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MINISTRY
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MEDIA STATEMENT

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Statement by the Minister of CoGTA, Dr Zweli Mkhize on interventions to support municipalities in distress

Ladies and gentlemen of the media good morning,

Over the past two weeks, I have received briefings from the CoGTA portfolio components, provincial leadership and municipalities, as well as stakeholders since assuming office.

In the coming weeks we will be releasing regular updates in relation to the work of the CoGTA. Last week, we tabled the report on forensics and other investigations undertaken by provincial government and municipalities to the CoGTA Parliamentary Portfolio Committee. This week, we want to deal with the performance and the status of some of the municipalities where weaknesses have been identified.

Last Friday we held our MINMEC meeting which was attended by MECs, the Cooperative Governance and Traditional Affairs Portfolio Committee, the National House of Traditional Leaders and components of the Department of Cooperative Governance, the Department of Traditional Affairs, the Municipal Demarcation Board and the SA Local Government Association.

This proved to be an informative meeting where we analysed information from provinces and municipalities.

The information received in this process will guide our interactions during the programme of ministerial visits to various provinces and municipalities to undertake on-site inspections and consultations with the municipal leadership.

The Constitution of the Republic envisaged that municipalities may struggle to independently execute their mandates. It then made a provision, in terms of Section 154(1) that national and provincial governments, by legislative and other measures, must support and strengthen the capacity of municipalities to manage their own affairs, to execute their powers and to perform their functions.

The Ministry of Cooperative Governance and Traditional Affairs, through its implementing agent, the Municipal Infrastructure Support Agent (MISA), has decided to intervene extensively and urgently in dysfunctional municipalities and those in distress, in relation to the development and maintenance of infrastructure.

Government's infrastructure delivery system has been successful at creating new infrastructure over the past 20 years. However, despite several technical capacity building initiatives implemented over the years, there are still many municipalities that are struggling to use funds allocated to them to build or maintain infrastructure.

Others are battling with financial management as well as good governance and administration.

MISA currently provides technical support in areas including the roads and storm water drainage, energy, water and sanitation, solid waste, revenue enhancement as well as the construction of roads. However, the continued failure to effect turnarounds in several municipalities requires further more intensive, dedicated and radical interventions if we are to get the municipalities to manage the MIG funds and implement the infrastructure projects that will improve the lives of the people.

Based on our assessments and reports, the performance of the majority of the municipalities is below expectations.

What we have found is as follows;

- Seven percent of the country's municipalities are classified as well-functioning
- About 31% of the municipalities are reasonably functional
- Thirty one percent are almost dysfunctional
- The remaining 31% is dysfunctional.

The ability of municipalities to plan, deliver, operate and maintain infrastructure is dependent to a greater extent, on the capacity of officials to execute their responsibilities. The technical nature of the responsibilities demands requisite levels of expertise and skills, mainly in the field of civil engineering.

The current situation in municipalities indicates that there is limited inhouse experience for managing infrastructure projects, handling tender documents and meaningfully interacting with contractors. There is also limited scheduled maintenance of infrastructure taking place.

These challenges make it difficult for municipalities to spend the funds they obtain from national government to assist them with infrastructure development.

The Municipal Infrastructure Grant programme run by MISA is aimed at providing grant funding to municipalities to implement infrastructure that would allow municipalities to provide at least a basic level of service to poor households.

There are 226 municipalities in the country that are receiving the Municipal Infrastructure Grant funds. Over the MTEF period, national government has made an allocation of R47.6 billion and R16 billion is allocated for 2017/18 financial year.

In the past five years, since 2012/13, a total of R3.4 billion in MIG transfers was stopped and was reallocated from underspending municipalities to better spending municipalities. This is not ideal as it has an inadvertent consequence of penalising

municipalities with a lower capacity and hence punishing the poorer communities. This cannot continue, rather alternatives must be found to support service delivery to poorer communities.

In the same period, municipalities failed to spend a total of R8.2 billion. Between 2013/14 and in the current financial year, 2017/18, a total of 55 municipalities had their annual MIG allocations stopped at least twice. An analysis conducted revealed that these municipalities have various inherent constraints that impede spending. Based on their poor performance, these municipalities can be regarded as distressed or dysfunctional. They are therefore unable to provide the necessary services to people in the required efficient, professional and caring manner.

Provincial and municipal government have acquired valuable lessons and experience in this area. They have shared the information with us. Out of this process we aim to strengthen the support provided through MISA and to find permanent solutions that can turn municipalities around once and for all.

We are approaching the provinces and municipalities with a concrete proposal in the spirit of cooperative governance in accordance with our mandate. The situation requires the urgent deployment of MISA technical capacity experts, in the form of District Technical Support Teams, who will provide support to municipalities towards improving service delivery.

The focus of the teams will be to provide infrastructure planning, delivery, operation and maintenance as well as infrastructure management, financial management as well as governance and administration issues.

Included in the skills set that is necessary to provide the support are scarce skills such as civil engineering, construction and project management, financial/accounting expertise, town and regional planning as well as expertise in governance and

administration. It is envisaged that such teams will be expected to build permanent capacity in these municipalities beyond project implementation.

The teams will support the 27 priority district municipalities and in total, the 55 municipalities which are regarded as distressed or dysfunctional. This approach received positive support from MECs last Friday in Pretoria at our MINMEC meeting.

In the short-term, the investment in skills development in municipalities will also continue to be a priority. We will emphasise youth development and empowerment, while also not neglecting workers who are already in the system.

The CoGTA skills development programme contributes to government's programme of developing our youth and to prepare them for the job market through providing necessary experiential training, mentoring and coaching as well as through providing bursaries for youth from poor households.

The proposal will further include the continuation with the existing apprenticeship and youth graduate programmes, offering bursaries as well as artisan placement programmes. We will elaborate on these programmes in future briefing.

Importantly, all supported municipalities will be expected to develop and adopt financial recovery plans to ensure that they become financially stable and have the capacity to independently fund their commitments.

Given the difficult situation that our country faces as a water scarce country, consideration is being given to the need to curb the non-revenue water losses through improving water conservation and water demand management in municipalities. Municipalities contribute to water losses through poorly maintained infrastructure within their water reticulation networks and improper asset management.

A reduction in water losses will save the precious commodity while contributing towards improved revenue collection and reliability of water supply. MISA will also provide support in this regard.

The ultimate result of the proposals we are putting forward will be better performing municipalities which are able to provide the services that people expect and require, such as water and sanitation, refuse removal, better roads or electricity.

As stated earlier, I will be embarking on provincial visits as part of the consultative process that will refine the nature and extent of the problem faced by municipalities. At the conclusion of the visits, we will announce concrete intervention plans as well as the details of the affected municipalities through the budget vote presentations.

I thank you.