



MINISTRY OF FINANCE
REPUBLIC OF SOUTH AFRICA

**ADDRESS BY DEPUTY MINISTER OF FINANCE, DR DAVID MASONDO, TO THE
EX-MUNICIPAL COUNCIL OF LEKWA**

7 JUNE 2021

On the 12th of April 2021, National Government was, for the first time, ordered by a division of the High Court to intervene in the affairs of a municipality. The intervention was a result of an ongoing financial and service delivery crisis in the Lekwa Local Municipality. A crisis that could have been avoided or resolved without an order by the court.

While this may be the first order of this kind to be handed down to National Government, I am confident that it will not be the last. The events in this municipality will in all likelihood blaze a trail for other communities that have had their fair share of poor service delivery and general municipal ineptness.

Lekwa is not the only municipality to have failed in terms of the constitutional and developmental mandate assigned to local government. Regrettably, 25 years into a new local government dispensation, after the introduction of progressive and enabling municipal legislation, extensive capacity-building efforts and increased grant allocations, there are 39 other municipalities in a situation as critical as Lekwa. There are also 163 municipalities in financial distress and 108 municipalities that have passed an unfunded budget in 2020/21 financial year.

To deal with the envisaged scale and depth of this problem, it is vital that National Government sends a clear and unambiguous message that poor leadership undermines the proper functioning of our municipalities, be it at the political level or the administrative level, will no longer be tolerated nor condoned. Too many people suffer when municipalities cannot function as envisaged and provide the basic services that impact on day to day lives and livelihoods.

The crisis at Lekwa is unfortunate. Even more unfortunate, is that being ordered by the High Court to intervene goes against the very essence of our cooperative intergovernmental system. But in any crisis, there are also opportunities. Opportunities to redefine what is acceptable and what is not, opportunities to remind ourselves of our duty to serve, opportunities that force us to rethink our approach.

Several valuable lessons for all three spheres of government will no doubt emerge from this experience. Perhaps the most explicit lesson to emerge right from the outset, is that where municipalities fail to heed the call of their communities, and provinces fail to act in addressing municipal dysfunctionality timeously and appropriately, the courts will provide recourse if approached.

A further lesson to emerge from this experience is that political and administrative leadership is fundamental to creating a viable municipal sector. In our experience, we can confidently say, that a financial and service delivery crisis starts with a crisis in management and leadership. It is also perpetuated by a failure to deal decisively with disruptive management and leadership issues. If we are serious about fixing a financial and service delivery crisis, we need to first fix the political and administrative leadership crisis.

As you are all aware, Cabinet took a decision on the 12th of May 2021 to dissolve the municipal council in Lekwa. Furthermore, the Minister of Cooperative Governance has ordered a stand-over of the bi-elections pending the local government elections later this year.

While the rights, responsibilities and power of councillors were officially revoked on the 12th of May by virtue of the Cabinet decision, salaries for councillors will be paid until the end of May 2021. However, as of the 01st of June, an Administrator, Mr Johann Mettler, has been appointed to fulfil the legislative and executive functions of the council. Mr Mettler is a lawyer by profession and has extensive local government policy and regulatory experience. He is also a former Municipal Manager at the Nelson Mandela Bay Metro and played an instrumental role as the Administrator in the intervention at Msunduzi Municipality in 2009. Mr Mettler has been conferred with the necessary authority by the Minister of Finance to ensure a smooth and swift recovery in Lekwa. We hope that full cooperation will be given to Mr Mettler in this assignment.

To the councillors that have served the Lekwa Local Municipality with integrity and sincerity during their tenure, we thank you for your service. We wish you well in your future endeavours.

I thank you.