

INAUGURAL COUNCIL OF MAYORS

SALGA PRESIDENT'S WELCOME AND KEYNOTE ADDRESS

8 JUNE 2017

Cllr. Mpho Parks Tau

SALGA President

Programme Director, Deputy President Executive Mayor Lindiwe Ntshalintshali

Honourable Ministers and Deputy Ministers

Members of the SALGA National Executive Committee

All Executive Mayors and Mayors

Chairperson of the Municipal Demarcation Board

Invited Guests and Fellow South Africans,

Programme Director, as we gather here today tributes are still pouring in from around the world for the victims of the London Bridge terror atrocity, which saw seven people lose their lives and a further 48 injured. Our sympathy and thoughts go out to the victims and their families. We stand in solidarity with the City of London, under the leadership of Mayor Khan,

as well as many other cities who are faced with war, civil unrest and terrorism. We also pay tribute to the Emergency Services and Police, who react with such speed and bravery in very difficult circumstances. As municipalities we must re-double our efforts to ensure our streets remain safe for our residents, workers, businesses and visitors.

As a South African nation we are similarly still angered and saddened by the rise in violence against women and children. As a father, a husband and a brother it is time for us to take collective responsibility for these shameful actions and declare that enough is enough. As men, I therefore ask us all to rise and commit that we shall do all in our power to stop these senseless and barbaric acts. We must, under the umbrella of the UCLG, support the Safer Cities programme as a priority in implementing effective urban safety programmes in cities and towns around the world. The Safer Cities Programme embraces a more holistic and participatory solution to reduce or prevent crime and violence. It supports cities and towns in adopting city-wide urban safety strategies and action plans, building on socially inclusive and participatory approaches that contribute to a safer and just city for all.

Programme Director, earlier this week on 5 June 2017 we commemorated World Environment Day to raise awareness on emerging environmental issues from marine pollution, human overpopulation and global warming, to sustainable consumption and wildlife crime. As mayors and climate leaders, we see every day the scale of the threat posed by climate change and the impact that it has on the lives of our communities. Recent events, such as the severe drought crisis following low rainfalls and now severe storms, are all confirmation of the threat posed by climate change. As local government leaders we

must give greater consideration to combatting climate change and fundamentally change our respective approaches. We must re-affirm our call for greater collective climate action to implement the Paris Agreement.

Programme Director, the City of Cape Town and the broader province of the Western Cape are directly affected by the impact of climate change. On behalf of the collective leadership of SALGA, we express our sincere appreciation to the City of Cape Town for hosting this Inaugural meeting of the Council of Mayors, despite these threats. We stand in solidarity with the city and other municipalities affected by the changing weather conditions.

As a new innovation, this Council of Mayors is the very first meeting of its kind, bringing together Mayors and Executive Mayors from across all provinces in our country. As a platform that, amongst others, will focus on addressing challenges experienced by Mayors and Executive Mayors, the Council of Mayors is also an opportunity for the SALGA NEC to get feedback from the Mayors and thus enabling SALGA to become more effective in our advocacy work.

Having interacted with different local authorities across the globe, there is a common understanding that the role of Mayors are to **co-ordinate** the work of councils; **provide** strategic political **leadership**; **enhance** good governance; build relations; **promote** civic and institutional pride; **support and engage** with communities and **facilitate** the process of governing. Coming closer to home, the South African context, the White Paper on Local Government stipulates that as leaders in local

government we need to close the gap between the current reality and the sustainability we want, by inspiring Spatial Transformation, Economic Growth and Sustainability through:

- Good governance and resilient institutions, financial sustainability;
- Universal access to and quality of Services and Infrastructure; and
- Improving the quality of life and access to opportunities.

Programme Director, this, I can assure you, is not an easy task - but I continue to draw comfort from the fact that with the diversity and riches of knowledge, experiences and imagination vested in this collective body of Mayors, we can only enhance our interrogation and resolution of the key challenges facing our local communities. Let us use this platform to learn from one another, pool our experiences and share our local expertise to ensure that the quality of life in villages, towns and cities across all corners of the country indeed build a more sustainable and just future.

Programme Director, we must nevertheless acknowledge that our context and the world is changing rapidly, at the same time, the world is in a constant state of flux, with globalization resulting in a similarity and a commonality of experiences. In this shift local issues are assuming a global character, 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.

This Council of Mayors provides the perfect platform to reflect on the changing realities and the opportunities it presents for consolidation and

renewal. We must remain cognizant of the increased expectation by both local communities and the global development community of the role of the local government in making a meaningful impact on development. In short, our task is, through organized local government structures such as this, 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 centered on people's development.

As implementers and shapers of the future, it presents an opportune moment to reinvent ourselves to adapt and be responsive to the fast-changing environment. In particular, I think we have a major opportunity to pioneer development and transformation models that are more sustainable and just.

Programme Director, the question we should pose to ourselves is how local government can inculcate the spirit and essence of the SDGs into our everyday planning and programmes, since pressure and demand based on increased information and knowledge of the SDG principles will and to some extent already is primarily being driven from the ground up. All SDGs should be responsabilised using appropriate frameworks for implementation, monitoring and review with appropriate urban indicators for each one of them, including reporting. This can only be achieved if local government take their rightful place and seat at the table where decisions are taken. This is in keeping with spirit of ensuring that NO ONE GETS LEFT BEHIND and promoting inclusive governance.

In this regard the following key points should be made:

1. The first is about Governance; this about ensuring that local governments and cities are given appropriate legal and policy mandates to undertake their responsibilities of delivering services to the people.

2. Secondly, we acknowledge that successful implementation of the New Urban Agenda will require multi-level governance and partnerships with all stakeholders. Therefore, implementation, monitoring and review of the New Urban Agenda and SDGs should be bottom up and include all stakeholders. This can only happen if local government specific capacity building mechanisms are in place and there is commitment to support and build a cohort of elected local officials and urban professionals to implement the New Urban Agenda and SDGs.

3. We need new settlement patterns and innovative residential construction methods. In this regard my argument is that we must prioritise social inclusion and spatial equity by supporting municipalities to pursue social and economic growth; and developing social housing integrated with people's activities, ecosystems and institutions. The strain that poorly managed migration and urbanization place on the supply of infrastructure and basic services, for example, and the resultant "slumification" of some parts of our cities can only be reversed through local economic growth and sustainable development. Let us, therefore create organised networks to share cases and lessons of best practice in affordable, energy-efficient, renewable and sustainable housing technologies for our members.

4. Thirdly, recalling the Addis Ababa Action Agenda paragraph 34, local governments and cities should be supported in raising revenues including ability to directly access international funding with minimal constraints, of course whilst being cognizant of the sovereignty

of the State.

5. Fourth, recalling the Paris outcome, the 1.5 degree future is a new organising principle not only for the global community but is strongly anchored in city climate response actions and effective urbanisation. In Paris we demonstrated how our combined efforts have gone a long way in mitigating the impacts of climate change. It is through the integration of the implementation of the climate agenda, the new urban agenda and the SDGs that we can transition to a sustainable world.

6. Lastly and most importantly, people should be at the centre of the implementation, review and monitoring both as participants and beneficiaries. We believe that we have to engage people in co-production and co-creation towards a sustainable world to eradicate poverty, address inequality to ensure prosperity for all taking into account the diversity of the people and acknowledging culture and indigenous knowledge.

Addressing the new global development paradigm therefore requires new and innovative thinking, supported by responsive institutions and appropriate means of implementation. The challenge before us is to relate these global commitments into real results which our people experience, in whichever space they may be, whether rural, intermediary towns or cities.

Having said this, of course, while focusing our discussions on the necessary ingredients for building a capable and developmental local government, we should not and cannot ignore current topical issues confronting the local government sector.

Programme Director, there are currently a large number of municipalities who are unviable, which is due to structural policy and systemic problems. These problems continue to weaken local government to discharge its obligations, which is now manifesting itself in, for instance, the impasse between our member municipalities and Eskom on outstanding debt owed – with a very similar impasse developing between Municipalities and Water Boards. Most municipalities affected by these ballooning debts and affordability repayment weaknesses, are the so called unviable municipalities. It means that without a structural fiscal response to review funding of municipalities including alternative revenue streams, and without reviewing systemic problems like Eskom's high interest on debts, excessive punitive measures, Eskom credit control policies and unreconciled municipal credit policies collection cycles, the problem will persist.

The electricity supply industry is experiencing a delinking between economic growth and electricity demand growth. Electricity sales in municipalities show a sustained downward trend over the last years and in some cases have dropped significantly. Today the sale of electricity is at record low levels for all municipalities. Unfortunately the model of bulk purchases from Eskom and selling kilowatt hours to customers is no longer a profitable and sustainable model for local government, especially within the current economic landscape.

Programme Director, given these challenges, it is of great concern to SALGA and our members that Eskom is effectively proposing a 27.9% increase in tariffs. In this regard, we must engage with ESKOM and NERSA to come to some amicable solution for all concerned and in the

best interest of the communities we ultimately serve.

Programme Director, fundamental in making municipalities developmental is an urgent need to sort out some of the lingering challenges arising from the current fiscal framework. Some of these issues, Programme Director, to form part of our conversation over the next two days must include the following:

- o The unsustainable and increasing debts owed to municipalities. Bold measures are needed to curb these, ensure municipalities collect and better manage their customers and national interventions are taken to ensure that this growing debt situation does not undermine the solvency of local government.
- o The current fiscal framework which allocates a measly 9.1% to the local government sphere needs urgent reviewing. Without the reconsideration of our fiscal instruments and the allocative formula, some of our municipalities will remain unviable and unsustainable. Later today, we will have a discussion on how the demarcation instrument is, in particular, not ideal in dealing with municipal viability.
- o The consistently improving quality of financial management in municipalities as evidenced by the AG audit outcomes reports are a cause for celebration. However, we propose that more effort be spent in ensuring not only accountability but also the improvement in the quality of spending and the return on the fiscal investment in transforming local space.
- o Lobbying for the necessary regulatory changes to be made

through the creation of appropriate mechanisms including the use of capital grants for capital raising.

- o Strengthening local government's role in the electricity distribution industry, including consideration of renewable energy, re-affirming the exclusive mandate assigned to local government on reticulation, review of the odious and ballooning municipal debt and tariff structures will be critical, as will its role in sustainable management of water and sanitation for all.
- o A further matter that will be discussed relates to recent reports that a Settlement Agreement has been entered into between the Department of Economic Development and seven construction companies as part of the Fast –Track Settlement process with the Competition Commission relating to a number of infrastructure projects, including the 2010 World Cup Infrastructure. It is further reported that, in line with the Settlement Agreement, the companies have paid the first tranche of R117 million to the National Revenue Fund, with a further payment due in July 2017. In light of the fact that six (6) of our member municipalities were directly affected by the widespread bid rigging, as acknowledged by the construction companies, in the development of 2010 World Cup infrastructure, we must have a keen interest in the latest developments.
- o Last but not least, 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 remuneration commission towards a better remuneration

dispensation for councillors. We will make specific proposals for the consideration of the next meeting of the SALGA NEC.

A capable and developmental state, particularly at a local level, is one that has the necessary financial and institutional capacity to implement our set objectives. In this regard, the SALGA national executive committee has directed that we identify means of accessing innovative financing solutions for the local sphere. This will include use of pooled financing mechanisms that we have already developed for those municipalities that cannot access the debt capital market. Other instruments we are keen to investigate together with government are social impact bonds, green bonds, climate financing instruments and the effective implementation of public private partnerships. In this regard, we will have to work closely with both government and parliament to effect the necessary legislative and regulatory changes to enable this.

We may also want to look at a basket of goods approach – to look at all services with a view of serving both the interest of municipalities and rate payers or consumers. If we don't take this approach we place at risk the ability of local government to provide services to communities in a sustainable manner.

Programme Director, we must acknowledge the massive progress the sector has made over the last 17 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 recently released Stats SA non-financial census of municipalities for the year ending June 2016, which confirms the following key gains made:-

- The number of consumer units receiving services from municipalities increased in the provision of sewerage and sanitation by 2,9%, electricity by 2,5%, solid waste management by 2,4% and water by 2,3%.
- Gauteng, KwaZulu-Natal and Limpopo are the only provinces that reported zero in the provision of bucket toilets with all other five provinces showing a decrease in the provision of bucket toilets.
- Of the 12,8 million consumer units receiving water, 4,7 million consumer units had access to free basic water.
- Out of 11,2 million consumer units receiving electricity, about 2,5 million received electricity as a free basic service from municipalities and service providers.
- About 3,3 million consumer units received free basic sewerage and sanitation services compared with a total of 11,2 million consumer units.
- Out of 9,6 million consumer units receiving solid waste management, about 2,8 million consumer units received free basic solid waste management.

Despite improved service delivery to our respective communities, the current socio-economic climate and context of high unemployment

(particularly among the youth), poverty and inequality pose particularly steep challenges to our development trajectory and threatens to erode the gains we have made in many areas to date.

We see the mounting pressure that inequality and exclusion now bring to bear on the public system, no more so than at local level, with the cost of living and the effects of spatial injustice becoming an increasing barrier for accessing opportunities, development and poverty alleviation.

When this new SALGA National Executive Committee was elected at the SALGA National Conference in November 2016, we undertook to focus on SALGA's role as **PROTECTOR** to enforce the rights of local government much more robustly, and constructively **DISRUPT** (in a positive sense) where the existing overall system (legislative, fiscal, policy, institutional) makes it impossible for local government to deliver on its mandate. To do so, together we must strengthen SALGA's role as an advocate for local government, by positioning local government at the centre of our cooperative governance system, through:

- Progressive policy, legislative and regulatory reforms to ensure a more conducive framework for local government to execute the developmental mandate;
- Greater fiscal equity, revenue enhancement and financial sustainability of municipalities; and
- Defending the discretion and right of municipalities to govern the affairs of their communities on their own initiative, within the

ambit of norms and standards parameters.

We must consolidate unity and cohesion of the local government agenda under the leadership of SALGA, with relevant players executing specific assigned mandates within a broadly canvassed and agreed collaborative programme. In sum, we must become organised local government speaking with one coherent voice and acting in unison.

This Council of Mayors must reaffirm our call for strategic alliances with civil society and the mobilisation of private sector investment for our people's development. We must further reiterate the importance of greater partnerships and collaboration with various bodies and development partners, within the context of resource mobilisation for critical programmes.

Let us march forward with unity of purpose and ensure that we practicalise our ambitions into tangible, liveable and sustainable local spaces and places, for the benefit of our communities and future generations.

I thank you.