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**Author:** Staff Reporter

INFRASTRUCTURE

# Cities do not invest on infrastructure

STAFF REPORTER

SOUTH Africa's leading municipalities have spent more on labour costs than on infrastructure over the past 10 years, a move that should be a cause for concern as it is not sustainable and will thwart developments of the major cities.

This is the warning from local government think tank South African Cities Network (SACN) in its new report.

The 166-page report looks at the performance of the nine major cities, among them Cape Town, Johannesburg, Durban and Pietermaritzburg. It formed part of a panel discussion in the activities marking SACN's 20 year celebrations last week.

Titled "State of City Finances", the report detailed and analysed municipal finances over two local government administrative terms of 2011 to 2016 and 2016 to 2021.

Between 2016 and 2021, all cities saw their employee-related costs grow at an average of 10.3%, which was significantly ahead of inflation. The costs were the second fastest-growing

expenditure item after debt impairment. Aside from the grants received from provincial and national governments, there was an overall stagnation in own-funded infrastructure projects by cities.

This suggests that cities are under-investing in economic infrastructure and its renewal, placing them in a tenuous position should economic growth accelerate and climate-related disasters continue. The SACN warned of underspending on infrastructure, pointing to recent developments and climate change as signs.

"It is important to renew and maintain existing infrastructure as it ages. Without such an investment, existing infrastructure declines and starts to fail, and it is particularly vulnerable to disasters linked to climate change, as was seen in eThekweni during the 2022 floods. Often, this expenditure is financed by internally generated funds," the report says.

**Some of the findings of the report:**

- ◆ The negative impact of political interference on administrative



SOUTH Africa's leading municipalities have spent more on labour costs than on infrastructure over the past 10 years.

- ◆ Questionable appointments at senior level in municipalities.
- ◆ The impact of unstable municipalities that were governed through coalition arrangements.

SACN chief executive officer Sithole Mbanga said the SACN was hoping that the report's recommendations would be considered by municipalities as they went about providing services and ensuring that the cities remained financially sustainable.

The report notes that in some parts, the cities were performing well, but was scathing on how some of the problems had been allowed to grow due to a failure of leadership.

The report recommends ensuring that the political landscape is stable, allowing the groundwork for administrative stability.

"The negative impacts of contested coalitions are immediate, medium and long term," the report says. It cites the inability to pass budgets or function day to day, the replacement of senior managers whenever political leaders changed and the lack of strategic planning spanning over a longer period as the results of unstable political landscapes. Squabbles created a negative perception of public institutions and those associated with them.

The report calls for accountability from the political leadership in the cities.

"Councillors and political principals need to understand and be accountable for the long-term consequences of their actions."

Putting strong city leadership in

place is one of the key drivers that can help cities navigate a difficult journey towards improvement.

"Leaders in cities must have the appropriate qualifications, experience and be protected from undue political interference in their appointments and their management of a city."

The report stresses the importance of a culture of good governance, service delivery and pride in being a city employee.

"This starts at the top and requires eliminating corruption and improving accountability and consequence management and enforcement."

Leaders needed to make decisions for cities to be economically viable.

"Politicians and officials across all spheres of government, and indeed all of society, need to act fast to address these issues. Cities cannot be allowed to fail."

Next month will mark a year since new councils were set up following the local government elections which, in many instances, failed to produce outright winners, resulting in many instances of coalition government.