**MEDIA STATEMENT**

**SELECT COMMITTEE RECOMMENDS APPROVAL OF INTERVENTION AT UMKHANYAKUDE DISTRICT MUNICIPALITY IN TERMS OF CONSTITUTION**

**Parliament, Wednesday, 7 July 2021 –**The Select Committee on Cooperative Governance and Traditional Affairs, Water and Sanitation will recommend that the National Council of Provinces (NCOP) approve the KwaZulu-Natal provincial executive’s intervention into UMkhanyakude District Municipality, as per Section 139 (1)(b) of the Constitution.

The NCOP is obligated in terms of Section 139 1(b)(ii) to either approve or disapprove of the intervention, within 180 days after the intervention began. The committee believes that there are substantive reasons for the intervention, including governance failures, financial and management viability, and service delivery. An intervention will help to secure stability and functionality within the municipality, but most importantly it will ensure quality service delivery to the people living there.

The committee is alarmed by the municipal council’s inability to sit and execute its functions, impeding the municipality’s ability to function optimally. “As a result of this instability, the committee was informed that the council could not pass the Integrated Development Programme and budget, which are the bedrock of any municipality. This is both indefensible and unfortunate, and threatens the ability of residents to receive constitutionally guaranteed services,” said Mr China Dodovu, the Chairperson of the committee.

The committee has therefore called for the implementation of Code of Conduct of Councillors (Schedule 1) of the Municipal Systems Act, which sets out the sanctions against councillors who do not attend council meetings.

In addition, the committee is concerned that the municipality has failed to implement the findings and recommendations of four commissioned forensic investigations from 2012 to 2019. In the committee’s view, this reflect an unrepentant municipality that disregards prescripts for good governance and show no sign of adopting corrective actions. The committee’s concerns are in the context of the fact that since 2012 the municipality’s unauthorised, irregular, fruitless and wasteful (UIFW) expenditure now amounts to R2,786 billion.

Furthermore, the committee is concerned that there is evidence of a complete disregard for the supply chain management policy framework and procedures, which has led to the ballooning UIFW expenditure. The municipality’s poor collection rate, meanwhile, threatens its cash flow and ability to function. As per the first draft AFS for 2019/2020, the municipality’s poor revenue collection persisted at 41.64% against the benchmark of 95%, as per circular no. 71 National Treasury, 17 January 2014. This collection rate is substantially down from the previous year of 65%, reflecting a worrying downward trend.

The committee is also concerned that as of 30 September 2020 creditors were not paid within 30 days. The municipality is on average paying creditors within 122 days, as a result of cash flow challenges caused by low debt collections of debt and poor financial management. “The payment of creditors after 122 days puts small businesses that provide services to the municipality and the jobs they provide at risk,” said Mr Dodovu.

For these reasons and based on the views of both internal and external stakeholders within the municipality, the committee considers the intervention necessary and must be approved. The committee will recommend to the NCOP to approve the intervention. For its part, the committee will monitor the implementation of the intervention to ensure it bears fruit.

**ISSUED BY THE PARLIAMENTARY COMMUNICATION SERVICES ON BEHALF OF THE CHAIRPERSON OF THE SELECT COMMITTEE ON COOPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS, MR CHINA DODOVU**