
**REMARKS BY THE DEPUTY MINISTER OF COOPERATIVE GOVERNANCE AND TRADITIONAL
AFFAIRS, HONOURABLE PARKS TAU
NCOP THREE SPHERE PLANNING SESSION
29 MARCH 2023**

Honourable Chairperson of the National Council of Provinces

Deputy Chairperson for the NCOP

Honourable members

Ladies and gentlemen

HONOURABLE SPEAKER OF THE NCOP

As you aware, the date of March 9 1998, signified the adoption of the White Paper on Local Government. This is a strategic piece of paper that was dedicated to the memory of Tshepiso Mashinini (1966-1998), chairperson of the White Paper Working Committee, and all the other women and men who contributed to the building of a democratic system of local government in South Africa. Furthermore, it spells out the framework and programme in terms of which the existing local government system will be radically transformed. Lastly, it establishes the basis for a system of local government which is centrally concerned with working with local citizens and communities to find sustainable ways to meet their needs and improve the quality of their lives. The Medium Term Strategic Framework (MTSF) builds on this dream as this dream is politically set by the people of South Africa.

HONOURABLE MEMBERS

The task of the 2019-2024 MTSF is to resolve the three uncomfortable challenges of the local government.

These challenges are:

- a) Governance, financial management and administration
- b) Systemic issues around powers and functions
- c) Non-viable municipalities due to apartheid spatial planning

No one single person, institution or sector of society can resolve these challenges alone. These challenges require all of us to work together as a collective to resolve them. The adoption of the District Development Model (DDM) by this 6th administration is a step in the right direction. This is stated since it enables us to focus in a coordinated manner and to resolve these uncomfortable challenges impacting on developmental local government.

For the Department of Cooperative Governance and Traditional Affairs (COGTA), under the leadership of Minister Thembu Nkandimeng, the MTSF is the guiding framework that informs our strategic plans and performance reports. For us we take it one step further and we would like to argue that the MTSF is our contract with society. In every contract there are terms and conditions. As a department that is central to building a better South Africa, we respond to all priority areas of the MTSF. Our direct performance and intervention can be noted in these priority areas:

- Priority 1: A Capable, Ethical and Developmental State
- Priority 2: Economic Transformation and Job Creation
- Priority 4: Consolidating the Social Wage through Reliable and Quality Basic Services
- Priority 5: Spatial Integration, Human Settlements and Local Government
- Priority 6: Social Cohesion and Safe Communities

We recognize that these priorities are interdependent and that progress in one area is critical for success in others. For example, economic transformation and job creation are essential for improving social cohesion and safe communities, while reliable and quality basic services are essential for creating the conditions for economic growth.

HONOURABLE MEMBERS,

The national fiscal model continues to be unsustainable as it does not prioritize local government or consider Local Government financial challenges. It has to a greater extent, contributed to the worsening of some aspects of the governance challenges in local government.

Multiple shocks to municipal finances will have deep and lasting impacts on municipalities, including sharp declines in revenue and liquidity, from poverty and changing demand patterns (services, rentals); rising expenditure demands in certain core functions (refuse, facilities, cemeteries, crematoria, water, human settlements, etc.), and system gaps; Rising costs of borrowing and consequences of increased number of fiscal crises (interventions capacity).

What do we do?

Let us learn from these challenges and rethink local government so that we continue to respond to our constitutional imperatives, which are:

1. to provide democratic and accountable government for local communities;
2. to ensure the provision of services to communities in a sustainable manner;
3. to promote social and economic development;
4. to promote a safe and healthy environment; and
5. to encourage the involvement of communities and community organisations in the matters of local government.

HONOURABLE MEMBERS

Allow me to talk about the implementation of the DDM One Plans have been developed for the majority of municipalities. In this regard, COGTA is currently assist provincial governments and municipalities to review their One Plans to ensure alignment, but importantly that programmes and projects identified are impactful and will change lives.

Secondly the department is currently reviewing Section 47 of the Intergovernmental Relations Framework Act, which is to be gazetted for public comments. This change in regulation will be a significant milestone as it will enable all three spheres of government to strengthen their relation through the lens of the DDM.

We must recognize that the Auditor-General noted that political instability and ineffective governance processes at council level were apparent throughout the term of the previous administration. The root causes relate to amongst others failure of Councils to appoint senior managers with the requisite skills required to provide service delivery, and delays by the administration to approve service delivery projects leading to poor service delivery.

A multi-pronged approach that includes addressing operational inefficiencies, incompetence and governance failures is required to ensure sound fiscal discipline in the longer term. A total of R7.1 billion (for the period 2016/17 to 2019/20) and R6.6 billion (for the period 2020/21 to 2022/23) was allocated to support capacity building in municipalities to improve financial management.

HOUNOURABLE SPEAKER

The Community Work Programme (CWP) is economic and social cooperative model of ensure that communities become part of the service delivery model of government.

We have already seen significant improvements in the operational efficiency of the programme since the adoption of the new CWP Implementation Policy in 2021. The savings realised through this process allowed us to increase the daily stipend paid to participants from R97.50 to the current R110 per day, and to increase the target number of participants from 250,000 to 255,000, within existing budget allocations.

During the coming financial year, we intend to integrate the CWP into the core work of the Department to ensure that the CWP supports the district development model approach. We are confident that our new approach will ensure that, apart from proving an employment safety net, useful work and appropriate training will empower CWP participants to improve their economic agency and will contribute to the improvement of public goods and services.

ON MUNICIPAL PERFORMANCE REPORTING

Section 43 of the Municipal Systems Act (MSA) provides that the Minister may prescribe and regulate a general set of key performance indicators to local government. The performance of local government since the establishment of democratic and developmental local is concerning. It is for this reason COGTA established standardized national key performance indicators that can be seen in all municipal Integrated Development Plans and the Service Delivery, Budget Implement Plans.

Considerable progress was made since 2017 among metropolitan municipalities towards producing reliable information through common definitions of the performance information. It took the metros more than three years to reach this quality of reporting. With regards to the non-metro municipalities, progress with reporting is differentiated across provinces with municipalities in the Western Cape, KwaZulu-Natal, Gauteng and Limpopo maintaining a relatively high rate of reporting, throughout 2021/22, and the 1st two quarters of the 2022/23 FY.

More emphasis will need to be placed on securing compliance with the reporting frequency, with better understanding of the indicators by non-metro municipalities, based on targeted feedback, support and guidance in order to strengthen the credibility of performance reporting. This coupled with a possible prioritization of a core set of indicators, and the automation of reporting by municipalities through the Municipal Performance Module of the DDM IMS, may provide the basis for creating a more reliable base of performance reporting from which to further expand and build upon the reform.

ON PROMOTING GOOD GOVERNANCE

As part of reinforcing our efforts in relation to the promotion of good governance and the fight against corruption, the Department launched the Local Government Anti-Corruption Forum (LGACF) and the Local Government Ethical Leadership Initiative (LGELI) in September 2022 in collaboration with key stakeholders which include heads of law enforcement agencies. The Local Government Anti-Corruption Forum (LGACF) has been established at national level in collaboration with law enforcement agencies and it brings together all key stakeholders from government, business and civil society to ensure better collaboration and coordination in the fight against corruption and related offences at municipalities.

The Local Government Ethical Leadership Initiative (LGELI) project aims to facilitate a national dialogue on ethical leadership in municipalities, culminating in the development of a Code for Ethical Governance for municipalities that sets out the principles and practices for ethical governance and leadership in local government. It is anticipated that the Code for Ethical Governance will be finalized in the new financial year.

Furthermore, the Department will continue to collaborate with provinces and law enforcement agencies such as the Special Investigating Unit (SIU), (Directorate for Priority Crimes Investigations (DPCI), and the National Prosecuting Authority (NPA) to accelerate investigations and prosecutions at municipalities more especially implementation of recommendations emanating from forensic investigations reports.

ON CODE OF CONDUCT FOR COUNCILLORS REGULATIONS, 2023

The Code of Conduct for Councillors (“the Code”) was migrated from the Local Government: Municipal Systems Act and introduced as a Schedule 7 in the Act, with various interventions brought into the Code. Prior to the commencement of the Act, the Code was included as Schedule 1 in the Systems Act”).

To further entrench the culture of accountability and to promote ethical leadership in councils, we are in the process of finalizing Code Conduct for Councillors Regulations, 2023. The Regulations have been consulted

with all stakeholders (MECs and SALGA). The draft Regulations were published in the Government Gazette for public comments on 4 October 2022. The final Regulations would be published in the Government Gazette, for implementation, once finalized.

HONOURABLE MEMBERS

Please allow me to say a few words on the status of coalitions in local government. As you would agree, this is a sensitive topic and many municipalities across the country are struggling to effectively manage. Understandably, this area of local government impacts on all of us. It is an output of a democratic process, but its outcome has negatively impacted on service delivery.

In an effort to address the challenges facing coalitions in local government, the Department is currently in a process of developing a draft Local Government: Municipal Structures Amendment Bill, 2023 (“the Bill”). The Bill seeks to:

- a) amend the Local Government: Municipal Structures Act, 1998 to change municipalities with a mayoral executive system, in which no party obtained a majority of seats, to a collective executive system;
- b) provide a minimum of one percent of the valid votes cast during an election in order for a party to qualify for a seat on the council;
- c) provide for a threshold of at least two-thirds of the supporting vote of councillors to remove from office a speaker, a member or all members of the executive committee, an executive mayor or a deputy executive mayor; and
- d) provide for binding coalition agreements in municipalities in which no party has a majority of seats on the council.

Lastly, the amendment will enable the Minister (of COGTA) to make regulations aimed at improving the governability and stability of coalition councils.

ON BUILDING MUNICIPAL CAPACITY AND SUPPORTING DYSFUNCTIONAL MUNICIPALITIES

Improving service delivery outcomes in local government over the next five years heavily depends on enhancing the capacity and performance of municipalities. The 2022 State of Local Government Report to Cabinet shows that the number of dysfunctional municipalities has increased from 64 in 2021 to 66 in July 2022.

Post the Local Government elections, just over 30 municipalities are currently under intervention of which three are under national intervention in terms of section 139(7) of the Constitution.

The department, through MISA, continues to deploy built environment professionals to dysfunctional municipalities in accordance with the District Development Model (DDM). Progress to date:

- **103 built environment professionals (86 of which are professionally registered with Statutory bodies have been deployed to municipalities.** This technical support assists municipalities with infrastructure development throughout the product life cycle from cradle to grave, that is from inception at Integrated Development Planning stage, through implementation planning, design development, implementation, operation, maintenance and in some instances disposal at the end of design life.
- **MISA has also developed Public Infrastructure Unit Cost Guidelines, in collaboration with the University of Cape Town in 2021, that municipalities can use for planning and budgeting of infrastructure projects.** The Unit Cost guidelines become one source of truth for stakeholders including municipal officials, oversight structures like Council Structures and the Auditor General of South Africa, Law Enforcement Agencies as well as the communities at large. The Unit Cost Guidelines assist to bridge the trust deficit between communities and government when it comes to expenditure on infrastructure projects. The Unit Cost Guidelines were used for infrastructure assessments after flood damages in April 2022 in KwaZulu Natal Province and recently in March 2023 in Port St. Johns in the Eastern Cape Province.

- MISA is piloting the establishment of an internal design office in OR Tambo District Municipality in the Eastern Cape Province for infrastructure projects to minimise outsourcing to engineering consultants. Currently, 8 projects are being designed using MISA procured design software.

We recognise the role played by our municipalities in providing services like water, electricity, water waste, solid waste and other trading services while also being required by legislation to raise rates. In executing these services, consumer data for billing becomes integral part of revenue. Adequate data management will enable the municipalities to re-establish their business integrity through improved billing and revenue collection; speedy debt resolution and building good customer relations. The aim of the project is to support the selected municipalities to have accurate, consistent, and complete data for billing.

ON PRIORITY INFRASTRUCTURE PROJECTS FOR IMPLEMENTATION THROUGH THE MIG

The Municipal Infrastructure Grant is allocated R17,5 billion for 2023/24 for implementation of projects improve the lives of the poor through the provision of infrastructure. The amount will be spent on the following priorities (based on the trends for the last 4 years):

- Water projects: 39%
- Roads projects: 28%
- Sanitation projects: 19%
- Other such as community facilities and solid waste management facilities: 14%

The 2023 MIG Framework has been reviewed to make provision for a maximum of 5 per cent of a municipality's allocation for the development of an Infrastructure Asset Management Plan and up to 10 per cent of allocations for the urgent repair and refurbishment of water and sanitation infrastructure to restore functionality.

Given the extent of the infrastructure asset neglect by municipalities, and the result thereof, which is unreliable and unsustainable delivery of services, there is a need for municipalities to be supported to take

advantage of this opportunity to attend to the acute challenge of dysfunctional infrastructure through repairs, rehabilitation, and refurbishment.

HONOURABLE SPEAKER,

Let me highlight a significant area of local government that touches on our lives. Electricity or should rather say load shedding. From the start of the MTSF period, Eskom, SALGA and MISA already commenced engagements to partner in finding lasting solutions to assist ailing municipalities with electricity distribution and revenue enhancement. Areas of support where Eskom will assist include:

- a. Network and Master Planning
- b. Installation and management of SMART prepaid meters
- c. Revenue enhancement and collection service
- d. Energy losses management and revenue recoveries
- e. Maintenance and Operations where needed
- f. Technical skills development e.g., accreditation and authorization of network operators and technical standards
- g. Active partnering between stakeholders

HONOURABLE SPEAKER

In conclusion, Local Government in the country is at a turning point, facing policy, legislative and systemic challenges that require immediate attention. Governance deficiencies and a lack of accountable leadership need urgent attention to reduce the limitations they cause. Many municipalities are under stress, while some municipalities are investing, and some perform relatively well, they remain with significant challenges such as the ability to invest in infrastructure or meet service delivery needs.

We have no choice but to live up to dream of our White Paper of Local Government. We cannot fail the spirit of Tshepiso Mashinini. We cannot fail the women, children, youth and people living with disabilities. Society depends on us to lead them and to build a better South Africa.



I THANK YOU