

MEC FOR COOPERATIVE GOVERNANCE, HUMAN SETTLEMENTS, TRADITIONAL AFFAIRS (COGHSTA) HON. R.B MAKAMU: DEBATE ON THE CREATION OF PROVINCIAL AND MUNICIPAL-OWNED CONSTRUCTION COMPANIES TO ERADICATE INFRASTRUCTURE BACKLOG AND ABOLISH TENDER: VIRTUAL

Tuesday, 29 November 2022

Programme Director

Chairperson of the NCOP

House Chairpersons

Chief Whip of the NCOP

Honourable Members

Portfolio Committee on COGTA, Select Committee and Other Parliamentary Oversight Committees

Premiers present

Fellow MECs present

Ladies and Gentlemen

Good afternoon

We meet in the backdrop of the launch of this year's 16 Days of Activism against Gender-Based Violence which runs from the 25th November to 10 December annually, to highlight the scourge of gender-based violence and femicide affecting women and children affecting women and children.

This year's theme for the 16 Days of Activism against Gender-Based Violence is: **“Socio-economic Economic Rights and Empowerment to build Women’s Resilience against Gender Based Violence and Femicide: Connect, Collaborate and Contract.”**

According to the Constitution of the Republic of South Africa one of the objects of local government is to ensure the provision of services to communities in a sustainable manner.

In the execution of this mandate municipalities employ both internal and external capacities to deliver to their communities. Much of the infrastructure projects such as roads, water and electricity are outsourced to external service providers.

Procurement of goods and services takes place within the ambit of the Constitution and a myriad of laws.

Section 217 of the Constitution articulates as follows on procurement:

“When an organ of state in the national, provincial or local sphere of government, or any other institution identified in national legislation, contracts for goods and services, it must do so in accordance with a system which is fair, equitable, transparent, competitive and cost-effective.”

Contracts for goods and services by the national, provincial or local government, or any other institution of the state, take place within this constitutional prescript and national legislation envisaged by the constitution.

This modality of service delivery has been riddled with challenges like poor workmanship and downright corruption, to the point of a general outcry for the abolishment of tenders and insourcing of all government services.

Contrary to the noble idea of contracting for goods and services, the practice of tenders has become synonymous with acts of bribery and financial kickbacks which are serious forms of corruption.

As we all know the current democratic dispensation is seized with the mammoth task of rooting out corruption wherever it rears its head. In this regard the corruption-fighting agencies such as the Directorate for Priority Crime Investigation (DPCI) or the Hawks as it is better known, and the National Prosecuting Authority (NPA) are under new leadership. Their work is gaining public visibility.

The ANC has corruption in every form and guise in its crosshairs for elimination. When the work of the corruption-fighting agencies of this government is done, our systems will be immune to corruption and every cent will be accounted for.

The rationale for the current procurement regime is in its centrality in socio-economic development. Procurement or tendering, has a role in the public service because it sustains small businesses that create jobs and advance local economic development.

A balancing act needs to be employed in engaging with the procurement of goods and services between internal and external mechanisms of infrastructure development. Government has a dual role of delivering sustainable and quality services to communities, and to contribute to the socio-economic development of the country by

involving the private sector in the provision of goods and service to government.

The African National Congress as a responsible and caring party in government cannot throw out the baby with the bath water like some honourable members seem to insinuate.

Through the affirmative procurement policy the historically disadvantaged like black people, including women and the youth, have come into the economic mainstream which wouldn't have been possible in the void that some honourable are advocating.

As for municipal owned entities, the law makes provision for their existence and there are municipalities who use their companies to deliver services.

The Municipal Systems Act, Section 86B makes provision for the following municipal entities:

- A private company –
Established by one or more municipalities,
In which one or more municipality have acquire or hold interest
A service utility.
A multi-jurisdictional service utility established by one or more municipality.

The law therefore provides for municipalities to own companies and many municipalities own entities through which they provide services to their communities.

Furthermore, Section 76 of the Municipal Systems Act provides that a municipality may provide services, either through an internal

mechanism or an external mechanism. The external mechanism approach involves entering a service delivering agreement with a municipal entity or another organ of state.

This as may be the case in the constitution and in the law, municipalities are experiencing capacity and capability challenges in the efficient and effective development of infrastructure, this is exacerbated by a high lack of skilled personnel for planning, delivery and maintenance of infrastructure.

The Department of Water and Sanitation has a construction unit that also has capabilities to maintain infrastructure assets and also to maintain minor repairs. This is an indication that infrastructure delivery can be done internally as it can be done externally.

This is a timely debate that needs to be taken to its logical conclusion in the quest of exploring and exhausting all the options to eradicate infrastructure backlogs and enhance service delivery to communities in a sustainable manner.

The point of departure in this quest is to take stock of what capacities are already in existence in municipalities, national and provincial spheres of government.

Further than the stock-taking of existing utilities, these need to be fully capacitated to maximum performance.

In the local government sphere of government, an entity such as the Municipal Infrastructure Support Agency (MISA) which is already doing good work in support of municipalities in their quest reverse the

infrastructure backlogs, need to be capacitated to do more to help municipalities build their own capacities.

This is not the end, but the beginning of a debate to enhance infrastructure delivery to communities.

I thank you.