

22 May 2020

For Attention: Minister of Cooperative Governance & Traditional Affairs  
Minister Nkosazana Dlamini-Zuma

Via email: MandisaMB@cogta.gov.za  
PamelaS@cogta.gov.za

Dear Minister Dlamini-Zuma

### **REQUEST FOR MORATORIUM ON LOCAL GOVERNMENT SALARY INCREASES**

On the 8th May 2020, we wrote to you (and copied all Provincial CoGTA MEC's), in the hope that you would heed our request for communication from your office to all leadership within local government, to introduce austerity measures to reduce the cost of municipal management with haste.

We have not received a formal response from your office to date and assume that: (a) you have already communicated the need for austerity measures in lieu of the economic crisis and feel no need to inform us of this communication, or; (b) you have already communicated the need for austerity measures are still to inform us thereof, or; (c) you feel there is no need to communicate such measures to local government and municipal leadership.

If indeed there has been no formal process introduced to drive substantive reduction in the cost of Local Government from a national and/or provincial oversight perspective since the lockdown has commenced, we ask that you please consider the content of our input below which culminates in our request that an urgent moratorium is placed from you office, on all municipalities with regard to salary increases.

We need not be reminded of the extremely serious economic decline and resultant constraints we are currently facing as citizens in South Africa. Accordingly, we believe Government needs to seize the opportunity with both circumspection and haste, to prevent an even larger fall-out between communities and administration at the local government level, the negative consequences of which will add further weight to the economic crisis unfolding.

We raise our concern based on the apparent lack of respect and sensitivity being displayed by local government toward its customers (all resident communities and businesses), specifically in regard to requests for salary increases being processed by many municipalities in their upcoming budget submissions.

We cannot comprehend that whilst South Africa stares down the barrel of an extremely dangerous and dire economic depression, whereby hundreds of thousands (if not millions) of tax-payers in the private sector are being laid off or having their salaries reduced in an attempt to keep businesses afloat, we see very little attempt within the public sector to reduce their costs to society.

Today, most of our municipalities are either technically bankrupt or on the verge of bankruptcy, and yet the leadership within these municipalities and metros continue in a “business as usual” mind-set and approach to the management thereof. A major portion of the cost element within the municipality spend, which it passes on to its customers and constituents is the salary component and that of their outsourced contractors performing municipal functions. Collectively, these costs have increased above inflation over the past decade.

From our perspective as a civil society organisation, there does not appear to be a sense of urgency by local government authorities to be cognizant of the need for a substantive “tightening of their belts” and to reduce costs across a number of fronts in this extremely dire time.

Furthermore, while we also recognise the fact that there are pockets of excellence in Local Government, it is clear when reading the Auditor General’s reports, along with analysis of broad scale municipal financial trends, the slide into financial distress is indeed serious and more so today than it was pre Covid-19 pandemic. This backdrop provides more fuel for an urgent need to halt requests by municipal councils for salary increases. Indeed, we believe that aside from the pressures of the current pandemic and lockdown situation, there is an urgent need for reform of the current Local Government model.

Please also note that OUTA is witnessing strong and growing calls across the country for tax revolts at a Local Government level. As much as we are attempting to instil calm and a structured approach by local communities to follow due process in their attempts for Local Government authorities to respond to their collective anxiety, the general consensus is one of rising anger that manifests in lower payment levels of rates and taxes.

Local Government is now facing a vicious cycle of pushback between administration and communities. This is giving rise to a no-win “race to the bottom”, whereby residents will ultimately want to use their power and take over the control of their rates and taxes, regardless of the democratic and legal process that are in place. This will have severe and dire unintended consequences for the country, which is a matter that must be averted through a series of interventions that include meaningful participation and buy-in of local communities.

Making matters worse, are examples of resident communities who have had to painstakingly follow the legal process and obtain court rulings in favour of disbanding failed municipal councils (such as with the recent Makana case), and instead of taking the side of the aggrieved residents (from all sectors of the community), your Provincial MEC in the Eastern Cape saw fit to challenge the court ruling, only to lose again in the higher court this week. We trust you will ensure the legal costs of these cases will be borne by the people who opposed the initial ruling.

In conclusion, the residents of most municipalities are fast losing faith in their democratically elected municipal leadership structures for a variety of reasons, not least of which is the lack of financial prudence and care for the needs and requirements of residents across all sectors of these communities. As I have indicated above, this does not bode well for the future successful management of municipalities.

With current local government budgets being submitted by the end of May and the calls from most Municipality councils to introduce salary increases, (some we have heard as high as 11%), we call on you to use your powers to place an urgent moratorium on all salary increases (staff, management and contractors), including adjustments to other remuneration allowances, benefits and bonuses, for the foreseeable future.

Yours sincerely



Wayne Duvenage  
OUTA CEO