**UNREVISED HANSARD**

**NATIONAL COUNCIL OF PROVINCES**

**THURSDAY, 19 November 2020**

***PROCEEDINGS OF THE NATIONAL COUNCIL OF PROVICES***

The Council met at 14:00

The Deputy Chairperson took the Chair and requested members to observe a moment of silence for prayers or meditation.

The Deputy Chairperson announced that the virtual sitting constituted a sitting of the National Council of Provinces.

The DEPUTY CHAIRPERSON OF THE NCOP: Hon delegates, before we proceed, I would like to remind you of the following: The virtual sitting constitutes a sitting of the NCOP. The place of the sitting is deemed to be Cape Town where the seat of the NCOP is. Delegates in the virtual sitting enjoy the same powers and privileges that apply in a sitting of the NCOP. For the purpose of the quorum, all the delegates who are logged on to the virtual platform shall be considered present. Delegates must always switch on their videos, delegates should ensure that the microphones on their gadgets are

muted and must always remain muted. The interpretation facility is active and that any delegate that wishes to speak must the raise your hand function on the participant’s gadget.

**ENSURING CAPABLE AND FINANCIALLY SOUND MUNICIPALITIES**

(*Subject for Discussion*)

Mr T S C DODOVU: Thank you very much, Deputy Chairperson of the NCOP, THE Minister of Co-operative Governance and Traditional Affairs Dr Nkosazana Dlamini-Zuma, leaders and representatives of different provincial governments and municipalities, and Members of Parliament, just over a year ago, exactly on 8 November 2019, our Select Committee on Co-operative Governance and Traditional Affairs, and Human Settlements, Water and Sanitation convened a watershed meeting with five municipalities with the highest accumulated irregular expenditure during the 2018 financial year.

According to the late Auditor-General Kimi Makwetu, who was buried in a swollen private ceremony and laid to rest at the Fourways Memorial Park, North of Johannesburg today, the expenditure of these municipalities was against their own budgets. They were breaking their own municipal policies and bylaws and that they were

awarding contracts which were not going through the proper supply chain management processes.

As we bid farewell and pay our last respect to this patriot, Kimi Makwetu, we surely know that through his actions, he had dedicated his entire life exclusively to making public service and local government work better for our people. Kimi Makwetu was propelled by a burning desire to ensure capable and financially sustainable municipalities.

Through his principled approach to auditing, he showed us what it meant to be a public servant who serves with integrity, leads with courage and acts with love of his heart for the citizens of our country. In future, when the history books will be written, they will say that Kimi Makwetu was a great Auditor-General of South Africa, a leader of unmatched skills, an auditor of formidable accomplishments and a gentleman who executed the duties of his office with dignity and honour.

At this hour, the key questions which we must ask ourselves about the concerns raised by the late Auditor-General are as follows: Did we listen when he was concerned about the deteriorating accountability for financial and performance management? What did

we do when the audit outcomes of municipalities regressed – when municipalities submitted their annual financial statements late, when the unqualified audit opinions decreased and the disclaimer opinions increased? What is it that we can do as the NCOP members to sustain the legacy of Kimi Makwetu and to emulate his exemplary leadership?

Hon Deputy Chairperson, the above questions are of paramount importance given the crisis that local government is facing today. Therefore, it is important to answer these questions in order to make local government work better for our communities.

I argue this because during our provincial week session that Members of this House undertook at the end of October, this year, it has been proven beyond reasonable doubt that all stakeholders, spheres of government and Parliaments at all levels must work tirelessly to extricate local government system from the quagmire of embarrassment and shame it is entrapped in.

As we were engaging with the provincial governments, the identified and targeted municipalities and other stakeholders like the Auditor-General, the National Treasury and the national Department of Co-operative Governance and Traditional Affairs during The

Provincial Week, as Members of Parliament, we made general observations about the state of municipalities which include the following: There is a collapse of municipal finance with about 76% of municipalities needing serious attention while one third are vulnerable with unauthorized, irregular, fruitless and wasteful expenditure increasing; the inability of most municipalities to collect revenue while others adopt the unfunded budgets; thirty- four percent of our municipalities have budget deficits, which means their expenditures exceed their income; some municipalities are cash-strapped to an extent that they cannot pay creditors, that they owe Eskom and water boards while corruption is skyrocketing at an alarming rate; contrary to the provisions of the Municipal Finance Management Act, MFMA, some municipalities especially in in Limpopo, North West and Gauteng made huge deposits at the VBS mutual bank; section 139 interventions have also proven to be ineffective due to its improper, incoherent and inconsistent applications; the political, governance and leadership problems have caused service delivery to suffer most, leading to protests, instability and the collapse of municipalities; and some municipalities are incapable to properly implement infrastructure projects leading delays, incomplete projects; municipal infrastructure grant, Mig, diversions for other purposes.

As such, infrastructure neglect and run-down, potholes, sewerage spillages, water and electricity losses are the order of the day in some municipalities.

Poor or no accountability and lack of consequence management have deteriorated the financial positions of many municipalities. In this regard, many are failing to implement the audit outcomes, do investigates and adopt the post-audit action plans and that oversight bodies like the Municipal Public Accounts Committees, MPACs, section 32 committees and disciplinary boards are not responding with the required urgency, and lately, the increasingly difficult environment for auditors where threats, intimidation and bullying of auditors is experienced.

Hon Deputy Chairperson, the situation at municipal level as painted above calls for urgent drastic measures to be implemented. We need to turn the tide to ameliorate this undesirable situation. In his seven-year tenure as Auditor-General, and even before that, the late Kimi Makwetu repeatedly raised the same issues about the state of municipalities with no concomitant actions from most municipalities to implement his findings.

As Members of the NCOP also observed in our respective provinces during The Provincial Week, this situation above requires a massive intervention underpinned by a conviction to make local government a true beacon of effective service delivery, local economic development and infrastructure development.

Hon Deputy Chairperson, premised on the above, drastic and radical interventions are required in our municipalities; constituting the paradigm shift from the past, the present, and to the future in the way that we must do things differently. In order for us to succeed in this respect, the following proposed measures are suggested: Taking tough decisions is required to salvage our municipalities and to ensure their sustainable recovery, like during the COVID-19 pandemic when government took tough actions like imposing lockdown regulations. Such an attitude is required to recover and salvage our municipalities.

Political parties across the board must only send councillors who are ready to give service to our people. Those who are lazy, immoral and stealing the public money must be fired now by their respective political parties.

A dedicated and full-time unit consisting of all the law enforcement bodies must be created urgently to specifically focus on municipalities in order to uproot corruption, fraud and all other acts of financial malfeasances.

The Office of the Auditor-General must be fully strengthened and capacitated in order to increasingly deal with the issues of material irregularities which entail referring complex and intricate matters to the investigative bodies, issuing of binding remedial actions and issuing the certificate of debt against the accounting officers at municipal level who transgress.

Hon Deputy Chairperson, as I indicated that the time is now that we must rise to the majestic heights to fix local government. In the intervening period, we have learnt that the touchstone of patriotism is the total devotion to the resolution of problems that affects local government until victory is certain for our people, until there is good governance at municipal level, until there is accountability at municipal level, until the municipalities are propelled forward to ensure that they address the triple challenges of poverty, unemployment and inequality, until municipalities ensure that there are safe and healthy environments where our people live, and most importantly, until our people are brought

into the mainstream of our economy and local governments by ensuring public participation of our people.

We do this because we know better now that the building of capable and financially sustainable municipalities amounts to building a secure future of hope for the people of South Africa and for posterity. On those particular words, we need to ensure that we go all out in the offensive for the implementation the resolutions and the observations in our Provincial Week, which in my view, if they are implemented, they will go a long way in restoring confidence and credibility to our municipalities. Thank you very much, hon Deputy Chairperson.

Mr T MATIWANE: Hon Deputy Chairperson, hon members, hon Minister and Deputy Ministers, hon House Chairperson, provincial Whips, Party Whips, permanent delegates, special delegates, hon members of the NCOP and honoured guests, allow me to bring you warm and heartfelt greetings from the people of the Eastern Cape, the home of Isithwalandwe uTata uVuyisile Mini, who we repatriated and reburied in his birthplace on 6 November, who is among the struggle icons that we are celebrating their centenary this year. We pay tribute to them and recognise sacrifices they have made fighting the total liberation of our people.

Hon Deputy Chairperson, once more, as the Eastern Cape provincial government, we wish to express our profound gratitude for participating in the NCOP local government week, which was held under the telling theme *ensuring capable and financial sound municipalities*. We further appreciate this opportunity to take part or to be part of this important debate that we hope will lead the state of our municipality in order to fulfil their constitutional mandate.

Hon Chairperson, local government remains an important sphere of government which is closest to our people, whom this government belongs to and is established to serve. It is upon us to work together in ensuring that we address the objectives and the subjective challenges faced by this sphere of government so as to ensure that it is effective and carries out its work of serving the people and driving development where it is.

As such, hon Deputy Chairperson, it is important that we repeat our sentiments that we conveyed during the NCOP provincial week, that this is a period that requires the change of how we do things, and be of better service to our people. In this regard, we reaffirm our commitment to professionalise the local government and Public

Service for it to reflect the value and ethos enshrined in our Constitution and noble goals of the National Development Plan, NDP.

Hon Deputy Chairperson and members, at its 54th National Conference, the governing party of South Africa explained that: The main goal of state transformation is building a developmental state that provides effective basic services with capabilities to take forward a far reaching agenda of national economic development, whilst at the same time placing people and their involvement at the centre of this process.

This, hon members, is the driving principle of our approach to the management of the state, particularly this sphere of local government. However, the NDP correctly identified one of the challenges in achieving a developmental state, as caused mainly by weaker forms of co-ordination and collaboration within and across spheres of government and a nonresponsive Public Service.

It’s for this reason that we are implementing now the District Development Model, DDM, which is premised on the principle of one district, one plan, one budget. Through this development approach, we plan to address the identified challenges by the NDP of silo mentality within, and amongst the spheres of government and as well

as to improve co-ordination of government programmes in order to achieve a more responsive Public Service. It is true that with is this DDM, we are beginning to get closer to the challenges faced by our 39 municipalities in the Eastern Cape Province, including those that were in focus for 2020 NCOP provincial week.

Hon Deputy Chairperson, we have the responsibility to support and strengthen the capacity of municipalities to manage their own affairs, exercise their powers, and perform their functions as provided for in section 154 of the Constitution. We are thrust working tirelessly though various interventions. We are making to ensure that we fulfil this obligation. Hon Chairperson, its true and the report is correct to identify the revenue raising capacity and capability of many local municipalities, particularly in poor towns and rural municipalities which remains a challenge.

This is compounded by our own challenges of government departments that at times owe municipalities. To this effect, the provincial Department of Co-operative Governance and Traditional Affairs, Cogta, in the province in conjunction with provincial Treasurer, have established a provincial debt forum whose primary responsibility is to facilitate agreements on payments of outstanding and arrear government debt owed to municipalities in

the province. This forum also encourages the municipalities and departments to engage directly with each other in order to resolve any outstanding issues that may be impeding payments in the intervening period.

Chairperson, we agree with the report that the demands for local government services continue to increase, despite the poor economic activity and less revenue growth, which often leads to service- delivery protests in our communities. The report further noted and identified the problem of low investor confidence, including investment in economic and social infrastructure. Further deepens the state of local government that we have today. It is for this reason, that we are continuing to roll out our small town revitalisation programme, which is aimed at providing much-needed services and basic infrastructure in our small towns and this, has led to several businesses stating to invest in some of those small towns.

Hon members, we also note that the report highlights the noncompliance with the Municipal Finance Management Act, MFMA, and other legislative conditions that lead to loss and or withholding of equitable share and conditional grants, such as the municipal infrastructure grant, MIG. With respect to noncompliance and we

continue to advise municipalities through provincial Treasurer and in line with MFMA - circulars, circular 8 and 93, M-scores circulars - and all other related legislation.

In relation to the withdrawal, withholding of grants meant for service delivery, we reiterate the call we made at this NCOP that the National Treasury should consider other alternative measures of addressing noncompliance and the expenditure of grants. As this has an adverse effect on the people and not the people that are responsible for noncompliance and low expenditures of such grants. Our firm view as the province is that our people, which this government exist for, should not be punished for the sins they have not created and that communities should not be deprived of much public services and development, as a result of those individuals. Hon Deputy Chair and members of the NCOP, it is for this reason, that consequence management should be at the centre of the alternative that must be explored as well as providing additional support where such is required.

Hon Deputy Chair and members, we are amongst the provinces that are affected by the amalgamation of municipalities which the report correctly states that there were not accompanied by adequate financial and nonfinancial support. In this regard, we are calling

for a review of how municipalities were amalgamated to take into account challenges that are being experienced, including some municipalities in the Sarah Baartman District in the Eastern Cape. We have noted the overall regression that has been reported in the Makana Local Municipality and that things have not changed for the better in the Nelson Mandela Municipality, as well with respect to the audit outcomes. We commit to continue providing support in order to improve such outcomes.

Hon Deputy Chairperson and members, we are addressing the government challenges are affecting the Nelson Mandela Metropolitan Municipality, which the report correctly identify as the major hindrance of the growth of the region. We are welcoming all the recommendations and commit to providing reports within the stipulated time frames, as the NCOP shall desire.

Hon Deputy Chairperson, much still needs to be done and we are committed to do more with the little resources we have as a province that continues to decline in our equitable share due to outwards migration of our population to other provinces. We need to ensure that our improvement in spending our conditional grant at our municipalities is also up scaled and we further commit to ensure that we will monitor this at all material times.

We must further intensify the fight against corruption, reduce fiscal leakages through, amongst others, develop more efficient methods of delivering services and driving development in some of our municipalities.

As I conclude, hon Deputy Chairperson, in the state of the provincial address, the Premier of the Eastern Cape, Oscar Mabuyane’s address, stressed the following I quote:

We will not rest until we can all look at our province with pride because we would have built the Eastern Cape we want, a province that is enterprising and connected where all citizens reach their full potential.

We are committed to achieving this goal that is also expressed in our provincial development plan. I thank you, hon Deputy Chairperson and members.

Ms A D MALEKA: Chair, Chairperson of the NCOP, Deputy Chairperson of the NCOP, Chief Whip of the NCOP, Deputy Minister, special delegates and hon members, the sixth administration, in its Medium- Term Strategic Framework priorities, has elevated to the creation of an ethical, capable and developmental state. This is a

recognition of one of the key enablers of creating a better life for all. It is so because service delivery and the capability of the state to [Inaudible.] negatively impaired by the inability of government institutions to efficiently and effectively deliver their mandates.

... [Inaudible.] also enables the NCOP to focus on some of their fundamental aspects that need the focus of political leadership and administrative officials in local governments. Diagnosis of the problem is not always the most defining aspect of [Inaudible.] But the ability to find solutions to key obstacles for good governance will improve delivery of services. In developing and implementing solutions, our solutions should be short-term and medium-term and should address the root causes of poor governance.

The Provincial Week has afforded the NCOP an opportunity to recommend specific interventions and solutions to improve governance and address immediate challenges affecting local governments. In the issue of political leadership, political administration is one of the aspects that contribute to the [Inaudible.] of municipalities. Local government is a highly contested [Inaudible.] its mandate of delivering basic services to their local communities. The political leadership in municipalities

is more often than not a product of high contestation in wards for councillorship and political part contest for party representation in municipalities. Weaknesses of political instability have a negative impact on the moral of municipal officials and infuse fear that leads to negligence and fear to address malpractice and fear to [Inaudible.] administration in human resources. [Inaudible.] Limitation on addressing the challenge of political leadership is the fact that [Inedible.] budgets, projects [Inaudible.] which can be measured. Political instability is therefore reliant on whistle- blowing, Auditor-General reports and reporting of incidences that undermine the political administrative interface [Inaudible.] to authorities.

During the Provincial Week Members of Parliament in encountered challenges [Inaudible.] instability and political interference which result in poor governance practice as municipal regulations and policies are not adhered to. Political parties have a pivotal role to play in ensuring that representatives comply with the law and always place the interests of the residents ahead of any political conflict of interest. An improved political administrative interface can lead to significant improvement in local government [Inaudible.] political leadership can steer the municipalities to deliver their mandates.

In the operational ad administrative capacity and capability, inequality and skills development in our country also manifest in the distribution of skills in rural and small municipalities and urban municipalities. ... [Inaudible.] of personnel from rural to urban areas has a significant impact on the capacity of small and rural municipalities which also have a lower financial base to retained skills professional who have capability to execute their functions in line with the expected competence of various roles. It can be professional, engineers, chattered accountants or experienced public servants. Small and rural municipalities... [Inaudible.] to attract and retain professionals. These factors contribute to the high vacancy rate of critical posts of accountability in municipalities. Vacancies in senior management posts like technical managers and chief financial officers pose a great risk of the capabilities of municipalities to deliver projects and prudent financial management.

The Provincial Week enabled the National Council of Provinces to [Inaudible.] of comprehensive reports in all issues raised by members of the NCOP to the Chairperson of the NCOP. Without an effective [Inaudible.] municipalities will always have service delivery challenges.

During the Provincial Week we observed the [Inaudible.] experienced an increase of 45% on consultants. [Inaudible.] deteriorating capacity and capability [Inaudible.]

Chairperson, on the issue of [Inaudible.] and national departments

... section 139 and section 154 [Inaudible.] supporting the capacity of municipalities to meet their [Inaudible.] capability of municipalities. Of great concern is that most of the interventions have not yielded the expected outcomes as demonstrated during the Provincial Week. Factors that contribute to the [Inedible.] interventions of ... [Inaudible.] in poor municipalities [Inaudible.] due to structural limitations which relates to the viability of municipalities to generate [Inaudible.] before interventions should be monitored and evaluated to [Inaudible.] in implementing the terms of reference of such interventions. The identification of the root causes of the failures in the municipalities which require intervention should be clearly ascertained to ensure interventions are commentarial to the challenges experienced in the municipalities.

In some of municipalities due nonviability of municipalities interventions will not have the capacity to address such [Inaudible.] In order to [Inaudible.] the national Department of

Co-operative Government, provincial departments of co-operative government [Inaudible.] a clean and standard approach to intervention as this will [Inaudible.] a [Inaudible.] guide to [Inaudible.] Reports requested from various [Inaudible.] during the Provincial Week should be continuously be monitored to ensure the [Inaudible.] Clear time line demonstrates the agencies supporting local governments by the National Council of Provinces.

Chair, in the issue of service delivery protests, social agencies [Inaudible.] the right to our communities have in expressing displeasure and exposing failures of municipalities in providing services to the communities. At times real challenges of communities are used by political actors, at times for narrow political interests and business interests.

Poor service delivery and the inability to deliver on promises made public representatives in manifestos and campaigns represent the breaking of the social contract with communities and lead to service delivery protests.

Monitoring and evaluation by the Department of Co-operative Government, SA Local Government Association, Salga, provincial co- operative governments, the National Council of Provinces and the

National Assembly is important in identifying nondelivery of services and enable proactive interventions. This will avoid intervention at a period when the state of governance is crippled which result in nondelivery of services prompting protests by communities which are impacted by the inefficiency of government particularly on delivering basic services like water, housing, sanitation and [Inaudible.]

... [Inaudible.] should be straightened in communities on the implementation of municipal programmes.

In closing, the ANC has [Inaudible.] will be the recommendations that lead to the improvement of local government as a critical sphere of government and provide services to our communities on a daily basis. The National Council of Provinces should play a critical role in ensuring and execute implement solutions which improve governance in local government and areas and in small and rural municipalities.

The Provincial Week has further displayed an urgency required in addressing the structural challenges in municipalities. Thank you, Chair.

Ms C VISSER: Hon Chairperson, hon Minister, Deputy Ministers, and all members: “What we plant in the soil of contemplation, we shall reap in the harvest of action.” These words by German theologian, Meister Eckhart, could not have been more applicable on the current state of municipalities.

Since the dawn of democracy, 26 years ago, we are finally reaping the harvest of the ANC government’s seeds of corruption that was planted in the soil of greed and dysfunction.

Almost every municipality in this country is on its knees, failing in its legislative and administrative capacity, all due to nepotism, cadre deployment and an utter disregard for the laws of this land.

Delivering services is not part of their terms of reference, but strategic well-orchestrated plans to loot municipalities are the business of the day. Slowly but surely, they emptied the vaults to an extent where prepaid electricity resulted in Eskom debt escalating to billions of rand, shortages of water, collapsing sanitation services and the nonexistence of refuse removal became the norm of service delivery.

This dilapidated state of municipalities allows for only one conclusion - for 26 years, the provincial and national Department of Co-operative Governance and Traditional Affairs and Treasury have abandoned their jobs and responsibilities because they allowed politics to blind their oversight role.

This failure to ensure that municipalities adhere to the Municipal Finance Management Act, MFMA, and other regulations that promote good financial practices, contributed to the current state of financial distress of most municipalities.

What baffles all logical reasoning is the fact that the symptoms of financially diseased municipalities were plain to see. The media patiently carried the visible decay and destruction of infrastructure, the financial mismanagement of councils and the consecutive poor audit outcomes of an anticipated collapse for all these years.

Despite all evidence, provincial and national governments did not comply with their constitutional section 154 mandates of oversight. Instead, they created an environment nurturing unaccountability without consequences and within this environment, allowed fraud and corrupt administrations to develop. Even the constitutional

preventive measures of section 139(1)(b) were misused to settle political scores instead of governing towards respectfully upholding the Constitution and the laws in compliance with their mandates.

The proposed solution to place these municipalities under section 139(5) of the Constitution, which requires the provincial governments to impose a recovery plan to secure the municipalities’ ability to meet their obligations of service delivery to communities, but that can also lead to dissolution, is nothing other than a strategy to appease a certain faction of the ANC.

The DA is of the view that, if section 139(1)(b) and (c), in some instances, brought about a further institutional regression instead of turning around the poor financial state of municipalities, a similar intervention under a difference Act, will not suffice.

The ANC created the chaos of mismanagement and unaccountability without consequences, which gave all respective Ministers, premiers, MECs, HODs, mayors, Speakers, municipal managers and chief financial officers free rein. Without enforcing discipline, controls and action required to develop municipalities into

financially sound entities, a total failure to serve communities is the inevitable result.

What is the way forward then? All these municipalities are bankrupt and cities, towns, townships and villages are destroyed to a level of devastation. No basic essential services can be delivered. Their obligation to uphold the Constitution, does not exist.

Rather than recycling the same methods that never produced improved governance in municipalities, root causes should be identified and addressed with the necessary discipline and unbending compliance to the MFMA.

We have perfect legislation. In the chaos of collapse, the NCOP’s inherent role as a House of Parliament to protect the integrity of the three spheres of government and effective government now has to intensify their focus on the reasons of mismanagement and collapse by addressing the needs and challenges of collapsing municipalities. We must find solutions to reinstate accountability ensuring discipline and controls, to ensure implementation of government objectives.

The NCOP cannot just cover ground in their oversights. As long as we sow the wind, we will continue to harvest whirlwinds of disaster.

Mr S ZANDAMELA: House Chair, to say that the state of local government in South Africa is in utter disarray, will be a complete misrepresentation. Hon House Chair, the reality is that, we do not have local government. That sphere of government has completely collapsed. It is one sphere of government that was supposed to work, because when our people talk about government, they are talking about local government.

When our people need water, they want water from the municipality. When our people want electricity, they want electricity from the municipality. When our people want sanitation infrastructure, they want it from their municipalities, not from the provincial government. Our people want roads, refuse collection on the side of the road, infrastructure maintenance from their municipalities because, municipalities are the core phase of the service delivery.

We will deal with the administration and the dysfunctionality issues later. Firstly, let’s deal with the failure to create local government and the municipalities that are capable and are

financially sound. The EFF has raised these issues before. At the centre of South Africa’s local government as it is envisaged in the Constitution, it assumes that there are jobs, people work and all part of the country has economic activities.

In this way, House Chair, people will be able to pay for municipal services, property rates, water and electricity. But the reality is that, more than 10 million people are unemployed, and the majority of those that are employed, earn below a living wage. As a result, municipalities cannot raise their own revenue.

In its current design, the Division of Revenue Act that is used to allocate money to the spheres of government and between municipalities, based on these gross assumptions, it means that the equitable share and conditional grants municipalities receive through the division of revenue, is the main source of activities in these areas. Hence, we see infighting amongst councillors and municipal officials over tenders and positions.

This is how the Ruling Party has been able to maintain apartheid spatial planning because, even municipalities such as Metros, who are able to raise revenue, prioritise mostly affluent areas and white residents, while our people in informal settlements and

townships such as Langa, Umlazi, Alexandra, Marikana, Deepsloot, and many other areas continue to live in apartheid ... [Interjections.]

Mr K M MMOIEMANG (The ACTING HOUSE CHAIPERSON): You have

disappeared from the screen, hon Zandamela. Thank you. You can continue.

Mr S ZANDAMELA: Oh, which means with each year that passes, House Chair, municipalities have descended deeper and deeper in the state of chaos. If we do not change the state of a Revenue Bill, our municipalities will never be financially sound. Instead, we will continue being hopeless, dissolutionment and frustration marked by service delivery protest, violence, crimes and corruption.

Instead of solving problems of poverty, eliminating inequality and reshaping our society, our municipalities do not have capacity and everything is outsourced through tenders. They outsource even most basic thing such as delivery of mail in offices. This happens everywhere in the municipalities. Through tenders, prices are inflated, monies are stolen, and most of the time, projects are left incomplete because goods were not delivered.

House Chair, we need to rethink municipalities, and in addition, to amend division of revenue and equitable share, we must get municipality capacity. Municipalities must employ artisans, engineers, planners, qualified and competent administrators. What we see now in these municipalities, is a sign that changing the law and building capacity may not be enough because, the Ruling Party is finished. They don’t know what to do anymore.

Fifteen municipalities in the North West, are under administration, and there is no sign of improvement on them. The administrators are also joining the queue of looting. In Gauteng, municipalities are awarding tenders to state officials, family members and the relatives of the councillors. This is the Auditor-General’s report, House Chair, of 2018-19.

In Mpumalanga and the Northern Cape, there is so much instability caused by infighting amongst the members of the Ruling Party, that they have forgotten about our people in servicing them. The Western Cape the only areas where the municipalities deliver service to, is the predominantly white areas because, the DA is a racist party that wants to protect the privilege of the few whites and continue with the privilege of apartheid.

In the Free State, since 2016, people of Metsimaholo do not know the meaning of functional municipality. The municipality was under administration. If not under administration, there were elections which created some other challenges. The people of Metsimaholo have suffered, and it’s enough, House Chair. There are no ideas, no political will and there is generally no imagination in the Ruling Party.

Even the proposed district model development, is misguided, as political imagination will be benefit consultants who are hired by Cogta, while our people are not getting services. We must do away with consultants in municipalities. We must abolish tenders, insource cleaners, security guards, gardeners and all other workers who are currently outsourced.

Mr K M MMOIEMANG (The ACTING HOUSE CHAIPERSON): Please conclude,

hon Zandamela.

Mr S ZANDAMELA: Our municipalities must procure majority of the goods that they use from local suppliers. They should prioritise women and youth to form businesses, our municipalities must do away with giving land to people to build malls, and should build special economy to invite investors. But also, our municipalities must be

drivers of job creation as the only dependent sphere of government that can change the lives of our people.

Lastly, House Chair, we want to put it into record that, in our campaign to build capable municipalities, we don’t want to deal with racism. Those municipalities that still treat our people like they are second class citizens; you must know the EFF’s history. It is only the EFF that believes that the practical plan on jobs, land and capable municipality must prevail.

It is only the EFF, House Chair, that will radically make the municipalities and the importance of local government possible. It is only the EFF that understands what needs to be done in creating capable and financial sound municipalities, like to create jobs, eradicate poverty and reduce the inequality. I thank you, hon House Chair.

Mr M DANGOR: Hon Chairperson, as the ANC we recognise the contribution made by the late Auditor-General Kimi Makwetu, in raising the alarm bells on the financial state of municipalities and in the quest of improving governance of our democratic dispensation, may his soul rest in peace and may his commitment in serving the nation with diligence endure in the public service.

We also welcome the appointment of the first female Auditor- General, Maluleke and wish her well in taking the Auditor-General’s institution to higher heights. Successful reports of the Auditor- General have raised various challenges that lead to negative audited outcomes due weak and compromised internal controls.

Prudent management of financial resources have a direct impact on the capacity of the municipalities to deliver all planned projects and general delivery services.

Government has introduced various measures like the municipal support programme, the project viability, project consolidate, local government turnaround strategy and the current back to basics and team finance to assist municipalities with financial constraints and governance.

With regard to challenges and the implementation of financial recovery plan, despite the interventions, there are persisting weaknesses as reflected in the 2019-20 audit report. Thus our focus should be in the innovating and introducing interventions that will improve capabilities in the municipalities in building financial viability through addressing the structural challenges affecting local government. There is an unequal playing field.

The financial capacity ... 27:26 **no sound from here until** 15:00

... to confront problems of the history of apartheid we must find the solutions in several court findings.

In conclusion the system of local government and the assumption of the white people on the funding model of local government, require urgent intervention to ensure a more sustainable funding model which takes into consideration the lack of substantial basis in rural and unviable municipalities.

I thank you very much, Chairperson. However, having said so, I want to repeat that that we should do so in the spirit of co-operative governance there are no masters and no seniors. We are the spheres of government not tears of government. Thank you very much.

Chairperson. [Applause.]

The TEMPORARY CHAIRPERSON (Mr K M Mmoiemang): Thank you, hon Dangor for representing the ANC. Hon members, allow me to take the reigns back to the House Chair, the hon Winnie Ngwenya. I had to intervene in terms of Rule 12 when there were connectivity problems. Over to you, hon Ngwenya.

Mr R PILLAY (KwaZulu-Natal): Hon Chairperson and hon members, let me thank you for this opportunity to participate in the very important debate, and let me convey the very good wishes of our Premier, Mr Sihle Zikalala. Let me also record appreciation for the recent NCOP Week focused on various cases in the municipalities, and we want to ensure you that the level of oversight adds great value to the effort in overcoming the challenges that we all agree that we are facing.

Of course, as the KwaZulu-Natal province, we are a largest province with 54 municipalities. Therefore, other municipalities can appreciate the extent and range of our geographic space and the institutions that we have to deal with. A large number of them are rural, and total ground dependent, and we have already been picking up in some of the things that other hon members have raised in the debate. But perhaps there are two key issues here that apart from the grants which are sole financial source, the ability to generate revenue on a sustainable basis, is the one issue.

But also, as the other members have already raised that, the ability to spend efficiently, actively and with impact. I think that must come more and more within the frame. What is the value of impact, even when we spend without irregularity? Is it having an

impact in the lives of people, in the way that inspires and causes the multiplier effect? I think that we want to concur with the report that you have tabled and the recommendation thereof.

Hon Chair, concerning the report and the speakers that have spoken thus far, I think they made it clear that there is no silver bullet and the number of issues that have to be attended to simultaneously and over a sustained period to achieve physical impact and change that we all wishes to see. I would respectfully submit that that these issues include the following, and in no means exhaustive list.

The back to basics programme remains highly relevant. In essence, this relates to ensuring that the existing systems of basic services that relates to delivery of water, electricity, sanitation, waste management safety, and local economic development. I want to argue, in take away on this particular input, that local economic development must find equal space and priority in the work of local municipalities. Secondly, of course, the skills and the employment processes in professionalising the workforce.

I think that as the Ruling Party, we must confess that there were mistakes that have been made, and we have to reinstate absolute professionalism in the workforce and management of the municipalities. We also have to accept responsibility for political coherence at many levels, because it is in any political coherence that we ultimately find reflection at the lower level. We too in our province we have several coalition governments, and I think that we must be able to mature our system so that sure that even where there are coalitions, they are able to be managed effectively, and not to affect service delivery issue.

Also, I want to argue that we have reached a stage as South Africans that there are issues that are beyond party political contestation. So, when you have an issue such as labour dispute, that then results in the sabotage of the water care system that affects hundreds of thousand people, which is something that is seriously wrong, because even the same labour dispute or the labour, the work belongs to families who benefit and not benefit on the water that flows from the pipes that has been sabotaged.

I think that the social contact between labour, business, government and civil society must raise the bar on what I would call value systems. There are certain things that we just do not do

that we all agree that are beyond co-operate political dignified conduct. Then of course, there is what we call the interface between the political and the administration, that comes back to the professionalism of the approach, but each one must know their role.

We are pleased that increasingly, the law is becoming very clear, and I sense, with all the enforcement that is taking place now, that there is beginning to be a culture change that officials who might be tempted to do wrong things in their interface relationship understand that when it comes later on, when emails are released or other wrong doings are exposed, there will be nobody left there to back them up. The only thing to defend them there is law. They must be able to show that they are active in terms of the law.

Chair, I also think that we need to revisit the old concept of the Masakhane campaign, and I just want to link it, for example, to the illegal connections on electricity and water. Yes, there is an issue of our poor people who cannot afford to pay, that’s why we have an immunity policy, and that’s why we have an allocation of funds for the immunity policy. So, for illegal connections, there is no moral argument for them. We must then be able to take it out.

I am very pleased recently in engaging amakhosi and iinduna, and they explained how the water system works in their areas, and how it was designed for a particular level of delivery. If you have the illegal connection within laws of the water and it reduces the pressure that unable to reach beyond 50% of its destination, we then began to understand that these illegal connections fundamentally sabotage the efficacy of the system, and then they bind into a campaign to expose the illegal connections to ensure that the system works correctly.

Chair, we have our fair share of section 139 intervention, and I don’t agree fully that it hasn’t worked. I think that it has worked in stabilising the municipalities, and not making the downward rush continue. They might have a risen fast enough to the state where we want it. But I think that we see a steady progress. There are two categories that I would argue. There are those smaller municipalities where the state goes in, but there seems to be a high turnover because, not many of those wants to go out and work in small rural towns and that becomes a problem, because then we don’t have a sustainability of the effort.

But we also have cases like Msunduzi, which is still under administration, but we see a systematic improvement. They have a

new Municipal Manager, they have now filled all the top senior management positions and they are working their way down. They have a war room which systematically tackle the actual implementation and demands accountability from officials at every level on systematic basis.

We have a system of champions for each district in our municipality, and we have it in the village. That is also linked to attacking poverty, inequality and unemployment. Of course, the unemployment rate post-Covid is at a very high rate, and that become the number one priority. The final argument I want to make is that, I disagree that water is the number one issue for us in KwaZulu-Natal, and it’s a multifaceted issue, it’s a demand supply issue, it’s an infrastructure issue and it’s an aging infrastructure issue.

But the most important point that I want to raise is an operation and maintenance, and the enforcement of the 8% operational budget towards operations and maintenance. We have to look after the infrastructure we have, before we can look at building new infrastructure that otherwise we have to influence the budget. But I’m glad that the hon Minister has raised this quite sharply. Thank you very much. [Applause.] [Time expired.]

Mr D AMERICA: House Chair, the Provincial Week was conducted through the hybrid model from 27-29 October 2020 with a particular focus on section 139(5) and the interplay between sections 139 and

154 of the Constitution and its implementation in the Kannaland Local Municipality.

Kannaland Local Municipality is located in the western part of the Little Karoo and includes four towns namely; Ladismith, Calitzdorp, Van Wyksdorp and Zoar. The local municipality has been faced with, and currently still faces challenges in financial sustainability, which can be ascribed to political instability at the council level, owing to a lack of an outright winner after the municipal elections dating back to 2004.

Basic service delivery such as water and sanitation, roads, electricity infrastructure as well as refuse collection has been severely impacted by these challenges. The systemic nature of these challenges necessitated the municipality to go under voluntary administration in terms of section 139(5) of the Constitution. In this regard, the Provincial Department of Local Government appointed an implementation manager to monitor the implementation of a Financial Recovery Plan and provide a holistic support package.

From 2004 to 2008 Kannaland Local Municipality received over R33,9 million under Project Consolidate from both national and provincial departments to implement specific identified projects. Furthermore, the local municipality was nominated in 2010 to be part of the Local Government Turnaround Strategy Programme.

Between 2011 and 2014 the Department of Cooperative Governance and Traditional Affairs, COGTA, the Department of Local Government, Provincial Treasury and Provincial Sector Departments reviewed the turnaround strategy with a view to bring it in line with the principles of the Back-2-Basics programme.

Since 2014, a number of critical projects were implemented to improve governance, enhance stability and service delivery in the municipality. Due to the internal politics of the council and the resultant dysfunctional administration under the previous ANC and The Independent Civic Organisation of South Africa, ICOSA, coalition governance. It was during this period where mismanagement and fraud became endemic.

Following the 2016 local government elections, political leadership at the council level changed, resulting in the informal coalition between the DA and ANC. The new council inherited a municipality

that was facing serious governance, financial and service delivery challenges, with outstanding debts of over R75 million and creditors amounting to R69 million.

A drastic... [No sound.] conventional development approaches employed in Kannaland have not succeeded in lifting thousands of the rural inhabitants out of poverty. In order to address the scourge of poverty, the local economy needs to be diversified and the capacity of the municipality to deliver basic services needs to happen urgently and as a provincial government are committed to such support development.

The municipality is still battles under financial instability owing to the previous culture of financial mismanagement, hollowing of public funds with impunity and lack of audit controls.

Kannaland Local Municipality was unable to meet its financial obligations and cannot pay all creditors, while delivering basic services resulting in the municipality inflating municipal rates in an attempt to raise revenue leading to an increased number of payment defaults. At the cost of its residents.

Political instability and interference in the administration of the Council that affects decision-making must be prevented to ensure the effective implementation of the financial recovery plan. Any instability at Council level will negatively affect successful implementation of the plan, compromise service delivery and divert the assurance of financial sustainability.

It must be stated that financial sustainability in our municipalities in the Western Cape, remains a top priority and in this instance, we as provincial government consider our municipalities as priority and we will them in terms of delivering basic services to residents and who rely heavily on the services for economic development as apriority for this administration.

While Kannaland currently is governed by an ANC/ICOSA coalition, it must be noted that they have been in government during the time, the municipality financial sustainability was severely compromised, and hope that this time around, it will be different.

The Auditor-General’s consolidated audit outcomes report revealed that audit outcomes across the Western Cape have improved, showing real, increasing movement towards financial responsibility. The report also highlighted that all 27 DA-led Western Cape

municipalities were awarded unqualified financial audits. Of the three remaining municipalities, all governed by the ANC, two received qualified findings and one is currently outstanding.

The Western Cape government has taken every measure possible, to ensure financial sustainably and the backlog in service delivery as a result of COVID-19 is cleared.

Prior the COVID-19 pandemic, provincial and local government programs were severely stretched due to funding constraints. The allocation in equitable share from national government has been decreasing year-on-year, despite growing demand for more services. The challenge to deliver services and houses to people is becoming increasingly hard.

Our municipalities indicated that the levels of rates and tariff collections during the ongoing COVID-19 pandemic have dropped significantly. Many recorded that payment rates are at record low levels. Jobs are under pressure and there is very little room left for our municipalities. We are currently in serious trouble and the municipalities will increasingly struggle to improve the lives of their communities. There is simply not enough money to do the work and roll out the infrastructure needed.

In conclusion, while Kannaland is not out of trouble yet, it is important to note that a DA/ANC coalition have made great strides in overcoming these challenges, in fact negating these challenges before they are able to occur, through transparency instead of corruption. It is hoped that the newly formed coalition in Kannaland between the ANC/ICOSA will build on the gains of the DA. I thank you, hon House Chair.

Mr D R RYDER: Thank you very much House Chair. What a joke! Mr Masondo as Chair and Mr Dangor as the Provincial Whip, should be ashamed of themselves for the way that this programme was carried out in Gauteng Province. The provincial week was themed as a follow up to local government week, under the theme: Ensuring capable and financially sound local government. The report that we are discussing today reflects that, and I quote:

A key theme that emerged from the Local Government Week was the inadequacy of support to local government, and the need to focus the 2020 Provincial Government Week on the Section 154 support needed by municipalities.

So, let us look at the support that we gave to struggling municipalities and to their residents. On the Tuesday programme was

cut short to allow for questions to the President. On the Wednesday the programme was cut short to allow members to listen to the Medium Term Budget Policy Statement, MTBPS budget speech from Finance Minister Mboweni. This a National Assembly meeting which we could have easily caught up on using the recordings and the media. The Thursday programme was diverted to go and investigate a matter which, while being most serious and dire, falls outside of the responsibility of the NCOP and especially outside of the theme of the week.

So, let’s discuss what the ANC were trying to avoid. The three municipalities under scrutiny were City of Tshwane Metropolitan Municipality, Sedibeng District Municipality, and Emfuleni Local Municipality. The Tshwane power grab by MEC Maile was overturned by the court and the DA government has returned to office. I would like to say, good luck to Mayor Randall Williams and his team.

The Sedibeng District Municipality was the subject of a substantial report, released on 2 November, two days after our engagement, and yet the MEC chose to not even mention it when he presented it to us. The report proposes that the district be placed under administration, with councillors who supported certain decisions being made personally liable for the repayment of the financial

losses caused by their poor judgement and decisions. It is amazing that the arrogant MEC chose not to even mention the impending report. The mayor spoke about everything except that which falls inside their powers and functions.

Now, let’s look at Emfuleni, the basket case of Gauteng. The report on hand records the comment from the Mayor that, in spite of the paperwork, Emfuleni after two and a half years has had very little support from provincial or national government. The municipality then became the focus of the media on 9 November, as service delivery collapsed in large areas as a result of both Eskom and Rand Water shutting down supply, one week after we were supposed to do our oversight there.

MEC Maile said in March that he was finalising a deal with Eskom. Clearly, he failed but didn’t bother telling us that in his report. The knock-on effects of Eskom and Rand Water’s actions have been extreme. As I stand here there are areas that have been without electricity for 12 days. The suburb of Three Rivers has had no power for almost two weeks due to the total collapse of the municipality. The Phoenix Park as well, is flooded with sewage.

Boipatong is again without water. But you, Mr Chair, felt it more important to do the work of the portfolio committee on transport

than to focus on the NCOP’s work where we should be making a difference.

To show just how disingenuous you are, Mr Dangor went to great lengths to emphasise that only questions and answers were to be handled from Tuesday to Thursday, and that conclusions and deliberations would take place on Friday. Imagine my consternation when I was queried on some of our conclusions while doing a radio interview on a different matter on the Thursday morning. It turns out that Mr Dangor, rather undiplomatically chose to release a media statement quoting some of his conclusions but he packaged them as the conclusions of the delegation. When challenged on the issue he could find no response and he hid it behind the Chair, Chairperson.

This really is the arrogance of the ANC on display. Total disdain for the people who elected you. Total disdain for the job that we are supposed to do. Total disdain for other Members of this House. Total disdain for protocol or even common courtesy. Total disdain for ... [Interjections]... and at the end, it is the people of Emfuleni, Sedibeng and Tshwane who suffer. It is the people of Gauteng who must pay for MEC Maile’s court cases on appeals, and all are left with no service delivery at all.

This report is a whitewash. It includes nothing to show how the MEC arrogantly diverted us and did not disclose to the delegation what the real situation is. It includes nothing to show how the Mayors of both Emfuleni local Municipality and Sedibeng District Municipality, contradicted the remarks of the MEC at different times.

It also does not reflect the fact that no amount of administrative interventions can help until such time as Luthuli House intervenes and sorts out the political infighting in the Emfuleni Local Municipality, and the Sedibeng District Municipality. It may be a small problem in the light of what is going on, but even the process of adopting your report was flawed. How can a report be ATC’d (Announcements, Tablings and Committee Reports) before the delegation has even adopted it?

Gauteng sits with the Chair, the House Chair and our Whip, all ANC representatives are senior members of this House, and yet you can’t get a simple process right. Your arrogance is boundless. You should be ashamed. Political expedience tried to ...[Interjections]...in Gauteng was a failure. Just like the ANC failed the people of Tshwane, and now the people of Emfuleni and Sedibeng too. Thank you House Chair.

Mr S E MFAYELA: Chair, it is no secret that the state of municipalities in South Africa is in a shamble. Indeed, municipalities are facing great issues. It has become a norm that municipalities receive qualified audit outcomes. Madam Chair, in the last years’ only 20 out of 267 municipalities received clean audits, meaning that only 8% of our municipalities are performing adequately. That is in good and clean governance.

What is more problematic is that, the irregular expenditure in municipalities has increased by R7 billion in the last financial year. As it stands, irregular expenditure in municipalities amounts to R32 million. This is both alarming and wasteful in the efforts to develop our service capacity. Madam Chair, much work needs to be done to steer our municipalities onto more viable and sustainable trajectory so that they can perform at their level best.

Madam Chair, it is our duty to strengthen our forces and deliver relevant solutions that will ensure that our municipalities are capable and financially sound. The IFP condemns government leaders who deliberately disregard audit recommendations. The state pays exorbitant amount of money for the work of the Auditor-General and for government leaders to fail to implement those recommendations is a slap in the face.

It is a waste of money and multiples of municipalities’ failure to improve their audits. Madam Chair, what is more concerning is that recommendations do not require anything outside of what authorities are legally obligated to do, which means that these municipalities are failing to do their jobs.

It is disgraceful that public officials are failing to maintain even the most basic accountability measures. Proper planning and budgeting, keeping proper records and reporting on finance and performance are all tasks that are stipulated in the Public Finance Management Act of 1999, and government leaders are failing to do that in the first place. They fail to do it again when it is recommended by the Auditor-General. Madam Chair, it is widely unacceptable and needs to come to an end.

It is of utmost importance to promote accountability mechanism that will curb administrative lapses, hold local government accountability and prevent corruption and abuse of power. Local government can no longer disregard audit recommendation within impunity. Adequate consequences management must be implemented to ensure that local government faces punishment when they disregard audit recommendations. I thank you Madam Chair.

*IsiZulu:*

USIHLALO WENDLU (Nk W Ngwenya): Yebo, baba.

Mnu M J MSIBI: Ngiyaxolisa, mama, ukuthi inethiwekhi yethu ayilungile kahle la kulesi sakhiwo sikaHulumeni, ngiyaxolisa.

*English*:

Hon Chair, the chairperson of the select committee, hon Dodovu, hon members of the committee, hon Ministers and Deputy Ministers, my colleagues in the province and all officials, we want to take the opportunity to appreciate the visit that was done ... [Inaudible.]

... a few weeks ago, which was undertook in three municipalities. I must say ... [Inaudible.] ... we have a challenge in terms of good governance and financial management. Hence, ... [Inaudible.] ...

Most of our challenges ... [Inaudible.] ... they overlook their own ... [Inaudible.] ...

The CHIEF WHIP OF THE NCOP: Hon Chair, we cannot hear the hon member.

The HOUSE CHAIRPERSON (Ms W Ngwenya): Chief Whip, I can also not hear. I am trying to adjust the speaker, but it is the same.

The CHIEF WHIP OF THE NCOP: Hon Chair, it looks like we cannot hear the hon member. I propose that we pass the hon member. Maybe he will find a better position and you can then grant him an opportunity to present later.

*Afrikaans*:

Mnr S F DU TOIT: Agb Voorsitter, ten einde te verseker dat munisipaliteite in staat is om dienste te lewer en finansieel standvastig is, moet die denkwyse van die meerderheid persone wat tans nie dienstegelde betaal nie drasites aangepas word en polulistiese politieke idiologieë verander word na realistiese implimenteringsbare werklikhede, met die vervolging van lafaards.

Die probleem is dat daar oor wanbesteding en korrupsie gepraat word en dat dit as oorsake van die verval uitgelig word, maar die amptenary wat die wandade pleeg bly steeds in hul posisies.

*English*:

This session is yet another opportunity for government to ignore their inability to govern and to blame others for their misfortune, shortcomings and failure to provide the basic needs of all South Africans. The saying goes: “There is no such thing as true perspective but only interpretation.” The sad reality is that there

can be no interpretation of the state of local government because the stench is there for all to smell.

*Afrikaans*:

Sies!

Die uitverkore kaders wat deur die ANC, op alle vlakke van regering ontplooi is om die sindikaat te versterk en te befonds, het tot die verrotting van die meeste munisipale skrukture gelei. Die vrot loop letterlik deur die strate in ons natuurlike waterbronne in.

Madibeng, Koster, J B Marks, Maquassi Hills, Mahikeng, Matlosana, om ‘n paar te noem.

*English*:

If you have seen one, you have seen them all.

*Afrikaans*:

Slefs die Minister van Finansies, Tito Mboweni, is bekommerd oor watersekerheid en die gevolge, indien daar ’n tekort is.

*English:*

Section 153 of the Constitution stipulates that a municipality must structure and manage its administration, budgeting and planning

processes to give priority to the basic needs of the community and to promote the social and economic development of the community.

ANC-led municipalities are not adhering to this instructive section of the Constitution, but there are no consequences. The only consequence is yet another self-pitying statement, entitlement, enriched outburst and blame-shifting tirade, to shift the focus to another turnaround plan, another strategy, another commission of enquiry.

Political responsibility and oversight is clearly lacking in most provinces. In the Free State, North West and other provinces, mayors appear to be unable and unwilling to attend to service delivery crises.

Matjhabeng Local Municipality recently finally handed in Auditor- General, AG, reports after it failed to do so for years. This municipality is on the verge of a service delivery crisis with water leakages being the biggest concern

Residents are fed up with years of neglect by the municipality to maintain and develop infrastructure. The municipality, last year, could only spend 20% of water infrastructure grants.

Water losses amounts to R155 million. Simultaneously, growing debt to Sedibeng and Eskom is of concern. Again, it appears that there is no meaningful plan to fix Matjhabeng.

Even the Minister of Water and Sanitation made it clear that she has sleepless nights about the fact that the bankrupt Sedibeng will not be able to continue to supply water to municipalities who simply cannot pay their debt.

The section 139 interventions are proven to be a waste of time and money. Administrators are handpicked by the ANC, to intervene in ANC-led municipalities, where handpicked municipal executives appointed handpicked municipal workers to advance political agendas, instead of focussing on delivering services.

The ANC created the popular, unbridled culture of nonpayment of municipal accounts. This has resulted in Eskom threatening to disconnect electricity supply to defaulting municipalities, with the inevitable result of increased service delivery protests and the further contraction of the economy.

The current municipal structures failed because populism and self- enrichment were put before justice, values and respect for the broader society.

In closing, a quote by Charles Mackay:

You have no enemies; you say? Alas, my friend, the boast is poor. He who has mingled in the fray of duty that the brave endure, must have made foes. If you have none, small is the work that you have done. You’ve hit no traitor on the hip. You’ve dashed no cup from perjured lip. You’ve never turned the wrong to right. You’ve been a coward in the fight.

Today, it seems that cowards are plentiful and traitors too.

The HOUSE CHAIRPERSON (Mr A J Nyambi): Hon Motswana, unmute the stage is yours. While hon Motswana is trying to sort the muting part, let me invite the Free State MEC of Finance, hon Brown.

Ms G BROWN: House Chairperson, Chairperson of the NCOP, Chairperson of the Select Committee on Co-operative Governance and Traditional Affairs, Cogta, members, Chief Whip, Ministers and the three Ministers present, members of the NCOP, provincial Whips, MECs,

Members of Parliament and members of the provincial legislatures, on behalf of the Premiere of the Free State Mme Sisi Ntombela and the executive would like to thank you for affording the Free State province the opportunity to contribute and the [Inaudible.] Please, allow me to cite a report written by the World Bank in 2018 on South Africa. It states:

South Africa has come a long way since the advent of democracy, but its transition remains incomplete.

I must remind the House of the first three clauses of the Freedom Charter which speaks the central objectives of our democratic movement and they are: the people shall govern; all national groups shall have equal rights; and the people shall share in the country’s wealth. While the first two objectives have largely been achieved since democracy, historical disadvantage specifically to our masses [Inaudible.] in wealth of the country creating a main barrier for change. As such the economic transition from a system of exclusion and segregation and apartheid remain incomplete.

Hon Chairperson, through the ANC-led government, poverty has declined significantly since 1994, but inequality remains extremely high. Improved access to basic services such as electricity, water

and sanitation, the provision of over four million houses through state programme and the extension of the social wage have considerably improved the living standards of millions of South Africans. A progressive fiscal system, expanded access to credit, jobs in the private and public sector an affirmative action polices have reduced inequality between black and white South Africans although inequality within the black population has increased.

Overall inequality has risen since 1994 and in some cases policies adopted by the government have inevitably helped increased it further.

These challenges require sustainable solutions for effective and efficient municipalities in the local government. It is clear currently that the state of municipalities remains far from being ideal. But with a concerted effort from national, provincial and local government to turn it around, they also need to have one understanding and accountability at municipal level which result with its council and if they are able to perform, then provincial and national must step in. This will ensure that the line of accountability is clear.

Hon Chairperson, I would like to outline some of the challenges that we have identified throughout some of the Free State

municipalities, but I am also going to provide some solutions with the House today. Some of these challenges are unfair distribution of the national fiscus to local spheres of government. Significant regulations and [Inaudible.] have an impact on service delivery and annual financial statement reporting. Challenges of political administrative interface, unscramble coalitions have a large impact on administration, high vacancy rate, extreme low levels of capital budget spending, [Inaudible.] revenue base resulting in financially unsustainable municipalities, reversing apartheid special pattern and managing rampant urbanisation has really contributed to a large part of our budgets towards reviewing municipalities’ special divisions; significant credit payable including bus services; increasing debt owed to municipalities ; and [Inaudible.] distribution and [Inaudible.] of powers and functions.

In conclusion, the province would like to recommend the following important ingredient to improve municipal sustainability. They have to review the fiscal distribution model based on municipal economy and service delivery. They have to simplify rules to improve reporting and focus on the greater part of the municipal budget to service delivery. We have to have fit for purpose structures relook at both service debt, Eskom based on the 1994 assets [Inaudible] for municipalities to Eskom, national and provincial government

should support municipalities and to do research before introduction to new policies and programmes. Key technical positions need to be filled by competent individuals within municipalities.

As a ruling party, the ANC will continue towards building a capable state for the improvement of the lives of the poorest of the poor. Thank you to the NCOP for visiting our province and for the extensive time spent in the province during that week. We would like to thank the NCOP for providing us with support and guidance towards solutions and to the provincial legislature. I thank you.

Mr A MOTSWANA: Hon Chair and hon members, the ANC in its 54th national conference affirmed that local government forms part of the ANC’s overall socioeconomic transformation agenda and that it is the sphere of government closet to the people. Service delivery agenda of local government therefore remain key in achieving a better life for all communities. The Back to Basic strategy that the ANC government developed rest on five key pillars, and those key pillars are putting people first; good governance; sound financial management; delivering quality services; and building sound institutional and administrative capabilities to en sure that every municipality performs basic functions without compromise.

Although the strategy was designed with the objective to get all municipalities out of a dysfunctional state, support as well as well as incentifies them to stay effective with a targeted and brace response to corruption and fraud, the dire state of our municipalities demand a concrete and a turnaround plan to address the challenges that some of our early municipalities are facing. This daunting challenge must be squarely confronted and it will require collective efforts to achieve the objectives we have set ourselves to reboot local government sphere. In doing so all spheres of government should work in a collaborative manner to support municipalities that are in financial distress.

Recruitment of appropriately skilled professionals is the first and the most crucial step that we have to undertake towards sound financial management of our municipalities. We concur with fully that the provincial government need to scale up monitoring and evaluation capacity, ensure that early warning systems are in place and that implementation of solutions is a collaborative effort in partnership with municipalities.

Hon Chair, the one-size-fits-all and the hammer approach that characterise provincial intervention has regrettably not contributed to the financial sustainability of some of the

municipalities hence our support for the closer of the window of recycling of administrators. An effective turnaround strategy geared at accelerating service delivery can only be implemented by vetted, ethical and competent administrators. The renowned theoretical fascist element instead reminds us that the definition of insanity is doing the same thing over and over again but expecting different result. Local government cannot continue following the same process by applying the same field formulas and expect different results. In order to advance ahead purposefully and in executing developmental sound financial management accountability and new ways of doing things, the establishment of forensic audit unit by the provincial Treasury to investigate wasteful and unauthorised expenditure and all corruption-related matters is applauded. Speedy referral of cases of financial mismanagement, fraud and corruption for investigation as part of consequence management will go a long way in resorting the confidence of our communities in public institutions. There must be serious consequence for service delivery failures as well as the audit outcome regression if the downward spiral trend is to be nipped in the bud. It cannot be business as usual.

The inability to investigate and hold accountable those responsible for failures to uphold the law in local government has seen some of

pour municipalities losing huge amount of money to corruption. A cohort of patriotic public service cadres that shares values with the likes of the out gone and late Auditor-General Kimi Makwetu that is committed to serve not their own interest but those of the public they have committed to serve, is required at helm of local government.

We must frankly concede that at the centre of lack of performance in municipalities is acute lack of capacity, for example, a municipality would have its own project management, but still hire consultants for design and maintenance of their infrastructure.

We also recognised that some of the communities have experienced regression and deterioration in basic services due to infrastructure failure, aging infrastructure, lack of investment and implementation of operation and maintenance, vandalism, theft and corruption and culture of nonpayment of services. Prioritising implementation of the district development model as a mechanism for government to serve the people better through co-ordinating district-base plan and budget will certainly assist to address some of these challenges. The active participation of all departments including deployment of Ministers, Deputy Ministers and MECs as district champion in municipal integrated development plan, IDP,

process will ensure that departmental plans and budget are part and informed by district IDPs.

Beside the strengthening intergovernmental structures for better co-ordination of development effort it must ultimately lead to ring-fencing of funding for maintenance of bulk infrastructure by

Cogta and the Treasury. Unless all of us embrace our civic duty and the spirit of Masakhane and encourage those that are able to afford payments of rates in municipalities, local government will continue to be under pressure.

In conclusion, as the ANC we are committed to building a developmental state that provides effective basic services in partnership with our people. To this end ethical and moral leadership is required to take forward a far-reaching agenda of national economic development while at the same time placing our people and their involvement at the centre of the processes. Thank you, hon Chair.

Cllr P HLUNGWANI: Hon Chairperson and hon Deputy Chairperson of the NCOP, hon members, it is a distinct honour to address this NCOP debate in the Provincial Week under the theme, “Building a Capable and Financially Sound Municipalities.”

Hon Chairperson allow me to start off by expressing sadness at the untimely passing of one of our own, the Auditor-General, AG, Kimi Makwetu who passed away unexpectedly. The end of this month would have marked the completion of his term of office that he indeed he contributed immensely towards building some capable and financial sound municipalities. It has been an honour and privilege for SA Local Government Association, Salga, to have witnessed his energy and devotions to a profession that at the core of the public financial accountability in this beloved country. He will forever remain in our hearts and memory.

Hon Chairperson, in two weeks’ time on 5 December, we will celebrate 20 years of democratic local government. It is Salga’s view that local government has undergone rapid transitions and transformations over the last 20 years. There can be no doubt that local government has had a profound impact on the lives of many ordinary South Africans in expanding the provision of services to many of our people. While it is true that a number of serious and complex challenges persist in some municipalities. By and large, local government has delivered quality services and better life for the majority of our people.

Official statistics show that tremendous progress has been made particularly in historically neglected areas, like former homelands. Despite the reality that municipalities are continually chasing a moving target due to our population growth and in migrations rapidly giving the rise to new settlements.

Local government finances have come under a lot of scrutiny over a past few months which has been further exacerbated by the negative impact of the COVID-19 on the revenue collections of municipalities to indeed breath life and give effect to the theme of this NCOP that building some capable and financial sound municipalities, much needs to be done by government across all three spheres.

Hon Chairperson and hon members as a starting point, it is our observations that there are serious weaknesses in our internal municipal oversight mechanisms. The Auditor-General 2018-19 municipal audit outcome confirms that our local leaders including mayors, municipal councillors and municipal public account committees, provide very little oversight over what happens in the municipal administrations and what is executed by our political leaders in the municipalities.

It is our proposal that though Parliament is currently processing amendment to the Municipal Structures Act that intend to legislate the role of Municipal Public Account Committee, MPAC, the political assurance providers must play a more active role in ensuring that that the preventative controls are implemented.

Secondly, hon Chairperson and hon members, building capable financial sound municipalities also requires accountability and the consequence management. It is our observations that one of the findings of the Auditor-General over the past year has been part of the cases of violations and transgressions in municipalities which are not being pursuit and those responsible are not sufficiently held accountable.

Following our engagement with the Auditor-General on 18 June 2020, on the municipal’s audit outcomes for the year 2018-19, we approved an approach under the theme, “To Extract Consequences and Accountability from Municipalities.” In this regard we have already directed municipalities to furnish us with their response plans to address the occurrence resulting in the negative audit result of as well as the provisions of the very same results of the skills assessment of the respective Finance Departments with the view to establish the necessary capacity to prevent this recurrence of the

citation by the Auditor-General. Having secured a detailed information from the AG, we are highly concerned about the municipal employees and staff and the employees of the state doing business with municipalities as well as consultants that provided financial support to our municipalities with no resulting improvements or impact on the financial management of our institutions.

It is disturbing that the AG’s information confirms that in 40 municipalities tenders awarded were awarded to municipal officials and in 77 municipalities awards were made to close family members of employees or to councillors. In 151 municipalities private tender awards were made to other state officials and in 107 municipalities falls declarations were made to employees or councillors. It further concerning that further declarations 393 service providers providing financial management and reporting support municipalities at a cost of R1,2 billion. We are not seeing the committed results. With the law-enforcement agencies already scooping those implicated in this self-serving acts of depriving the poorest of the poor.

In our quest to extract consequence management and accountability, the Salga national executive committee, NEC, has also directed that

further steps are taken to address this scourge. We have therefore directed all affected municipalities to provide the response plans to address the financial misconduct of the related municipal employees in line with the 2014 Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings.

Lastly, Chairperson, the solutions for local government is to deal with the municipal financial health challenges. And again the AG 2018-19 municipal audit outcomes confirm that the financial statements show increasing indicators of collapse in local government finances. The AG further confirms that the financial woes of local government sphere also weighs heavily on municipal creditors. As it relates to debt owed to municipalities, it is well-known that an average of 59% of municipal debtors are not recoverable and 55 municipalities more than 80% cannot be recovered. Debt collections at 99 municipalities was more than 90 days.

Chairperson, in conclusion because of time, in light of these realities we are once again tabling the following for consideration: Firstly, to put together measures to write off the ever increasing household debt to municipalities including the introduction of a national Bill for writing off of these household

debts in exchange for the prepaid water and the installations of electricity meters.

Secondly, to improve municipal revenue collections instruments through measures such as amending the Tax Administration Act so that before the SA Revenue Service, Sars, pays tax refunds they first check if the particular taxpayer does not have monies due to his or a municipality. If the taxpayer owes the amount to the municipality will be paid first before refunds are paid to the taxpayer account.

Subsection followed by that one would be the amendments scheduled to section 10 of the Municipal System Act so that it is not only municipal councillors and employees and those who would be in areas of Municipal Bills for a period of more than three months. This requirement should be extended to all state employees and elected and appointed representatives in other spheres of government.

Thirdly, to also establish a district revenue collection agency. That will make better collection efficiency and will free up municipal personnel to focus on more pressing service delivery efforts. The SA Receiver of Revenue systems and processes will be considered in putting this together after due diligence is done.

And also the amendment of the procurement regulations to make it compulsory for any potential service provider who produces the municipal service rates compliance certificate prior to being awarded a government contract.

Fourthly, to resolve constitutional issues related to electricity.

The HOUSE CHAIRPERSON (Mr A J Nyambi): As you conclude councillor Hlungwani.

Cllr P HLUNGWANI: Thank you so much, Chairperson. As I conclude, Salga recommends that government takes these situations as a matter of urgency and act decisively. The findings of the National Treasury in depth study to finances of owing municipalities is not just imminent the notion out of the public of corruptions, lack of leadership and political will, but there is a number of municipalities which genuinely cannot come back from these situations due to their economic situations. These need a pragmatic solution from all of us as government. I thank you Chairperson.

Mr M NHANHA: Thank you very much, House Chairperson and hon members, the thoughts behind the idea of a provincial week are excellent and I have no doubts in my mind of the good intentions of those who

conceived the idea. However, it will give us a dose of good to relook at the current model. In my opinion, it is defeating the good intentions and I am happy to make my contribution in an appropriate forum.

Hon members, on 25 June 2019, I had the privilege to speak on the state of the nation address debate. On that day, I raised the alarm at the deteriorating state of affairs in Nelson Mandela Bay and of course the governing party dismissed it as being alarmist because ‘all was well in Nelson Mandela Bay’ and the DA was just mischievous.

What we found during the provincial week, it turned out that, in fact, all was not well in Nelson Mandela Bay. This was confirmed by two honest and frank presentations by the Eastern Cape MEC for Co- operative Governance and Traditional Affairs, Cogta, hon Nqatha and a representative from the National Treasury. The presentation by the member of the executive, MEC, confirmed what we have always been red-flagging and I would like to commend him for his bravery and forthright diagnosis knowing this could cost his political career.

Ladies and gentlemen, Nelson Mandela Bay is broken. There is an interim mayor in place since December 2019. It is a new position that is neither in our Constitution, nor the Municipal Structures Act. It’s an invention you can only find in Nelson Mandela Bay. By the way, I have seen correspondence in which these days, Cllr Buyeye addresses himself as Executive Mayor.

Since the illegal suspension and subsequent golden handshake of R2,1 million paid to the city manager, Nelson Mandela Bay holds a South African record of having had no less than five acting city managers in a space of only 12 months. These appointments ranged from a junior staff member, to a tainted and an underqualified individual, who was later arrested by the Hawks for corruption.

This is a definite sign of instability.

In 2016-17 and 2017-18 financial years, the DA-led government spent its allocated 100% of the Urban Settlement Development Grant, USDG, funding. In appreciation of this, the National Treasury further allocated a windfall of R170 million and R200 million respectively. Sadly, the same can’t be said about the coalition of corruption. My colleagues at Nelson Mandela Bay are telling me of underperformance of unimaginable proportions. In 2019-20 the coalition of corruption could only spend 46% of its Capital Budget. This underspending has

had a domino effect on the current financial year, because the capital budget for 2020-21 has decreased to R1,3 billion and the prospects of them surpassing their previous financial year performance are rather dim to put it politely.

After spending R2 billion by the ANC administration with not a single bus on the road, the DA-led coalition in just 18 months in office in Nelson Mandela Bay got the Integrated Public Transport System, IPDS, up and running and profitable. Again, sadly, IPTS has collapsed and it is one of the reasons National Treasury is withholding all grant disbursements due to noncompliance with the National Treasury requirements.

Despite the misleading assertions by the Speaker of Council, that council and its committees were functional and met regularly. A most critical Portfolio Committee on Treasury last met on 25 February 2020. Nelson Mandela Bay holds another South African record of longest council meetings with not a single item being passed.

The Speaker of Nelson Mandela Bay is a rogue and a law unto herself. She has no regard or respect for the Constitution of the Republic or the very council rules of order she is supposed to

safeguard. She has done everything inhumanely possible to cling to the blue light and bodyguards by preventing opposition parties from tabling legally compliant motions to remove her and the interim mayor from office.

The Speaker of this cash strapped municipality, through a court order obtained by the DA in August 2020, which directed her to convene a council meeting whose business would, amongst other things, elect a new mayor. She on frivolous grounds chose to appeal the court order, further misusing resources they do not have, needless to mention her appeal was dismissed with costs.

Now the stage is set for the election of the DA provincial leader as the new Executive Mayor of NMB and the outgoing Speaker can expect a legal bill from the office the new Executive Mayor for her account.

Hon members, how to steal a city part 2 is well underway in Nelson Mandela Bay. That municipality has been broken inch by inch, piece by piece by the coalition of corruption with little purposeful action from the governing party - the ANC.

Just recently, a Geneva-based anticrime NGO reported that known gangsters in the city have teamed up with corrupt politicians to access clean money, through tenders. These thugs have gone as far as hijacking tenders, launder money, municipal officials and councillors live in fear for their lives and these rogues will go as far murdering those who stand in their way.

Hon members, in conclusion, allow me to pass my sincere and heartfelt condolences to the family of Cllr Bobani who succumbed to COVID-19 last week. He will be buried in Port Elizabeth tomorrow.

May his soul rest in peace. Thank you very much, House Chair.

Mr I NTSUBE: Thanks hon House Chair, hon members, we are convening today, coinciding with the International Men’s Day and I think the international body of men has outlined the reasons why we should celebrate men’s day. Part of them constitutes 76% of suicides, 85% of homeless people, and are victimised of 70% of homicide.

In the context of the length of South Africa, with regards to gender-based violence, I think it is upon us as a society to re- educate the boy-child to react logically and rationally in any situation that they may face favourably and unfavourably.

House Chair, with your permission, I think we would be lying to ourselves as a liberation movement - the ANC – the governing party

– to say we are content with the state that our municipalities are at currently. We aren’t satisfied as a liberation movement. I think we must never use a blanket approach when it comes to municipalities that all of them are in a deterioration state.

However, I think there are municipalities that are performing best amongst those that are facing challenges. I think as a society, as a people, we must build upon those municipalities that are currently doing well.

We must never be deterred by opposition in South Africa. The primary existence of the opposition in South Africa has always been to oppose the policies of the ANC. Over the years, from 1994 till today, they have not given any substantial policies that can change our lives or the people’s lives generally. They can continue to say whatever they do and we will continue to service our people.

I think with the recent by-elections, our people have pledged support and reaffirmed the ANC as a liberation movement, believing that it is only the ANC that can take the aspirations of our people going forward.

In its 1991, Ready to Govern: ANC Guidelines for a Democratic South Africa locates local government as a crucial player in breeding democracy as it is closer to the people and have a higher level of local participation in planning process and decision-making.

Participation of residents in electing public representatives at ward level increases the level of participation and accountability fast enhancing our democracy.

Local government is interested in delivering services in the Constitution’s Bill of Rights for the provision of basic services such as water, housing and the creation of an environment that does not harm the wellbeing of everyone.

The basic services delivered by municipalities occur under various conditions that impact the capability and capacity of municipalities to deliver on their mandate. There are various internal and external factors which have an impact on municipalities planning process and decision-making. This can be the local economy, crime, natural disasters, ecological factors, lack of skills in municipalities, spatial planning, demographical location and many other factors.

The Provincial Week signify the institutional design of Parliament and the role of the NCOP of oversight and representing the views of local, provincial and national government. The NCOP is the melting pot of intergovernmental co-operation and accountability.

Service delivery, budget implementation planning and integrated development plans play systematic and scientific role in the development of public resources in delivering various services to the people.

One of the major challenges affecting local government is planning. This results in inability of municipalities to deliver projects on time within allocated funds. Other municipalities have unfunded budgets.

Municipal Infrastructure Grant, Mig, and other grants provided to the local governments are insufficiently utilised ... [Inaudible.]

...

The Department of Co-operative Governance and Traditional Affairs has established ... [Inaudible.] ... to provide specific tailor- made intervention to support the implementation infrastructure development projects by municipalities with different limitations.

The provision of basic services such as water, sanitation, housing and public amenities such as parks, libraries, firefighters, roads and purification plants, amongst others, provide critical services which improve the wellbeing of all.

The dignity of South Africans will be restored when local government effectively delivers its mandate. The District Development Model, DDM, will strengthen the intergovernmental relations of municipalities in public entities, provincial and national departments.

Learning through the District Development Model will enhance the One District, One Plan and One Budget approach, which will focus resources into priority areas for regional economic development as envisioned in the Ready to Govern on the regional government. The DDM strengthen the three-tier government systems.

Hon House Chair, during The Provincial Week with the entire face of the NCOP, the province and local government ... was at play, members of the NCOP addressing critical aspects of implementation of infrastructure projects. We should welcome the focus and commitment of members of the NCOP during The Provincial Week as

substantive, and pivotal recommendations were made in all provinces focusing on municipalities.

One of the disjuncture identified during the oversight visit was poor planning and nexus between integrated development plan, service delivery and budget implementation plan at Mangaung Metropolitan Municipality and many other municipalities across the country. This a is a matter of grave concern as integrated development plan represent specific needs of communities as a result of participatory process of communities from different wards.

This nexus is worsened by situations of municipalities having unfunded budgets resulting in some of the planned projects in service delivery and budget implementation plan to deliver ... which undermines service delivery and social development.

In other circumstances, Phokwane Local Municipality in Northern Cape experienced political instability which delayed the review of integrated development plan. The local government model is based on planning which locates the voices of residents in the centre of decision-making of programmes of municipalities.

The separate development by apartheid has left a legacy of integrated development plans, IDPs, municipalities should address such as spatial planning and direct development to all areas with no basic social infrastructure which is conducive for the wellbeing of all.

The capacity and capability to plan should be enhanced by the municipality’s Municipal Infrastructure Support Agent, Misa, as many of the municipalities visited have challenges of infrastructure development despite the backlog in social infrastructure for many communities which require such infrastructure for realisation of their constitutional right to dignity.

The Municipal Infrastructure Support Agent is an important entity which should be further capacitated to support municipalities to fully use the municipal infrastructure grant, Mig, allocation, which many municipalities rely on due to revenue constraints.

The inability to spend and deliver the required project leads municipalities to losing allocation from municipal infrastructure grants. This delays much needed services particularly noting the

high levels of unemployment, poverty and inequality in our rural areas and townships.

Hon House Chair, failures to adhere to the Mig compliance requirements pose a significant risk to municipalities from getting approval of a grant. In many instances, municipalities which fail to spend allocated funds requests roll overs which are at times rejected. These disservices the poor, the unemployed, local economy holistically and disservice the development.

The implementation of South Africa’s integrated urban development framework to strengthen rural-urban linkage promotes urban resilience and creates safe urban spaces. This cannot be realised without an ethical and capable local government which plays a leading role in social and economic development.

Infrastructure maintenance is another key area of concern as it has neglected the development of new municipalities. Municipalities should prioritise maintenance of infrastructure to ensure they endure for a long period. The national government has amended the municipal infrastructure grant framework to cater for emergency projects allocating 10% for repairs and refurbishment of water infrastructure, 10% on sanitation and personal protective

equipment, PPEs, during the pandemic, which have provided much needed relief in response to the pandemic.

One of the challenges which require our attention is the increased infrastructure vandalism in our municipalities. At times, this vandalism is due to no maintenance or unused infrastructure resulting in the facilities being damaged. Lack of water infrastructure maintenance also compromise water safety which is also a threat to the health of our communities.

We should continuously have a dialogue with our people as political parties, public representatives and civil society to encourage communal protection of public infrastructure as it belongs to the people. Vandalism delays much needed development and negates progress made to provide social infrastructure for our communities.

Social infrastructure should not only be for the provision of basic services but also the provision of public amenities like libraries, parks and recreational facilities which are important in building our communities and providing the children and the youth with facilities to contribute to the personal development and wellbeing.

In conclusion, the ANC is committed to rooting out corruption and restoring good corporate governance in local government through the District Development Model and other support initiatives. Local government can only succeed through co-operation of all government entities, private sector, political parties, civil society, traditional authorities and the people at regional level working together to transform the communities through local economic development and the provision of all basic services.

Without a proper functional local government, the vision of the ANC to create a better life for all will not be attained. Working together, we can create a better life for all.

Lastly, as I conclude, I would like to quote the former chairperson of the ANC youth league in the province, the former national executive committee member of the ANC youth league, who happens to be the Chief Whip of the Council, Mr Seiso Joel Mohai. In his closing remarks in the caucus of the ANC, today, he said and I quote:

What counts in the mind of our people is not the glory of the past but what we do today to change the harsh realities of the conditions of our people.

Thank you very much, hon House Chair. [Applause.] [Interjections.]

THE DEPUTY MINISTER OF COOPERATIVE GOVERNANCE AND TRADITIONAL

AFFAIRS (Mr M F P TAU): House Chairperson, [Applause.], Chairperson of the NCOP, the Deputy Chairperson of the House, Chief Whip of the NCOP, hon members, MECs, special delegates and all protocols observed. Indeed, this provincial week organised by the NCOP together with its proceeding local government week, held in September this year, provides an important platform for getting to grips with the complex challenges confronting local government in our country. During this provincial week, we again draw attention and reflected upon section 139 of the Constitution the implementation thereof as we seek enhance the performance of our local government systems.

I have listened attentively to the inputs and submissions by hon members and the debates that have been ensued over the week and indeed in the local government week. There are number of issues that I believe do require our collective attention both this government and its Parliament but indeed with provincial governments together with local government. Therefore, it is a collective effort to improve the performance of our local government systems. As indicated by the hon Dodovu, Chairperson of

the select committee. All spheres of government must work together to extricate local government from the quagmire that it confronts. We need to ensure that we address the systemic and structural issues that our local authorities face in the country.

Amongst these, as has been reflected by hon members are the challenges imposed by for an example; the merger of municipalities and the creation of larger municipalities, in certain instances, merging municipalities that are dysfunctional and bringing these together and finding that result exacerbates the problem rather resolves the problem. We are also in a situation as reflected by some of the hon members where the fiscal framework that guides our local government system does require review.

In this regards Finance and Fiscal Commission has made a number of recommendations that we currently considering with regards to how we can review the system of financing local government. This includes looking at both the vertical and horizontal share of revenue that is allocated to local government and enhancing the capacity of local government to perform their executive obligations.

We have also witnessed many instances of ineffective deployment of resources of suboptimal deployment of resources as reflected on amongst others by the hon Pillay in his submissions and if there is something we have to collectively improve, working together with our colleagues and National Treasury to ensure that we optimise the value that we derive from investments that are made by local government throughout the country.

Indeed, one of the critical challenges that we confront relates to the increase levels of creditors that municipalities are exposed to including amongst others, the main utilities such as; water, electricity, sanitation and the exposure of our municipalities to water boards and Electricity Supply Commission, Eskom, in particular. This is a matter that is receiving intervention both in terms of the intervention undertaken by provincial governments and local authorities, negotiating the settlements with Eskom as part of the resolution of the problem.

However, government has also established the political task team headed by Deputy President Mabuza, which is a political task team that has a responsibility of addressing the overall challenges that are confronting Eskom and more recently the water boards and addressing the impasse between municipalities, the water boards and

Eskom. This resolution includes amongst others; ensuring that we are able to promote cultural payment to municipalities by residents and improving the levels of payments within municipalities.

We are all acutely aware that our communities’ enterprises and industries, all municipalities including government, in fact all municipalities in excess of a R191 billion and this places municipalities in a precarious position if they are unable to collect this revenue and therefore deploy it. This initiative by the Deputy President, amongst others addresses that, including finding mechanism of ensuring that those institutions or local governments, particularly in government are able to meet the obligations.

Furthermore, I think specific focus has been with regards to the effectiveness of the implementation of section 139 of the Constitution. In this regard there are number of things that we have placed on the table. The first, is the need to have a greater understanding of nature of challenges confronted by local governments as we respond. One of our observations has been that our responses have come in towards the end of the problem rather than at diagnostic level of the problem. In fact, National Treasury has produced a report, that assesses interventions in local

government and has identified the reality that our interventions come a bit too late. So, we need to ensure that we institutionalised early warning systems so that intervention can come timeously.

Secondly, the focus is to ensure that our intervention does come at the point at which there is a crisis, but we focus on institutionalised support to local government in terms of section

154 of the Constitution. As has been reflected on by hon members, it is important that both provincial and national government undertake their collective responsibility and constitutional mandate to provide support to local government to exercise their executive obligations, and thus the implementation of the district development model enables us to institutionalise section 154 of the Constitution, through the establishment amongst others; of district hubs intended to support local government directly but also developing mechanism where there’s both political and institutional support to local government. Championed amongst others by the district champions that have been assigned and deployed in this regard by the President of the Republic.

Furthermore, suggestions have been made around how we improve and optimise on grants that are provided to local government. In this

regard, we currently are in process of reviewing the grant framework particularly with regards to municipal infrastructure grant and ensuring that it is both a direct and indirect grant and thus enable *Municipal* Infrastructure Support Agent, MISA, to come in instances where there is inadequate performance in local government to enable communities to access services through direct support, through the enable *Municipal* Infrastructure Support Agent and that people should be disadvantaged, because in fact the capacity constrains are in the municipality itself.

Hon members have continued to raise other issues that require attention, including how we address matters with regards to corruption, malfeasance and other areas that require attention from all of us.

Indeed, as we continue to do this, it is important that we amongst others; take appropriate action through the system that are in place, against to those who are responsible for malfeasance in our local government system. As we seek to support local government it is also important that we support local government in building systems that prevent corruption so that we don’t come in at the point that such has taken place and seek to resolve this at the end

of the issue so to say, at point at which people have stolen money from government.

Hon Dangor refers to the fact that it important that we ensure that we have the fundamentals in place in addressing issues that impact on local government. In this regard also acknowledging that different municipalities have different levels of capacities and that we need to adapt our interventions to be responsive to the disparate levels of capacities that are required by local government.

Indeed, through the district developed model, hon Dangor, we should be able to do that and as indicated we will also be able to revise the fiscal framework in addressing the challenges. As indicated by the hon Pillay, part of our intervention seek to ensure that we promote the culture of payment in our communities. We, as government have started a campaign of promoting payment within our communities and by various institutions. This campaign is to be supplemented by practical action, that needs to be undertaken at both national and the local government level. Amongst others through the installation of metering solutions in municipalities, that do not have adequate metering solutions.

Through a national government pilot initiative, poor municipalities have been identified for the installation of smart meters as a pilot to ensure that we can improve revenue collection in local government.

Lastly, I would wish say that as we view intervention in local government, our emphasis has always been that we should as national government usurp the role and function of provincial government in overseeing the work that is done at local level. However, we are cognisance of the Constitutional injunction that in fact section

137 provides, that instances where provinces are unable to intervene timeously at municipal government that national government should undertake such intervention itself.

We are currently in discussion about instances, where it could be relevant for the national government to intervene so that we ensure that our local government system is able to perform. I should however emphasize the point that it is not our intension to usurp the role of provincial governments and our approach should be, that it should on the exceptional circumstances that national government comes in and assumes the role of taking over functions that should be done by provincial governments under normal circumstances. On that note, let me join hon members in acknowledging the sterling

work that has been by the late Kimi Makwetu as the Auditor General of the Republic and indeed acknowledge that today is indeed a sad day as the country lays to rest Auditor General, Kimi Makwetu.

Thank you very much.

The HOUSE CHAIRPERSON (Mr A J NYAMBI): Thank you, thank you, thank you Deputy Minister, DM, thank you very much [Applause.] Indeed, hon members on behalf of the leadership, as the institution we are confirming the words of the DM, that today it’s a sad day in South Africa, as we have been laying Kiki Makwetu, we are once again say; may his soul rest in eternal peace. It was an inspiring to work with epitome of efficiency and professionalism at its best. Without any waste of time hon members, let me take this opportunity to thank hon permanent delegates, special delegates from our respect provinces, representative of The South African Local Government Association, SALGA, Deputy Minister of Cooperative Governance and Traditional Affairs, CoGTA, hon Tau, for availing yourself for this very important debate when dealing with that sphere of government which is at the co-phase of service delivery. That concludes the business of the day and the House is adjourned. Thank you.

The Council adjourned at 16:45.