of municipal health services and the current backlog on the appointment of Environmental Health Practitioners by municipalities. What can local government do to ensure effective and equitable provision of municipal health services to communities as mandated by the constitution?

3. Challenges and Recommendations

Challenge 1

Debt owed to municipalities by households, businesses and the national and provincial spheres of government

Recommendations

- To reduce historical municipal debt owed and improve municipalities' financial status:
- Introduce a bill that would write-off household debts owed to municipalities, provided that prepaid meters are installed.
- Debt owed by the national and provincial government and Eskom must be paid up.
- The Department of Public Works should fast track the process currently underway to resolve historical debt.
- SALGA, National Treasury and Eskom should finalise the discussions about Eskom's impact on municipal finances and debt owed.
- The declarations made previously by the Minister of Finance, instructing government departments to pay their debt owed to municipalities need to be enforceable.
- Amend the Tax Administration Act to allow deduction of municipal debts before tax refunds are made by SARS.
- Amend of the Municipal Systems Act schedule 2, section 10 to extend its provisions to all employees who are in arrears of more than three months.
- Instead of cutting services in case of non-payment, as National Treasury currently does, explore an establishment of a debt management committee comprising of National Treasury, Provincial Treasury and the municipalities concerned to address the historical debt issues in the interest of IGR.
- Explore the establishment of a district debt collection agency, an initiative that can save money and address some of the root causes of municipal debt.

Challenge 2

Most municipalities are financially non-viable and lack alternative sources of municipal revenue.

Recommendations

- SALGA and municipalities need to consider the entire revenue value chain within the municipalities in terms of maximising revenue collection. i.e. GIS register, town planning; valuation; billing systems to avoid disputes; credit control management; indigent management and institutional arrangements.
- The provinces should constantly monitor and evaluate the finances of municipalities to enable timely intervention (section 139 and 154) in an event of financial mismanagement.
- Potential municipal revenue gets lost through unpaid surcharges in Eskom reticulated areas. An inter-ministerial task team and COGTA need to fast track a process that reviews the fiscal implications of Eskom's role in the electricity distribution to local government.
- The solution to sustainability of municipalities is to grow local government to generate revenue. Therefore, consider re-establishment of Special Economic Zones in the rural areas to create jobs and stimulate the local economies; resuscitate agricultural activities in municipalities and integrate potential investors, SMMEs and the local communities.
- Municipalities must spend available resources effectively and efficiently and explore alternative sources of revenue, such as borrowing to fund infrastructure investment for both social and economic returns.
- Municipalities must collect all the moneys due from all that can afford, sell water and electricity and other services at prices that are not below cost.
- Mandates, roles and responsibilities between district and local municipalities and departments in the three spheres of government need to be addressed to avoid duplication, for example, the delivery of water and electricity services.

Challenge 3:

Ongoing support provided to municipalities is costly, but has not improved municipal finances.

Recommendations

- SALGA, COGTA, National and Provincial Treasuries should strengthen support provided to municipalities, to:
 - Strengthen and adhere to credit control policies;
 - Address the root causes of AG queries (fruitless and wasteful expenditure);
 - Timely update and review indigent registers to collect revenue;
 - Improve municipalities' financial viability, so that they can explore borrowing options to fund infrastructure and other services;
 - Address consistent underspending of conditional grants (MIG);
 - Improve service delivery capacity (CFOs financial management and budgeting staff in all levels).
- National Treasury and the local sphere of government should consider an establishment of a budget support structure, which will create, amongst other things, a platform for budget discussions that could potentially improve municipal planning and budgeting, e.g. Technical budget forum.
- The NCOP should assist the fiscal oversight bodies, including SALGA to resolve the unfunded mandates in municipalities and enforce the technical support, advice and recommendations they make. Political decisions need to address corruption and poor governance and assist municipalities to function.

Challenge 4:

The Local Government White Paper makes certain presumptions about revenue instruments available to fund municipalities and their proportion contribution:

“On average, municipalities have sufficient revenue-raising powers to fund the bulk of their expenditure, and finance 90% of their recurrent expenditure out of own revenue. Own revenue includes rates (19.89%), and trading services such as electricity (41.4%); water (11.8%); and sewage and refuse removal (8.22%).” Local Government White Paper 1999.

More than 15 years after the dispensation of a democratic local government, what the sector should be asking itself is; are these assumptions about own revenue sources still realistic, is the Local Government Business Model realistic and guarantee sustainability and viability of the sector?

Key aspects that might have impacted these assumptions further:

- **Rates (Municipal Property Rates Act) constitutes 19.89%.** The recent amendments to the Rates Bill excluded government property from the definition of rateable property. In addition, the government policy on low cost housing has meant that in some jurisdictions only zero-rated property development has been explored over the past 10 years.
- **Electricity (Trading) constitutes 41.4%.** Excessive increases in bulk electricity expenditure cost from 2009 approved for Eskom has impacted on the municipalities’ ability to generate sufficient trade surpluses. The changing reticulation and distribution method of electricity that is gaining scale with affordability of small-scale embedded generation.
- **Water (Trading) constitutes 11.8%.** The recent drought and general impact of climate change in the country has led to less consumption, thus municipalities are trading in lower volumes of water, which impacts on the generation of trade surpluses.

Recommendation

- A proposal for the Parliamentary Budget Office (PBO) to investigate and prepare a research paper on whether the current local government fiscal framework is aligned to White Paper assumptions on municipal revenue generation capabilities.

Challenge 5:

Costs associated with climate change are high and funding is lacking.

Recommendation

- Municipalities should consider a surcharge on the costs related to climate change or create a pool of funding where all municipalities contribute to the pool fund.
- Municipalities can, within their current budgets make provision for climate change funding.
- Another source of climate financing is the issuing of green bonds, a success story by the City of Johannesburg. Smaller municipalities can pool their resources and issue a green bond together.
- Municipalities can lobby the National Treasury to provide for funding in terms of grants or within their existing budgets make provision for climate change funding. National Treasury indicated that a climate perspective has been included as part of new long-term infrastructure planning as well as refurbishment plans, which form part of the conditions of infrastructure grants.
- Municipalities can also access climate finance through the Development Bank of Southern Africa (DBSA).

Challenge 6:

Municipal Environmental Health Services Funding is inadequate and currently not spent on intended objectives.

Municipal health services are funded as part of the “community services” funded through the local government equitable share formula. All community services funding in the equitable share formula is subject to a revenue adjustment factor that reduces allocations to municipalities with high own revenue potential, so that more funding is available to transfer to poorer municipalities. Municipal health services are a core function of district and metropolitan municipalities (as required in law) and as such

municipalities must budget to provide the service from all of their available revenues, including own revenues and unconditional transfers. As the allocations for municipal health services are provided through unconditional transfers and own revenues, it is up to the budget process in each municipality to determine how much is allocated to the provision of this service.

Recommendations

- National Treasury and municipalities should consider introducing a new conditional grant that can address the backlog of health inspectors currently sitting at 68 per cent or ring-fence the funding to prioritise recruitment of health practitioners or provide a breakdown of the community services component of the health services budget.
- SALGA should get the responses from the relevant municipalities.

SESSION 5: CLOSING SESSION

1. Introduction

The 2018 Local Government Week was held under the theme of *Land Use and Integrated Spatial Planning*. The week was set aside to practically deal with strategically engendering the principles of co-operative governance and intergovernmental relations in dealing with matters affecting the local sphere of government.

The intention was to provide a platform where lasting, practical and sustainable solutions would be discussed and proposed. The NCOP is especially relevant since it also provides an opportunity to the three spheres of government to plan together, implement jointly, and monitor collectively to address the urgent matter of land use management and spatial planning.

2. Commission Recommendations

The Commissions, which were divided into three areas namely – (1) Integrated Spatial Planning, (2) Governance and Municipal Support and (3) Fiscal Commission, held robust and elaborate discussions.

2.1. *Commission 1: Integrated Spatial Planning*

This commission prefaced their recommendations by acknowledging that spatial inequality comprises of different dimensions, including economic, social, environmental and institutional aspects. The commission made some of the following strategic recommendations:

- Spatial development frameworks should be reviewed regularly and aligned with the development of IDPs, and must be well positioned to promote investment in the municipalities.
- SDFs of municipalities need to identify strategically located land, and how this land can be accessed.
- All municipalities, not only metros, should submit reports to the NCOP on the impact of land invasions and the ways in which municipalities have responded.
- Without housing devolution, the goals of the NDP, IUDF and New Urban Agenda, particularly in terms of urbanisation and spatial transformation will not be achieved.
- More affordable sources of energy including renewable energy must be explored and be accessible to municipalities.
- Determine appropriate differentiated costing and pricing methodologies that include unearthing maintenance cost (operational) versus infrastructure investment (Capex).
- SALGA to facilitate inter-municipal collaboration in areas where a number of municipalities depend on an integrated water supply system.
- Alternative means of taxation should be explored such as tax incremental financing and land value capture.
- Engage the Fiscal and Financial Commission on possible funding streams for regional economic development planning.

2.2. Commission 2: Governance and Municipal Support

The recommendations included, among other pertinent matters, the following:

- Develop early warning monitoring systems to enable provincial and national government plus SALGA in providing appropriate support to municipalities.
- Develop common national municipal support and intervention framework to be implemented across the country.
- Finalise the outstanding monitoring and intervention bill.

- Establish a national and provincial command centre to play a central role in analysing and processing structured feedback.
- Develop an accountability framework linked to section 139.
- Develop a national due diligence system facilitated by senior managers.
- Improve the role of district municipalities in providing hands-on support to local government by amending section 88(2)(a) of Local Government Municipal Structures Act.
- Establish a mechanism for the NCOP to make it mandatory for presentation of an intensive section 154 hands-on support.
- Provincial legislatures to robustly analyse and provide the necessary feedback to municipalities on their section 46 reports in terms of the Municipal Systems Act.

2.3. Commission 3: Fiscal Commission

The recommendations of the commission included, among other pertinent matters, the following:

- Review the White Paper assumptions on local government funding and factor the results on the exercise to review the Vertical Formula of the Equitable Share.
- Investigate a Bill or Guidelines to deal with household debts to municipalities. This amongst other issues must examine the possibilities of writing off the debts in exchange for installation of prepaid meters.
- A process should be pursued to consider amendments to the Tax Administration Act so that municipal dues are paid before taxpayer refunds are made.
- Clear timeframes and resolute action must be put in place to deal with government entities that owe municipalities.
- The IMTT dealing with Water Boards and Eskom issues should be encouraged and assisted by all to finalise its recommendations within this financial year.

- SALGA should investigate the feasibility of government establishing District Revenue Collection Agencies to assist municipalities with revenue collection.
- Process through the system the amendment in the MSA Schedule 2, s10 to extend the requirements to all those public servants, elected office bearers, and other state employees to not be in arrears with their municipal bills for a period longer than 3 months.
- Support the SALGA Conference taking place at Emperors' Palace from 13 to 15 June 2018 to present various infrastructure funding instruments and models to enable municipalities to fund various infrastructure projects, including climate related projects.

Given its distinguished character as a House at the centre of co-operative government and intergovernmental relations, the NCOP provided yet another opportunity for the generation of ideas and prioritisation of matters that impact on local government in the context of South Africa's intergovernmental system. The issues that have been raised will be followed up at different levels including through detailed consideration by committees.