



Ramaphosa calls for end to infighting in local governments

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President Cyril Ramaphosa. Photo: Rajesh Jantila/AFP

President **Cyril Ramaphosa** has told attendees at this year's Local Government Summit in Gauteng that they must end political discord and infighting at municipalities.

He said political contestation and infighting was “wreaking havoc” within municipalities, which ultimately prevented economic growth and service delivery.

“We should once and for all end the hijacking of municipal councils and administrations for self-enrichment and personal gain,” Ramaphosa said.

Addressing cadre deployment, the president urged municipalities to employ people that are competent to carry out their responsibilities in an “accountable, transparent, efficient, effective and responsive manner”.

The summit is attended by senior officials and leaders from all government levels, including mayors, municipal managers and chief financial officers.

Members from civil society, the business sector and academia are also attending the two-day summit, which started on Tuesday.

Ramaphosa said that no further diagnosis was needed on the state of **local government**, as persistent challenges were well known.

“Reports from the auditor-general and national treasury and the state of local government reports point to inefficiencies, maladministration, lack of financial controls, poor governance and the like,” he said.

In his address at the summit on Tuesday, Finance Minister **Enoch Godongwana** said 43 municipalities were currently “in ICU” and faced financial management challenges.

Further to this, 175 municipalities out of 257 passed unfunded budgets, “which means they are on route to become part of the 43 municipalities that are in ICU”.

According to the treasury, when a municipal budget is unfunded, it means the budget is not credible. Either the revenue projections are unrealistic, the operating expenditures are too high, or the capital budget is too ambitious.

Also addressing delegates on Tuesday, Auditor-General **Tsakani Maluleke** highlighted the findings of the **2020-21 consolidated general report** on local government audit outcomes released in June.

Local government had regressed over a period of five years, she said, adding that financial management at municipalities was not improving.

Only 41 municipalities attained clean audits, she said, and 141 submitted credible financial information, amounting to 54% [54.8%] of municipalities nationwide.

“But if you dig deeper, you will recognise that financial management practices are in deep trouble across municipalities,” Maluleke said.

She explained that of those 141 municipalities, most were only able to submit credible information after revisions. If the auditor-general’s office only audited the first version of financial statements submitted to them, “we would have ended up not with 141, but with 62. So not with 54% [54.8%] but with 25%,” she said.

Therefore 75% of municipalities were unable to present credible financial statements in their first version.

“It is worrying that even over all these years of helping in the way that we do, we are not getting the financial practices right,” said Maluleke.

This is despite having an appointed chief financial officer, financial management teams, internal auditors, auditing committees and consultants who help to compile financial statements.

A combined R1.26-billion was spent in supporting municipalities to compile financial statements, but “this is still not enough to help get us beyond 25% of municipalities with credible financial information,” Maluleke said.

She said it was clear that service delivery “does not meet our constitutional promise of affording dignity to the citizens of the country”.

Earlier in the panel discussion, Godongwana recalled a municipal budget allocating 1.7% to maintenance, where on average the specified minimum is 8%.

This means that when a municipality passes a budget of 1.7% “you yourself know that service delivery is not going to take place,” Godongwana said.

Ramaphosa said this year has been one of “heightened activity” by the state to improve local government.

He called on all key roleplayers to focus on outcomes.