



MINISTRY OF FINANCE
REPUBLIC OF SOUTH AFRICA

**SPEAKING NOTES FOR THE MINISTER OF FINANCE, MR ENOCH GODONGWANA, AT
THE INTRODUCTION OF THE NATIONAL CABINET REPRESENTATIVE AND
TECHNICAL SUPPORT TEAM FOR THE MANGAUNG METROPOLITAN MUNICIPALITY**

DATE: 22 JULY 2022

Honourable Councillors,

On behalf of the National Cabinet, and as the Minister of Finance, I would like to congratulate you on your election as the new municipal council of Mangaung Metropolitan Municipality in this 6th term of local government administration.

Unfortunately, your term coincides with formidable challenges faced by the municipality, challenges that must be urgently addressed. The 5th term ended poorly, with the performance of this and many other municipalities in the country in an undesirable financial state. Specifically, the Mangaung Municipality has been under administrative intervention in terms of Section 139 (5)(a) and (c) of the Constitution, and it saddens me that despite such intervention, no visible improvement can be found in your financial and service delivery performance.

It is this situation that has necessitated that a more severe model of intervention is put in place, in order to protect the communities and people of Mangaung and to improve financial and service delivery performance in the municipality. This is among the first Metropolitan Municipality to experience this severe level of financial and service delivery distress. Whilst service delivery in this municipalities has deteriorated over the years, it has accelerated over the recent period.

Steps Toward Improvement

The interface between political and administrative leadership needs to be improved if this municipality is to be stabilised. Councillors, you will be aware that in our democratic government provisions are in place to deal with political and administrative infighting, as well as factionalism, especially when these continue to impede service delivery.

It is disheartening to see roads riddled with potholes, with little effort made to speedily execute the required repairs. For too long, basic, and critical infrastructure has been allowed to fall into disrepair. This is but one of the obvious signs of municipal dysfunction. Dysfunction that has festered under the previous municipal council. This is extremely disappointing, given the massive potential that this council must deliver quality services and uplift the people of Mangaung.

I stand here before you, the new Council which has been in office for a period of 6 months since the November 2021 local government elections, pleading that you put the interests of communities first. The welfare of the people must be your priority. You should not use the privilege and power of the leadership positions that you have been elected to, for other interests or personal gain. You should do your utmost to uphold the values of the constitution and the sanctity of political power.

During the past few months, reports have been shared with me that indicate divisions and factionalism are rife in this council. These reports indicate that key decisions of the council are not being taken or delayed due to internal divisions. For example, the budget of the municipality was only approved at the third attempt, instead of being adopted, as per the legal requirements, by the 20th of May 2022. This does not inspire confidence in your ability to govern. It also sends worrying signals to investors.

Financial Recovery Plan

Honourable Councillors, for the successful implementation of the Financial Recovery Plan (FRP), support and guidance are needed. There also must be an attitude by the leadership that invests its energies in core service delivery initiatives. Get the basics right and you can achieve great things.

This Council is in a position to drag the Municipality out of its current dysfunctional state. You must concentrate on positioning the Mangaung Metro as a trustworthy, performance-gearred, and caring instrument of the people's will.

This is a mammoth task. However, with the right political attitude and willingness to change the current dysfunctional city and full implementation of the FRP, this council is poised to make rapid improvements.

Sources of Municipal Failure

Honourable Councillors, many reasons are given to explain why this particular sphere of government continues to fall short of its mandate. Annually, the Auditor General (AG) lays out in painful detail the deterioration of financial and service delivery performance in municipalities. This crisis persists despite support from the Provincial and National governments to build and bolster the technical capacity of our municipalities. It is clear from these reports that many municipalities lack the required skills and competencies.

It falls on you as a Council to exercise decisive leadership and ensure that you recruit a capable City Manager. It is also your responsibility to ensure that the direct reports to the City Manager are equally competent. Processes must be put in place and followed to ensure that you do not compromise on the required skills and competencies necessary to enable positive change in the municipality.

It pains me to say that despite reports given on the performance of municipalities during the previous financial year by the AG, many continue to flout key legislative prescripts, such as the Municipal Finance Management Act, of 2003 (Act No. 56 of 2003) (MFMA). Failure to comply with the law and your fiduciary responsibilities while exercising your duties is unacceptable.

Councillors are elected and deployed in positions of leadership in municipalities to improve the quality of the lives of the people of our communities. If your attitude and agenda are not aligned with that of national interest, then perhaps the time is right to reconsider whether being a local government leader is what you should be doing for the next five years.

National Cabinet Representative

Honourable Councillors, on 20 April 2022 my colleague Dr Nkosazana Dlamini Zuma, the Minister of CoGTA, came here to launch Section 139(7) National Intervention.

Today, I am here to deepen that intervention. With me, I bring the National Cabinet Representative (NCR) and his support team. Their primary responsibility is to stabilise this municipality by ensuring the implementation of the Financial Recovery Plan on behalf of the Cabinet. The team is here to ensure that the financial and service delivery problems in the Mangaung Metropolitan Municipality are addressed.

In this regard, the Cabinet has appointed a team from Ntiyiso Consulting, led by Mr Paul Maseko, to help the municipality on its road to recovery. Ntiyiso has been in the local government space for a number of years. Their experience and expertise, along with your unreserved support and willingness to implement the FRP, will ensure the improvement of the financial and service delivery performance.

As the National Cabinet Representative (NCR), Mr Maseko is delegated the authority to oversee this intervention on behalf of the national cabinet. It is important to emphasise that processes are already underway to update the existing FRP and to set new targets and timeframes for the implementation of FRP activities. Your municipality must implement these FRP activities and strive to meet targets and timeframes. Mr Maseko will oversee this process. He will provide regular updates to Council and Cabinet on progress made, and on any blockages that arise. He will also ensure that every decision made in this municipality is in full compliance with the FRP.

Let me reassert what has already been stated in the terms of reference (TOR) of this intervention. The Council-approved system of delegations remains applicable, subject to the limitations expressly stated in the TOR. The National Cabinet Representative, in executing his responsibilities, will consult with the Speaker, Executive Mayor and the Municipal Manager, depending on the nature of the subject matter. The role of the technical support team is to provide full-time strategic support and expertise to the NCR within the context of the approved Financial Recovery Plan.

Honourable Councillors, I will now allow the National Treasury team, headed by the Deputy Director-General of Intergovernmental Relations Ms Malijeng Ngqaleni, to give a presentation that will empower you as a collective, and give you a better understanding of the background that has led to this intervention.

Secondly, the presentations will provide you with clarity on the logic and theory behind S 139 interventions.

Lastly, let me also thank the team that was deployed by the Department of Cooperative Governance and from some of the national sector departments to stabilise the administration. I also thank the interim NCR and Acting CFO deployed by the National Treasury for the good work done to date to clean up the city, especially for dealing decisively with the challenges of the abuse of overtime.

I wish you every success in your role as the leader of this municipality.

I thank you.