

# SALGA NATIONAL Members Assembly

*Durban International Convention Centre*

10-12 Dec

20  
18



## *Opening Remarks*

*Cllr. Mpho Parks Tau, SALGA President*

---

### *THEME:*

*“20 Years since the advent of the White Paper on Local Government: Are we on course in Building a Sustainable, Responsive & People Centred Local Government System?”*

## 5<sup>th</sup> SALGA National Members Assembly 2018

---

Programme Director

SALGA and United Cities and Local Governments President, Cllr  
Parks Tau

President of the Republic of South Africa, His Excellency Mr Cyril  
Ramaphosa

Minister of Co-Operative Governance and Traditional Affairs,  
Honourable Dr Zweli Mkhize

Premier of the Kwazulu-Natal Provincial Government, Honourable  
Willies Mchunu

Deputy Speaker of the National Assembly, Hon. Lechesa Tsenoli  
Mayor of eThekweni and SALGA Deputy President, Cllr Zandile  
Gumede

Members of the National Cabinet and Deputy Ministers present

The former Chairperson of SALGA, Mr Thabo Manyoni

The Chairpersons of the Parliamentary Select and Portfolio  
Committees on COGTA and Standing Committee on Public  
Accounts

MEC's for Local Government present

Chairperson of the National House of Traditional Leadership, Ikosi  
Mahlangu

Chairperson of the Independent Electoral Commission, Mr Glen  
Mashinini

The SALGA National Executive Committee

The SALGA Provincial Executive Committees present

Executive Mayors, Mayors, Speakers and Chief Whips

Fellow Councillors

Traditional Leaders present



## 5<sup>th</sup> SALGA National Members Assembly 2018

---

Our international guests; with particular emphasis on guests from the European Union, United Nations and the Federation of Canadian Municipalities

Our Sponsors ARMS, Bigen, CCG Systems, Comsol, Ntiyis, Old Mutual and SBS Tanks

Friends, Esteemed Colleagues, Comrades; Distinguished Guests; The Media

Ladies and Gentlemen

It is my singular honour and humbling privilege to welcome all of you in general; and the local government leadership and practitioners in particular, to this august SALGA National Members Assembly.

Programme Director, this is an opportune time to go down memory lane and remind ourselves of the intensive 18-month period of consultation and research that culminated in the adoption of the White Paper on Developmental Local Government in 1998. This White Paper details the framework and programme in terms of which the local government system was to be radically transformed. It established 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 1998 White Paper on Local Government acknowledged the need to address local government's weaknesses and build the capacity of municipalities to address their considerable challenges. The White Paper details the following challenges facing municipalities at the time:-



## 5<sup>th</sup> SALGA National Members Assembly 2018

---

- **Skewed settlements**, which are functionally inefficient and costly;
- **Extreme concentrations of taxable economic resources** in formerly white areas, demanding redistribution between and within local areas;
- **Huge backlogs in service infrastructure** in historically underdeveloped areas, requiring municipal expenditure far in excess of the revenue currently available within the local government system;
- **Inability to leverage private sector resources** for development due to a breakdown in the relationship between capital markets and municipalities, the lack of a municipal bond market and the poor creditworthiness of many municipalities;
- **Substantial variations in capacity**, with some municipalities having little or no pre-existing institutional foundations to build on; and
- **The need to rebuild relations** between municipalities and the local communities they serve.

To mention but a few.

Fast forward some 20 years later, and as directed by the theme of this National Members Assembly, we must pose this pertinent question to all of us gathered here: ***“Are we on course in Building a Sustainable, Responsive & People Centred Local Government System?”***

Programme Director, as this Members Assembly will venture into answering this vexing question, it would be necessary to look at what the White Paper envisaged for local government and what has



## 5<sup>th</sup> SALGA National Members Assembly 2018

---

transpired to date. Without pre-empting what will be discussed over the next two days, I would like to kick start the discussions by touching on just some of the vexing issues to be debated and reflected upon. These would include the design of the intergovernmental fiscal system upon which the local service delivery system is anchored on; the design of the local government types as well as allocation of powers and functions to this sphere.

Programme Director, we must start by acknowledging the massive progress the sector has made over the last 18 years of its democratic life, including the provision of basic services to so many more of our people, the rapid development and quality of our infrastructure, the increased mobility, investments in social amenities and massive progress in financial management and institutional resilience. This is also highlighted by the 2017 Stats SA non-financial census of municipalities, which confirms the number of consumers receiving services from municipalities increased in the provision of sewerage; sanitation; electricity; solid waste management and water.

Programme Director, mindful and appreciative of the progress made by the sector, we should, however, remind ourselves that, at the time of the development of the new democratic system of local government, certain policy assumptions were made as to what the system will focus on and how the system will be resourced and supported. Chief amongst these include the **Revenue Raising Assumption** that Local government will generate more than 90% plus of recurrent expenditure. The current reality is that Municipalities are under extreme cash flow constraints, with the aggregated year-



## 5<sup>th</sup> SALGA National Members Assembly 2018

---

to-date actual collection rate at 83.3 per cent, with over 123 municipalities with less than 80% collection levels and a further 75 municipalities with less than 60% collection levels.

Has this been a realistic assumption upon which to base funding of local government given the spatial amalgamation of vast rural and small urban areas in a wall to wall context and the limited tax bases of most of the rural areas now to be declared as municipalities? To-date Mr President; 93% of municipalities are repeatedly flagged with going concerns status by the Auditor-General. It should also not be surprising to see that of the 257 municipalities we have; 136 passed budgets that are not cash backed as detailed in the recent 2017/18 Section 71 reports by National Treasury.

It is our submission that fundamental in making municipalities developmental is an urgent need to sort out some of the lingering challenges arising from the current fiscal framework. This must include consideration of the unsustainable and increasing debts owed to municipalities. According to the first quarter Local Government Section 71 report, issued by Treasury this past week, the aggregate municipal consumer debts amounted to **R158.9 billion as at 30 September 2018** compared to R143.6 billion reported in the first quarter of 2017/18 – a staggering increase of **R15.3 billion**.

This Treasury report goes further by acknowledging that not all the outstanding debt of **R158.9 billion** is realistically collectable, as these amounts are inclusive of debt older than 90 days, which



## 5<sup>th</sup> SALGA National Members Assembly 2018

---

translates to historic debt that has accumulated over an extended period, interest on arrears and other recoveries.

In light here-of, Mr President, it is our respectful view that bold measures are needed to curb these debts, ensure municipalities collect and better manage their customers and national interventions are initiated to ensure that this growing debt situation does not undermine the solvency of local government. These bold measures must include serious consideration to introduce legislation that will allow, in particular, the writing off of bad, realistically uncollectable debt against incentives such as the installation of prepaid meters to prevent recurrence.

In addition hereto, there is need for a fundamental re-think of the overall local government fiscal architecture thus ensuring that we adequately resource genuinely under-capacitated municipalities to perform their functions and properly discharge their obligations. The assumptions and realities that informed the intergovernmental fiscal relations then, are no longer relevant especially, as I will detail shortly, with Municipalities faced with the stark reality that electricity revenue is no longer a cash cow, water revenues are negatively affected by the low demand due to drought and water scarcity; rates revenue are under pressure due to a struggling economy and the increasing number of indigents are making free basic services unsustainable due to high levels of poverty and unemployment.

Mr President, the second policy assumption made in 1998 is on the **distribution of electricity**; the White Paper cautioned then about



## 5<sup>th</sup> SALGA National Members Assembly 2018

---

the electricity distribution and reticulation. In this regard, the White Paper makes the following observation:

*“In some municipalities profits on electricity supply are used to cross-subsidise otherwise non-viable services, but many municipalities operate their electricity undertaking at a loss. However, the removal of electricity will affect the municipal asset base, and thereby impact on credit ratings and borrowing ability”.*

It is in light hereof that SALGA welcomes and appreciates the findings of the Advisory Panel and progress made by the Inter-Ministerial Task Team (IMTT) on Electricity on this matter in attempting to resolve the current debilitating impact of Eskom and Municipalities on the structural and systemic problems facing municipalities. We hope that the process as led by our Minister of COGTA, in processing the report of the Advisory Panel; will receive decisive resolution by Cabinet as this will pave the way to resolve this long standing impasse and thus create certainty on the roles and responsibilities between Eskom as one of the service providers with municipalities as service authorities on electricity undertakings.

Whilst on the **subject of energy**, we would like to sensitise you Mr President, about the imperative of urgently assisting in the resolution of the Energy Policy complex. In this regard, the Local Government Energy Summit, convened by SALGA in March this year, resolved that we engage and make representations to you to establish an Energy Reform Commission to review the current



## 5<sup>th</sup> SALGA National Members Assembly 2018

---

structure, evaluate the reform work done to date, define a more sustainable structure and implement the structural changes required to redefine the Energy future of local government. We look forward to engaging you further on this progressive proposal.

Programme Director, another White paper policy assumption **on water boards and water distribution and reticulation** remains challenging to local government. We would like also Mr President; to request you to consider setting up the review of the institutional model of water delivery and its implication for municipalities as trading services; and consider whether it is not appropriate to establish an independent body; similar to the National Energy Regulator (NERSA) to regulate the supply of trading of water by municipalities as this is a utility similar to electricity; yet the relationship of water boards and municipalities remains unregulated.

On the **establishment of district municipalities**, the White Paper envisaged District governments to play a role of promoting district wide development priorities focusing on infrastructure and planning to an extent depending on capacity, be service authority or perform service provider function and to provide capacity to local municipalities. This requires appropriate funding of district municipalities to perform these functions; but to-date, almost all the 44 District Municipalities have no adequate revenue and budgets to discharge these obligations since the removal of the RSC levies as a revenue instrument without an appropriate replacement revenue instrument.



On the application of support by provincial and national governments, the White Paper obligates the National and Provincial spheres of government to provide support and capacitate the local sphere to perform their functions and discharge their obligations; it is our considered view that not much has been done to diligently give effect to this as we instead observe an unprecedented state of inappropriate invocation of Section 139 interventions; some perpetual since 2004 whilst others have not been assisted with capacity since 2016 elections; instead, directly imposed with Section 139 interventions; even in instances where Section 154 support interventions would be the most appropriate type of intervention.

Programme Director, for at least the last 15 of 18 years of democratic local government, we have witnessed numerous successive projects and programmes implemented by national and provincial government with an aim to improve functioning of municipalities. In 2004 Project Consolidate was launched with the intention to deepen the impact of existing policies and programmes directed at local government. Through the deployment of Service Delivery Facilitators into targeted municipalities, the aim was to enhance municipal performance and service delivery, promote a new culture of performance and accountability in the municipalities. In addition, the programme aimed at strengthening the capacity of government by gathering empirical information that can be analysed and used to refine existing strategies. This intervention was shortly followed by the introduction of the 5 Year Local Government Strategic Agenda (LGSA) programme in 2006 which was later



## 5<sup>th</sup> SALGA National Members Assembly 2018

---

followed by inception of the Local Government Turn-Around Strategy (LGTAS) Programme in November 2009 – three interventions in a space of 5 years! Following the LGTAS government once again formulated a plan of action to revitalise local government through the introduction of the Back to Basics Programme in September 2014.

Firstly, Mr President, within the context that government has for the last 15 years introduced numerous interventions to improve the functioning of municipalities, with very minimal success, should we not instead consider a comprehensive review to assess the State of Local Government, championed by the Presidency, with a view to ensure that a full scope examines the fiscal architecture; the powers and functions; accountability and that service ethos underpin the remodelling of local government system.

Secondly, it is our respectful submission that the promulgation of the Interventions Bill should be expedited to create a predictable framework of support to the municipalities and thus eliminate subjective political factors being used to justify Section 139 interventions.

These are just some of the White Paper aspirations that remain unrealised and which in our view, require a fundamental overhaul of the systems and funding of local government as clearly outlined in the current policy context of the NDP, IUDF and SGDs. This requires a radical shift in how local government is enabled and resourced to perform its functions. Commissioning the review process Mr President; is in our view the appropriate and timely intervention to



## 5<sup>th</sup> SALGA National Members Assembly 2018

---

reconfigure the system of local government to be fit for purpose to drive radical socio-economic development.

With regard to the Role of public office bearers in upholding **good governance and accountability** to the people, Mr President, here we must own up to the objective reality that in many of our municipalities we have failed to serve our people with integrity; there is a state of maladministration and a high number of reported incidences of corruption; lack of implementation of service delivery and accountability and consequence management. This is an image that we cannot be proud of; as this erodes the confidence of our people in the system of local government. We are however encouraged that many of our municipalities are reported by the Auditor General as having taken action against incidences of maladministration and fraud and corruption. It is against this background that SALGA is developing a sector Consequences and Accountability Framework to hold us all accountable for wrong doing and to rid the sector of this image of maladministration.

Mr President, as leaders in local government, we are pledging our unreserved support to root out this evil within local government. As SALGA, we have commissioned work with a view to inform member municipalities about the imperative of accountability and the inescapable consequences in local government, and to enable them to enforce the implementation of accountability legislation, regulation and measures. SALGA has a mandate from its elective conference to ensure that a Consequence and Accountability framework is developed to ensure municipalities meet their developmental mandates. This framework will set out the



## 5<sup>th</sup> SALGA National Members Assembly 2018

---

responsibility of each integral group in local government in terms of governance, financial management, service delivery and inter-governmental relations and clear measures to ensure transgressions are dealt with in a swift and decisive manner.

A case in point, Mr President, is the **VBS debacle**. Whilst acknowledging that there were regulatory lapses that, if appropriately managed, could have mitigated against the losses suffered, over the next two days, as leaders and fellow councillors, our conversation should not only lament on the implications of this crisis for municipalities, but also provide insight and a way forward on how this and matters of similar grave nature – negatively affecting our members and the communities they serve – should be avoided.

On the **fight against violence and abuse of women and children**, it is our pledge as local leaders to make this a daily fight and pledge (365 days a year) by, amongst others:-

- encouraging all South Africans to be active participants in the fight to eradicate Violence against Women and Children;
- drawing attention to the many ways Violence against Women and Children affects the lives of all people in all communities around the world;
- Ensuring mass mobilisation of all communities to promote collective responsibility in the fight to eradicate violence against women and children;
- Encouraging society to acknowledge that violence against women and children is NOT a government or criminal justice system problem, but a societal problem, and that failure to view



## 5<sup>th</sup> SALGA National Members Assembly 2018

---

it as such results in all efforts failing to eradicate this scourge in our communities.

Similarly on the **fight against HIV/Aids**, the UNAIDS endorsed 90-90-90 targets have become key indicators against which to measure our progress in the HIV response. These targets have also been included in South Africa's National Strategic Plan for HIV, TB and STIs 2017-2022. With the three targets set for achievement by 2020, Mr President, it is our pledge to lead the fight as local leaders to implement these initiatives in local government. Already; SALGA has identified 19 of our municipalities as pilot sites to demonstrate commitment to the 90-90-90 Campaign.

As it relates to **attacks on Municipal Councillors and officials**, we remain concerned about the continued loss of life through targeted assassinations and brutal killings of our councillors and municipal officials. To-date 157 Councillors died in the line of duty. As the SALGA NEC, we resolved to address this matter mainly "under the focus area on Councillor Welfare and Support" but quite clearly, more immediate interventions are necessary from the side of the Inter-ministerial Committee on the killing of Councillors.

It is for this reason that we have engaged with structures such as the Moral Regeneration Movement and made submissions to the Moerane Commission which was charged with diagnosing and offering a prognosis to the political killings and attacks. In addition hereto, we were also very vocal in the Local Government MinMEC held on May this year, where it was agreed that in consultation with the Security Cluster to prioritise the following interventions:



## 5<sup>th</sup> SALGA National Members Assembly 2018

---

- Drastic action by government is needed to prevent these orchestrated killings;
- The three spheres of government and civil society must work together to prevent further damage to property caused by disgruntled communities;
- Where arrests are made, our criminal justice system must firstly ensure that they stand trial and where found guilty harsh sentences must be imposed; and
- provision of close protection services to our councillors should be seriously considered as inordinate turnaround times on the conducting of threat analysis by the SAPS adds to some of the avoidable loss of life.

Whilst on the subject of **Councillor Welfare and Support**, Mr President, the remuneration of councillors has been neglected and requires further interrogation to ensure an equitable and fair system of remuneration for Public Office Bearers at local government level. As directed by the SALGA NEC, the SALGA Presidency has commenced engagements with a number of stakeholders, including the Minister of COGTA, parliament and the public office bears Remuneration Commission towards a better remuneration dispensation for councillors. It is now time for decisiveness in ensuring an equitable and fair system of remuneration for all public office bearers.

Programme Director, let me also hasten to add that we live in a rapidly changing world that is in constant state of flux, with globalization resulting in a similarity and a commonality of experience. In this shift local issues are assuming a global character,



## 5<sup>th</sup> SALGA National Members Assembly 2018

---

with developmental challenges that are no longer just the experience of developing nations. These include climate and environmental challenges as well as social inequalities emanating from increased migration and urbanisation.

We need to remind ourselves of lessons learnt on the failure to reach some of the MDG targets. In this regard, we would emphasize that the New Urban Agenda should not be seen in isolation from SDGs and that there should be explicit linkages with each of the SDGs. The New Urban Agenda is therefore not only about SDG 11, as all the SDGs have a local dimension.

In short, it is our collective task to support local government to respond to the complex and rapid changes of the 21st century, and use the opportunities that it and the 4th industrial revolution presents for modernising governance centred on people's development.

Mr President, as I conclude, I stand before you on behalf of the leadership collective of organised local government and the local government leaders present from all our member municipalities and pledge our positive response to your Clarion Call of Thuma Mina. Send Us Mr President to serve our people with dignity, courtesy and integrity. Yes Mr President; we all wanna be there when our people cry for service; we too; wanna be there to turn the faces of poverty; despair and destitute to be smiles of hope; we wanna be there to lead the fight against rampant corruption in some of our municipalities. Yes, Mr President; we wanna be there when the records of history applaud you for fulfilling the promise of our Constitution to build a better life for all; in realisation of our founding



## 5<sup>th</sup> SALGA National Members Assembly 2018

---

fathers Nelson Mandela's call that: *"it is in our hands to make our country a better place for all our people"*.

Once more on behalf of the SALGA leadership collective, I am honoured to declare this august and monumental National Members Assembly open. I wish you all well in the deliberations.

I thank you

### Contact Details:

#### Telephone:

(012) 369 8000

#### Fax:

(012) 369 8001

### Social Media



Facebook: South African Local Government Association (SALGA)



Twitter: @SALGA\_Gov