

# Feature News Release

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## **MUNICIPAL SPENDING CAPABILITIES AND MUNICIPAL INFRASTRUCTURE CHALLENGES COME UNDER THE SPOTLIGHT AS LOCAL GOVERNMENT SEEKS SOLUTIONS**

SALGA President Parks Tau says the last two decades of democracy, the government has been focussing on achieving universal access to basic services and now the current infrastructure in municipalities is under heavy strain and suffers from years of neglect and limited maintenance.

Speaking to more than 400 delegates, which include municipal leaders and officials, Members of Parliament, industry experts and key stakeholders in local government infrastructure, during the Municipal Innovation Infrastructure Finance Conference (MIIF), currently underway in Kempton Park, at Ekurhuleni metro, Tau called for a new paradigm shift in order to address the infrastructural challenges confronting municipalities.

“The whole sphere of local government needs to rethink its approach to the kind of infrastructure that we invest in and start to focus more on climate proofing investments to allow for longer useful life and better return on investment.”

“With the increasing dynamic of inward migration, mushrooming of informal settlements, increased population size, urbanisation, climate change and new technologies, we have to take stock of whether our current infrastructure can withstand these challenges”, Tau said.

Local government is faced with the challenge of building the technical capacity within, to master the art of project preparation in order to execute infrastructure projects. SALGA had organised the three-day MIIF conference to empower the sector to be able to mobilize financial resources from outside their current budgets and financing instruments to overcome infrastructural challenges. The conference has called for the private sector to propose concrete measures to assist municipalities with value for money analysis and to assist in developing procurement documents and project concessional agreements.

The Minister of Finance Nhlanhla Nene told the delegates that the manner in which municipalities looks after their infrastructure, including roads, electricity, water, to mention just a few, has a huge bearing on the quality of life. Nene said all economic activity takes place within the boundaries of a municipality, therefore the quality of municipal infrastructure matters for the performance of the country’s economy.

“We know only too well of the backlogs in the building of new and maintenance of existing infrastructure. If we are to raise the pace at which our economy grows and eliminate the legacies of apartheid, we must fix municipalities, in particular, their ability to build and maintain infrastructure,” said Nhlanhla.

The Minister of Finance in his Budget Speech earlier this year announced that R13, 9 Billion will be stripped from local government infrastructure grants.

Tau said this was largely informed by the fact that despite the need, some municipalities are still unable to properly plan and execute their projects, resulting in underspending of these grants.

“This should be of concern to all of us. As municipalities, we should not be seeking access to financial markets and other lending institutions when we have the inability to spend what we have,” he said.

Deputy Minister of Cooperative Governance and Traditional Affairs, Andries Nel said only 55 of our 257 municipalities have a qualified engineer.

“We must intervene, and we are intervening. Our Municipal Infrastructure Support Agent (MISA) has been instructed to constitute District Technical Support Teams to support 55 of the 87 priority distressed municipalities.”

“Each District Support Team will include engineers, construction and project managers, financial accountants, town and regional planners and governance and administration experts as needed,” he said.

By December all distressed municipalities are expected to have a Technical Support Team in place and the teams will be expected to develop permanent capacity in these municipalities to ensure that infrastructure funds are actually spent and that they are spent efficiently, effectively, and accountable.

The conference is expected to conclude its business this Friday afternoon.

**END**

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