



## **Joint Sitting: Debate on the State of the Nation Address**

**18 February 2015**

**Honourable Speaker and Chairperson of the NCOP**

**Honourable President, His Excellency, JG. Zuma**

**Honourable Deputy President, C. Ramaphosa**

**Honourable Deputy Speaker and Deputy Chairperson of the NCOP**

**Honourable Ministers and Deputy Ministers**

**Honourable Members**

**Distinguished guests**

**Ladies and gentlemen**

Madam Speaker and Madam Chair, allow me on behalf of organised local government (SALGA) to express our sincere appreciation and privilege to reflect on the key issues the President touched on in his speech.

The democratic local government was effected in 2000, the evolution of local government system has been both interesting and challenging. We have moved from a plethora of small entities across the whole country to a more developmental and integrated municipalities. The journey has been characterised by new learnings. The outstanding feature of this evolution is the effectiveness of intergovernmental relations in our country.

This year marks 15 years of democratic and people centered local government and I'm sure we can all agree that a firm foundation has been laid, which we should reflect and build on as we lead up to the 2016 local government elections.

As cited by both the President and the Minister of CoGTA, we should not forget the significant contribution that local government has made in the expansion of infrastructure and services to households like free basic water, electricity, waste collection and sanitation – which is contrary to the often negative narrative sustained against municipalities.

### **On Economic Growth and the Local Context**

We note with the same concern the bleak global economic growth outlook and that our ambition of achieving a growth target of 5 per cent by 2019 is at risk, because of the slow global growth as well as domestic constraints in energy, skills, transport and others.

The President stated that “our economy needs a major push forward” if we are to realise our growth and job creation targets. We agree, and it is in that context that we wish to talk about local economic growth and unlocking the potential of our spaces and places.

Small Towns/Rural Towns/Townships are home to about 50% of our population, yet they are the least developed, rapidly de-populating, and are to a large extent overlooked. Small towns play a key role as points of socio-economic service provision, welfare distribution, production centers for raw material, primary hubs for manufacturing and industries and are key conduits in the rural-urban continuum.

Consider Ballito in the Kwadukuza Local Municipality which is part of the iLembe District Municipality in KZN. It used to be a small holiday town, but today has grown into a suburban paradise which achieved substantial economic growth, such as the King Shaka International Airport and the Dube trade port. Over time, what was established as a private township in 1954 is now an anchor economy to its rural hinterlands with a large commercial business park, with a full service industry within the commercial park.

If carefully and strategically approached, even simple activities such as street lighting can be catalytic to business expansion and retention. We therefore cannot over-emphasise the importance of the **Back to Basics** approach and getting those basics right.

This was true in the case of Butterworth in the Eastern Cape where the installation of street lighting in the main road became an attraction to a KFC setting up, which in turn changed the business operating culture in the area and had a knock-on effect on surrounding businesses.

With regard to mining towns, while we are focusing on the Presidential Special Package for Mining Towns, we should not forget those other mining towns who are at risk of becoming *ghost* towns.

Stilfontein is a case in point – once a booming mining town, it has slowly deteriorated since 2012, resulting in the closure of a state-of-the-art hospital, with residents now having to travel to Klerksdorp for healthcare, and business swiftly vacating the area. The situation in this and similar towns can still be revived, but we must act swiftly and coherently.

Our point, Mr President, is that if we are to truly stimulate our lagging economic growth, then we must see 278 local economies as the starting point for leveraging productivity, innovation and job creation. We therefore call on government to rally behind local government and use IDPs as the only and central planning instrument to make a real impact on spatial transformation and integrated development in our spaces.

#### *What about the potential of our cities*

The Integrated Urban Development Framework must indeed provide a new deal for our cities and towns and its implementation must be a key priority. We must urgently equip our cities with the institutional reforms to ensure that investments in the built environment lead to real spatial transformation.

## **The energy challenges**

Of course, that kind of development and growth is not possible without sustainable and low cost energy, so we are in full agreement that tackling serious energy constraints should be uppermost in our agenda.

For our part, SALGA is committed to shortly launching a national campaign to mobilise citizens to pay for municipal services and help them understand the value chain of service delivery – non-payment of services leads to less revenue and in turn constrains our ability to maintain and upgrade our infrastructure and provide the desired level of services. Non-payment for any service has a knock-on effect on the service delivery value chain and must be addressed in building a culture of user payment.

## **Improving financial management and audit outcomes – a good story to tell**

Substantial progress has been made on this front during this term of local government. Over 50% of municipalities now have unqualified audits, with the number of disclaimers and adverse opinions having halved since 2008/9.

SALGA is also rolling out a hands-on support programme to those municipalities in financial distress who persistently attain disclaimers and adverse opinions. Already, the impact of this support programme is being felt in Limpopo, where as a result of SALGA's intervention, 29 of the 30 municipalities had an audit query on the wage curve agreement resolved, resulting in improved audit outcomes in 18 of the municipalities in that province.

## **Community protests and the state of our local democracy**

There are those who would claim that local government is dysfunctional as evidenced by the increasing number of protests and unrest witnessed over the last couple of years. But, it is precisely because communities have the right to openly participate in the affairs that concern their daily lives that I would say we have such a vibrant and

participatory democracy. Indeed, as the Freedom Charter envisioned, the people now do govern!

Research shows that the key trend is that protests mostly take place in areas where government has invested huge public resources / projects – creating new conflicts over beneficiaries of development, with new winners and losers. In some instances, this gives rise to “poor quality of delivery or alienation of communities” from that which has been delivered.

What is unfortunate and must be condemned, as the President correctly did, is to use violence and intimidation of public officials and even foreign nationals who play a major role in our economy, to vent their frustration. This is unacceptable and we must introduce tough sanctions on perpetrators who deny others the opportunities and benefits that those burnt schools, libraries and public facilities previously offered.

Notwithstanding that, frustration with the continuing lack of fundamental economic transformation and inequality are real. Whatever the reason, protests are ultimately a reflection of failures of the cooperative governance system as a whole, and as such, at the heart of our collective response strategy and interventions for immediate improvement should be:

- far more effective communication and responsiveness as one government;
- greater inclusive governance of municipal areas through IDPs as the only and central planning instrument of government; and
- strengthening the political and organisational capacity of our local structures to lead inclusive governance in a more constructive, developmental and transformative way.

## **In Conclusion**

Notwithstanding some of the challenges faced by local government, we should not forget that we all live, work, pray and play in municipalities. Let us therefore rally behind municipalities as the key players and implementers of government’s programme of action... and realise that if

we build 278 sustainable local economies, and act as one government, then surely our growth aspirations will be realised.

To this end, Madam Speaker and Madam Chair, we are committed to working with our partners in government and the private sector to ensure an integrated approach to service delivery and that the developmental vision of local economic growth is realised.

I thank you.

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**Hon Thabo Manyoni**  
**SALGA National Chairperson**