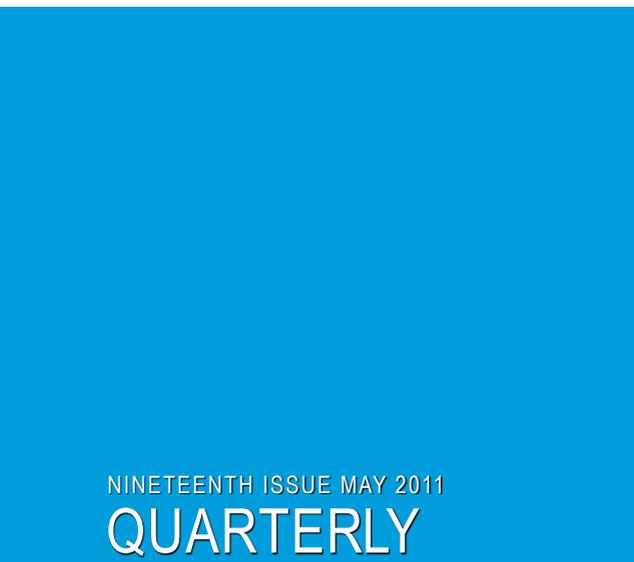




MAKING LOCAL GOVERNMENT WORK



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QUARTERLY

roundtable

THE HELEN SUZMAN FOUNDATION
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roundtable

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Vision

Promoting liberal constitutional democracy in South Africa.

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To create a platform for public debate and dialogue – through publications, roundtable discussions, conferences, and by developing a research profile through an internship programme – with the aim of enhancing public service delivery in all its constituent parts. The work of the Helen Suzman Foundation will be driven by the principles that informed Helen Suzman's public life.

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- Reasoned discourse;
- Fairness and equity;
- The protection of human rights.

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The Open Society Foundation For South Africa

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David Everatt

David Everatt is the Executive Director of the Gauteng City-Region Observatory (GCRO). He has over 17 years of experience in applied socio-economic and development research, designing and implementing monitoring systems, and programme evaluation. He has managed and/or participated in over 300 development projects, primarily in Africa.



Aubrey Matshiqi

Aubrey Matshiqi specialises in national politics in South Africa. A former government spokesperson and a member of the Strategy Unit in the Premier's Office in Gauteng, Aubrey's services as an analyst are much sought after. He writes regularly for different publications including *Business Day*. He is a Research Fellow at the Helen Suzman Foundation



Charles Simkins

Charles Simkins is a distinguished economist. He is Vice President and Professor of Economics at St Augustine College. He formerly held the Helen Suzman Chair of Political Economy at the University of the Witwatersrand. He is a former Rhodes Scholar and is a recipient of the Helen Suzman Chevening Fellowship, a UK Foreign Office award. He is a Research Fellow at the Helen Suzman Foundation.



Yunus Carrim

Yunus Carrim is Deputy Minister of Cooperative Governance and Traditional Affairs in the South African Government. He has been a Member of Parliament since 1994.



Francis Antonie

Francis Antonie is the Director of the Helen Suzman Foundation. He is a graduate of Wits, Leicester and Exeter Universities. He was awarded the Helen Suzman Chevening Fellowship by the UK Foreign Office in 1994. From 1996 to 2006 he was senior economist at Standard Bank; thereafter he was Director of the Graduate School of Public Development and Management at Wits University. He was the founding managing director of Strauss & Co.

Francis Antonie, Director of the Helen Suzman Foundation and Chair for the evening, began by noting that as the evening's roundtable takes place on the eve of the Municipal Elections, questions around the efficiency, effectiveness and the role of local government are up for discussion. He laid the foundation for the discussion by outlining several questions to frame the debate. These included questions around the capacity of local government, funding issues, the appropriateness of the structures of local government for dealing with corruption, and the susceptibility of the administrative structures to pressures from economic and political elites. He ended by posing the question, "Have we not set local government up for failure?"

David Everatt, Executive Director of the Gauteng City-Region Observatory (GCRO), our first panelist of the evening, began by ardently presenting his thoughts on Francis's final question. He stated that it is far too early to ask if we have set local government up for failure as the local sphere of government is not a homogenous sphere and needs to be looked at in its own context. He noted the lack of communication between the national and local spheres of government and that the real challenge is trying to work out how to line up government both vertically and horizontally. He emphasised that structures are not going to save local government: the quality of people in local government are. Everatt cautioned against the perceived goodwill associated with the national sphere of government due to parachute initiatives which reflect poorly on local government when the latter does not have budget or skills to maintain them. He said that it was important that the public understand what the responsibilities of local government actually are. The public must also be aware of their own responsibility in making local government work.

Second to present was Aubrey Matshiqi, a political analyst and Research Fellow at the Helen Suzman Foundation. He began by noting that all of us have a genuine concern about the effectiveness of local government and that, regardless of our frustrations, we all want local government to work. He said that one of the key reasons for the ineffectiveness of local government goes back to the development of the Constitution and the tension between federalist and centralist impulses. He highlighted the importance of selecting the most appropriate



... several areas where local government has been successful, ... it has been deracialised, municipal boundaries have been more appropriately drawn, capital grants have been generous and delivery has been predicated on developmental local government to fit into the ideas around a Developmental State.

delivery model with a suitable balance between strategic interventions and training from national government, together with community input on policies and their implementation from the local government sphere. On a positive note he listed several areas where local government has been successful, in that it has been deracialised, municipal boundaries have been more appropriately drawn, capital grants have been generous and delivery has been predicated on developmental local government to fit into the ideas around a Developmental State. Matshiqi said that the success of local government depends on a range of factors including, among others, managerial experience, substantial budgets, complex legal requirements and sophisticated processes of decision making. He noted that the critical problems in local government include stalemates between councils and officials, rivalries between mayors and municipal managers, poor morale, red tape, the appointment of inexperienced and

unqualified staff, political appointees over merit-based appointments and a work ethic that is not consistent with a “people first” mentality. He also emphasised that essential to making local government work is the improvement of areas not in the direct control of local government, such as increased economic growth and better skills provision.

Charles Simkins, Vice President of St Augustine College and a Research Fellow at the Helen Suzman Foundation, highlighted a report by the Auditor General which found that one of the key problems in local government was in the conversion of the planning and budgeting stage into implementation and accountability. He noted that although the spheres of government had sophisticated systems of conditional grants, there are still far too many municipalities which are not viable even with higher levels of grants. The problem here, he said, relates to the inadequacy of financial formulas, among other things. He also argued that the public must be aware that there are limits to what can be achieved by local government partly due to the problem of getting services out to people who are spread out in lower density areas. He echoed Everatt’s point regarding the responsibilities of local government, saying that local authorities need to identify and educate the public about what local government is empowered to do, compared to what is rather the responsibility of the national sphere of government. From the political perspective, Simkins emphasised the importance of ward councilors being in touch with the mood of their constituencies over service delivery issues in order to diffuse the growth of dissatisfaction which could lead to civil unrest and violent outbursts.

The Deputy Minister of Cooperative Governance and Traditional Affairs (CoGTA), Yunus Carrim, spoke specifically to the questions posed by the Chair. He said that one of the key problems that reduces the ability of local government to perform its functions properly is that most parties do not allocate officials who are senior enough to municipalities. He said that financial capacity in local government is limited jointly by a lack of funds and a lack of financial management skills. He also mentioned that capacity problems in municipalities are exacerbated by ineffectual monitoring and support by the national and provincial spheres of government. A significant point made by the Deputy Minister was that a

... a major review of the entire local government system was underway and that a Monitoring, Support and Intervention Bill was being developed to outline more clearly the important role that the national and provincial spheres of government should be playing in ensuring the effectiveness of municipalities.

major review of the entire local government system was underway and that a Monitoring, Support and Intervention Bill was being developed to outline more clearly the important role that the national and provincial spheres of government should be playing in ensuring the effectiveness of municipalities. In this regard, he said the powers and functions of all three spheres of government are being reviewed in order to effect a more efficient state. Specific to local government would be the development of a differentiated local government model which would take into account the different sizes and capacities of municipalities.

With regards to funding issues, the Deputy Minister highlighted a key flaw in the funding model of municipalities in that it is based on the assumption that municipalities are able to raise 95% of their own revenue.

One of the key issues debated during the question time was the matter of whether voting for the national, provincial and local government elections should occur at the same time. From the responses it became apparent that such a merger would be likely to benefit the ANC but could swamp smaller political parties. The central issue here would be to determine whether or not a merged election would enhance democracy. Other issues raised during question time included whether South Africa should consider making it a law that people vote, and if we place a higher premium on the right to choose over the importance of voting.

The Helen Suzman Foundation is interested in taking the debate further. If you would like to comment or pose a question, please visit our blog: <http://liberal-voices.blogspot.com/>

Introduction



Good evening, ladies and gentlemen. On behalf of the Helen Suzman Foundation and our partner, the Open Society Foundation For South Africa, welcome to this Roundtable discussion on local government.

Given that this evening's discussion takes place on the eve of the municipal elections, certain questions around the efficiency, effectiveness and the role of local government are up for discussion. It also takes place against a backdrop of dissatisfaction with protests about issues related to service delivery. These protests can become violent.

The Auditor General's 2008/2009 report on local government does show some positive trends. However, these are small and indicate that a lot more needs to be done before clean audits are the norm. Of concern is that 36 municipalities did not get their documentation in on time and therefore were not included in the audit. Of even greater concern is that there were only 4 municipalities which received clean audits out of 247 audited.

The Auditor General's report also found that 91% of municipalities did not adhere to

regulatory requirements. Serious questions remain unanswered with regard to the efficacy of local government structures. Clearly there are problems which need to be addressed as a matter of urgency. When we take the view that city metros and small town municipalities are the engines of economic activity and growth, we realise that not addressing these management problems will adversely affect the economy and result in the increased marginalisation of the poor. So what is local government supposed to do? As outlined in Chapter 7 of the Constitution, the objectives of local government are:

- to provide democratic and accountable government to local communities;
- to ensure the provision of services to communities in a sustainable manner;
- to promote social and economic development;
- to promote a safe and healthy environment; and
- to encourage the involvement of communities and community organisations in matters of local government.

Such a framework potentially poses enormous developmental challenges. Crucially, it is only in the local sphere that we have directly elected

Introduction



public representatives as the Deputy Minister, here today, observed in his article in *Business Day* on Friday. The objective of this Roundtable is consequently to provide a platform for the panellists and the public to discuss the following key questions:

- Does local government have the capacity to meet its objectives as outlined by the Constitution?
- What are the funding issues relating to local government?
- Do the structures of local government enable corruption to be dealt with appropriately?
- Are the administrative structures of local government robust enough to withstand pressures from economic and political elites?
- Do similar sets of problems inform both the metros and the smaller urban communities? If not, why do they differ and how do they differ?
- And the big question is, have we not set local government up for failure?

To shed some light on these issues and provide some answers to these questions, we've assembled a Panel which has been intimately involved in these very issues for a long time. I would like to extend my warm welcome to Yunus Carrim, who is Deputy Minister of Cooperative Governance and Traditional Affairs in the South African Government. He's been a Member of

Parliament since 1994. Before that, he was actively involved in community and regional politics. We were former colleagues together at Natal University.

I'd also like to welcome Prof David Everatt who is the Executive Director of the Gauteng City-Region Observatory. He has over 17 years of experience in applied socio-economic and development research, designing and implementing monitoring systems, and programme evaluation. He has managed some 300 development projects primarily in Africa.

Aubrey Matshiqi specialises in national politics in South Africa, and is a former government spokesman and member of the strategy unit in the Premier's Office in Gauteng. Aubrey's services as an analyst are much sought after. He writes regularly for different publications including *Business Day*. He is a Research Fellow at the Helen Suzman Foundation.

And lastly, Charles Simkins is a distinguished economist. He is Vice President at St Augustine College. He formally held the Helen Suzman Chair of Political Economy at Wits University and is also a Research Fellow at the Helen Suzman Foundation.

I would like to welcome our speakers and I want to ask David Everatt to begin this evening's discussion.



David Everatt

I wanted to start off with the last question: have we set local government up for failure? I think it's a bit like saying have we set the Constitution up for failure? Because, "Oh My God, we haven't realised the Bill of Rights." I think it's far too early to ask a question like that. It made me somewhat prickly, shall we say, because I think it's just such a contextual way of looking at local government where we stand right now.

That is not to excuse the corruption and the maladministration – all the things that Francis read out at the beginning. But it's to say, if you don't look at local government in a particular context, in its own context and in our context, then you are led to questions like that, which I'm not sure are very helpful. I know that in 12 minutes you can only make about three points. I'm going to make five, that was one of them.

The other one is: I don't think we have a local sphere of government at all. Our Constitution has three spheres, and that's spheres, they're not levels, so there's no hierarchy. (Yeah, right!) Supposedly national can't tell province what to do and province can't tell local what to do. That's the theory, but if you look within local government,

what do you find? As Francis said, you have big, rich municipalities. Look in this province – don't worry about going into rural Eastern Cape – just look here.

You've got poorer big municipalities, look at Ekurhuleni. Go down to the south to Sedibeng, head out onto the fringes into the local municipalities. Look at Metsweding, look at Kungwini, look at Nokeng, and look at the state that they're in. Jump over the border into some of the district municipalities that you find in the rural areas and what you find is that inequalities that we all know exist in the society are playing themselves out just within the local sphere itself.

So trying to line up local government as if it's a single homogenous sphere in any way, I think, is a very wrong starting point. It's not one that Francis was taking. I'm just reinforcing that point, that they are incredibly unequal even in this province, which as you know contributes 34% of GDP. This is the wealthiest province in the country. It's also got the largest population, the smallest land mass, but has enormous inequalities across the different spheres of local within just this one small space.

David Everatt

The third of my points is that the real challenge, I think, is not necessarily some of the questions that Francis asked, although I accept they all have value. It is trying to work out how you line up government both horizontally and vertically.

The architecture that we've created is a remarkable one. Local government, which is the most legitimate end of government, is the closest to the people. It is meant, through a detailed participation process, to draw in local views to develop local and then, slowly, larger Integrated Development Plans (IDPs). And they're then meant to use that to negotiate deals with province and national so that when delivery comes, it's demand-driven – it's responding to what people on the ground have said they want.

Thus instead of having parachute development, there is demand-driven development. If we can pull that architecture off, it will be remarkable. When people ask me this question, I say I've got a daughter who's 16; so when people talk about South Africa, I kind of think of my daughter. 16-years old. South Africa's 17 years old. What do I expect from a 16-year old? That's kind of what I get from the country.

If you think about it – moody, aggressive, pretentious, all that stuff. If you think about local government, it's officially only 11-years old, and if you think about the legislative Acts that came after 2000, you really only saw local government being bedded down in 2003, maybe 2004, down to the Divisions of Powers Act.

So what have you got? You've got an 8-year old. I don't know how many of you have got children but what does your 8-year old give you? So, of course, the initial round of IDPs were a terrible mess. What did we expect?

The other point is the one I made about vertical coordination. I have to say we have a National Deputy Minister here. Some of my best friends are in national sector departments, not Deputy Ministers! But they have this fantastic habit – because I've done a lot of work for them I have to admit. So you go to national and you say: what are you going to do? We're going to alleviate poverty, and you say: fantastic! Where are you going to go? No, we'll go to the three poorest provinces. Okay, Eastern Cape, Limpopo and KwaZulu Natal. Where are you going to go? We'll go to some rural areas. Okay,

but where are you going to go? No, we're not going to tell you!

The quality of people in local government is what is going to turn local government around, not Acts, not structures, not creating another committee, not having another Project Consolidate which came on top of the Integrated Sustainable Rural Development Programme and all those other mouthfuls. The key is investing in the people that are there.

So National will plan but it won't tell you where it's going to deliver its assets. They won't give you a specific spatial location until its ready. Now I remember sitting in the early 1990's doing public works in one part of the Eastern Cape where, literally, you walked up the hill, and down the other side, there was the Department of Water Affairs. Both teams repeated engineers, planners, surveyors, consultants, monitoring and evaluation experts. The whole lot. Why? Because they don't talk to each other and they certainly didn't talk to the local authority that was there at the time.

National has this lovely habit, for the best intentions, of parachuting in what it calls anchor projects, or high impact projects – they called them Project Consolidate – rather than trying to build capacity which is clearly the most important. My basic point you could summarise is that structures are not going to save us, people are.

The quality of people in local government is what is going to turn local government around, not Acts, not structures, not creating another committee, not having another Project Consolidate which came on top of the Integrated Sustainable Rural Development Programme and all those other mouthfuls. The key is investing in the people that are there.

Integrated development is about giving people what they want, where and when, and at a price they can afford.

National doesn't like being told what to do but that's what the architecture does. It says local

has to drive this project because it is the most legitimate end of government seen from that perspective. Rather than just saying that in local there are these problems, I think we have to look at the way in which the vertical coordination is not working and not just look at the local sphere itself.

I've got two final points to make.

The first one is that everyone hates local government. I've been polling this since 1994. I should say if anyone wants to talk about politics that's what the Deputy Minister is here for, and Aubrey and the rest because although I do politics, I do it for the Deputy Minister's party, and they shoot you when you say things that are still confidential before the elections, so I'm not going to make any political points.

But in the polling we do outside of political work, in other words normal survey work, what do you find? National Government gets a really good rating, usually, from poor communities in particular. Why? Because everyone knows Ministers, everyone knows the big departments, Ministers love cutting ribbons. That's why they keep parachuting in these big projects because they can open them and launch them.

The problem with opening and launching is that when you deliver stuff by parachute, in other words, when a national department arrives and says here's your project, they then say: "Oh, by the way, we're leaving now" and local government says: "Well who's paying for this, who's maintaining it?"

National says: you are, we've given it to you. And local says: no we don't want it and anyway we haven't got a budget for it and then we all start saying, "Oh no, developmental white elephants standing in the field," and why? Because we're just not lining up. We love talking about joined up government but it's the one thing we seem to be really unable to do.

In our last survey at the Observatory, which is observing the city region, 61% said national sphere was doing a really good job.

You ask about province and people go: "Eh, I don't know, what does it do?" So you've got a 50/50. 50 liked and 50 didn't, because frankly no one really knows what province does, other

than – well, we won't go into politics and especially with this Minister.

And at local level, 41% liked us, everyone else disliked us. Why? Well, two reasons. One is, people don't necessarily understand what local government can and should do, so the assumption is if I ask for something of my councillor, he or she will transmit this up the chain, usually to somewhere like the President, who will then send the money back down. There's no notion that there are votes or budgets or any of those things. And when it doesn't come, people believe it's because they have a corrupt councillor.

Now in many cases you do have a corrupt councillor, I'm not questioning that for a second. But there is a very poor understanding across all communities of how local government works and the responsibilities, in particular of citizens, in making local government work. So the question that Francis was asking about accountability, I think is a fundamental question. But it's coupled to ignorance that we all suffer about. What local government can do, can't do, should do, and what we should be doing to make our local government work.

The final point is that I suggest you read the manifestos. I know it's painful, it's awful. But read the manifestos of the political parties. Just see how much incorrect knowledge our political parties have about our system of government. All the parties, I might add, including the party that I may have done some polling for. Read how incorrectly the national sphere of government understands, or in this case, misunderstands what local government can and can't do.

I think we have an enormous amount of education and capacity building to do in order to actually correct people's wrong impressions of what can and can't be done. But also to remind ourselves that if we pull off this architecture where legitimate IDPs are used to make deals with provincial and national sector departments to give people what they want, where they want it, South Africa will have pulled off a remarkable feat in government.

CHAIRPERSON: David, many thanks for launching this evening's discussion. I'd like to call on Aubrey.

Matshiqi

Aubrey



Aubrey Matshiqi

I think the reason we keep on having these discussions about local government is not only related to the fact that we will be voting on Wednesday. I think all of us have a genuine concern about the effectiveness or the lack thereof of local government and I think all of us want local government to work. That's the primary reason we have these discussions about local government.

You hear people saying local government is the sphere of government that is closest to the people. I ask myself what do people mean? Are they making a geographical point? Well, at a factual level they are making a geographical point about the proximity of local government to citizens. But are they also making a normative point? In other words, are they saying it should be the sphere of government that is closest to the people? Or thirdly, are they making an ideological point?

You'll remember that during the negotiations which delivered the post-apartheid democratic order, the ANC went in with a very strongly

centralist argument and its opponents went there with a very strongly federalist argument, and what we ended up with is a compromise. The compromise is located in the provinces. And in the compromise, I think, you see the extent to which this sphere of government, local government itself, has become compromised.

There is a tension between our federalist and centralist impulses and I suspect one of the reasons local government is not working as it should – in addition to the fact that it's only been ten years – is that tension.

But what is at stake? In developing countries such as ours, what is at stake is pro-poor delivery patterns. Now to me, this firstly means that there must be a policy bias towards the poor. Secondly, it means the policies must be redistributive. It also means they must increase the share of the poor in national resources, and the resources of course which are located in local government are part of that national share of resources. In addition, they must disproportionately benefit the poor



Matshiqi

Aubrey

Now, the question of course is: what kind of delivery model is the most appropriate? You can look at these models in three ways. Firstly, the service delivery model which, I think, is quite dominant in South Africa. According to this model, the state, this all-knowing state, consults the people but is responsible for the direct delivery of basic services at local level.

Or you can take an intermediary model. Now according to the intermediary model, the state or government will work with communities but play a very strong management role in project design and implementation processes.

Or you can have an empowerment model which falls somewhere between the service delivery and intermediary model. Now in this model, government performs a training and facilitation role but communities are able to decide what their policy preferences are, and are able to decide on the implementation programme.

This can happen in a context where these communities are policy initiators; in other words they themselves dictate to government, to some extent, what the preferred policy

direction is. In that interaction between the state and these communities, the communities are also able to dictate the direction of programme implementation.

But that is not always the case of course. Even if they are not policy initiators, if a set of policies are presented to them, they, as communities, will decide which policies in that set they prefer and, on that basis, decide what direction programme implementation should take.

Now because the Deputy Minister is here, I think I must concede that a lot of good things have happened since 1994 in the local government sphere. Firstly, local government has been deracialised. It bears no resemblance to what we had before 1994. We must concede that.

Municipal boundaries have been redrawn; they bear no resemblance to what we had prior to 1994.

The intergovernmental fiscal system has been reengineered. So when people complain about capacity, one of the things you must concede is that, for instance, capital grants have been

quite generous. They've been increasingly generous since the advent of changes in local government. We can continue to argue about the ends to which they are used.

Delivery is predicated on the idea of developmental local government and of course that itself is predicated on the idea of creating a developmental state. Some people argue that what we have is not a developmental state but a dysfunctional state. I think that's an exaggeration and to a large extent I think it is unfair. And I'm not saying this just because the Deputy Minister is here!

The success of local government depends on the following:

- Firstly, it depends on organisational experience.
- Secondly, the proper conduct of people with experience in running big organisations.
- It depends on substantial budgets.
- It depends on complex legal requirements (and I'm not talking here about complicated legal requirements).
- It also depends on sophisticated processes of decision making.

To some extent our system accords with what I have listed. But despite what has been achieved in the new system, there are still serious deficits, and those deficits have in part informed the service delivery protests of the past few months. But what are some of the critical problems we see?

We see stalemates between councils and officials, and when communities respond to what they believe is lack of service delivery or poor service delivery, they do not distinguish between the two.

We see rivalries between Mayors and Municipal Managers. We see tensions between senior and junior staff. Of course there's a problem of poor morale throughout the state, not just local government.

Then we also see a work ethic that is not consistent with the principle of *Batho Pele*, that is, *People First*. There's also the problem of convoluted procedures and red tape.

What we write about the most – those of us who operate in the media space – is the

appointment of inexperienced, unqualified and under-qualified staff.

We also have unintended policy consequences, such as how affirmative action was implemented in this sphere of governance. But that too tends to be exaggerated because there's evidence that many competent and qualified black applicants have not been appointed because political appointees have been appointed in their place. That has very little to do with affirmative action, but a lot to do with the political culture in parts of the ruling party.

Then there's the issue of capacity. It seems to me there are both subjective weaknesses that we need to deal with if we are to turn around local government, and objective factors which to a large extent relate to capacity.

Local government on its own cannot initiate or even facilitate economic growth. The skills that are needed in local government have to be provided outside local government.

To conclude, whatever solutions we want to posit, a lot of things that need to change and happen will happen outside local government. Economic growth must happen, and will happen outside local government. Local government on its own cannot initiate or even facilitate economic growth. The skills that are needed in local government have to be provided outside local government.

But more importantly, what we must bear in mind is the fact that in our desire to turn around the performance of local government, our primary target must be the poor. Having said that, local government is not going to be able solve all the problems regarding the social and economic conditions of the poor. It means we must deal with the issue of the capabilities of the poor. Here, national and provincial government are critical because two critical capabilities of the poor that are lacking are good health and decent education. Thank you.

CHAIRPERSON: Thank you, Aubrey. I'd like to call on Charles Simkins to take the debate further.



Charles Simkins

Prof Charles Simkins

I would like to echo a point that's been made by both speakers – that change in local government was the last constitutional change to happen, and to this day we have a later election date for local government than for national and provincial elections.

In the metros, Johannesburg consolidated in two steps. Firstly, the north, south, east, west part of it, and then into one unitary metro after that. The key decision that I think was something taken only a bit after that still, was wall-to-wall local authorities. This country had not had “wall-to-wall” local authorities before that. Local authorities were essentially there for urban areas and people living outside urban areas simply didn't have local authorities. They might have had a tribal authority. The farmers were pretty much on their own and had to deal with utilities like Eskom on a one-to-one basis.

So “wall-to-wall” local authorities entered and the result was that it pushed up the demand for grants from central government to local government. The central government to local government grants are in two broad forms. The first form is the *equitable share*. That was a

constitutional concept set down that provinces and local government should have an equitable share of revenues raised nationally.

And the second form is a set of *conditional grants*, and a whole string of these, depending on what's involved. The most important one for municipalities is the municipal infrastructure grant.

In total, in 2010/2011, R64 billion (which is a sizeable chunk of change) has been transferred from central government to local government: R31 billion in the equitable share and the remainder in this range of *conditional grants*. That the equitable share is 971% higher in 2011/12 than it was ten years earlier. Is really, really massive growth and Treasury says it can't be sustained. It's going to tail off to much more like the growth rate in government revenues in the coming years.

So there is a much bigger honey-pot, and that has certain advantages and certain disadvantages. When it comes to the advantages, you can find integrated development plans on the Treasury site if you are a persistent and skilful searcher. I

had a look at Pongola, which is a municipality which consists of a small town called Melmoth, plus some tribal area, plus some commercial farming areas. The first thing I notice is that consociationalism is working well in Pongola. There's a Zulu Mayor and a Boer Deputy Mayor, so they're getting on okay.

The second thing I notice is that they're talking about an annual budget of R100 million, which is a lot more than there's ever been in the way of public finance in that area before. So they can do a lot. And all over the place you see local authorities being able to do more because these grants are very much higher than they were.

... moving from plan to implementation needs a lot of attention, because only in that way can you set up a cycle in your local authority to assess how far you've come in the last year, what its defects were, and what you're going to do in the next.

Now the Municipal Finance Management Act of 2003 specified a whole series of documentation that has to be produced, and you can find all these things if you're determined: Integrated development plans, budget documentation, service delivery and budget implementation plans, annual financial statements, annual reports and audit reports. So if the administration were a matter of writing things down on bits of paper, we would be doing very well. There's a great deal of documentation. You can learn much more than we could ever learn in the past – about what's going on in these areas.

But where the Auditor General identifies a weakness is between plan and budget, and implementation and accountability for what happened. He says that part of it is not working properly yet. So moving from plan to implementation needs a lot of attention, because only in that way can you set up a cycle in your local authority to assess how far you've come in the last year, what its defects were, and what you're going to do in the next.

The Auditor General reports in its 2008/2009 annual report, an improvement in audit

outcomes between 2004 and 2005, 2008 and 2009. It's not to say there's full compliance. About 45% of local authorities had financially unqualified audits but of those, only 4, as Francis pointed out, were completely clean because the Auditor General looks at performance indicators as well.

One of the most interesting things, and not often noticed and commented on, is that the Auditor General also said there were 59 municipalities according to their audits, who were still not viable even with this higher level of system of grants. In this group are rather surprising places. You can imagine a number being in KwaZulu-Natal and they are, but there are also a number in the Free State, which is a bit more surprising. That needs further looking at: it goes to the adequacy of the financing formulas people use for the equitable share and how they approached conditional grants.

What are the limits on what can be achieved? The thing about "wall-to-wall" local authorities is that a great many of them are going to have farms and tribal areas, and in some of those farms and tribal areas, people are going to be living at quite low population densities. Now the lower the population density the local authority is confronting, the harder it is to get services because the higher the unit cost. You've got people spread out all over the place, so you've got to have long pipes, long electricity lines, and it's relatively expensive to do. So when it comes to central government to local government grants, there's going to be a problem at a margin with people spread around. Local authority is going to find it hard to get services to them.

To some extent I think this is less of a problem than it once was in South Africa because I think most rural people increasingly are living in villages. So that's the first thing.

The second thing comes from the functions of local authorities. I agree with this point. I think that what local authorities do and what they don't do, is not sufficiently appreciated. You need a communication programme at the local level which says this is what we are empowered to do. And if you've got a problem with any of these things, you come to us. But we don't have extensive powers. We can't deal with local unemployment problems. It's



Charles Simkins

not the function of the local authority to do it. And when it comes to housing, these are the complicated dealings with Human Settlements to get housing.

And then finally, I'd like to just say a couple of words on the political.

What I want to read to you is an account of the Zulu Rebellion of 1906 published in 1914. I'll just read you a paragraph from that because I think it's worth it. It says:

By this time the temper of the people had undergone a considerable change. A sullen demeanour was assumed by them as soon as the poll tax was proclaimed.

It was a poll tax imposed in 1905. It was regarded as a principle cause of the Zulu Rebellion.

This sullenness is indeed characteristic of the people under abnormal conditions. Until satisfied that any action in regard to them is oppressive or portrays neglect of their interests, they are however slow to take offence. They prefer to wait and

... if your political system is working well, it is diffusing grievances, resentments and sullenness. If it's not working well you will get what we see in the papers from time-to-time – an outburst, often with a very destructive effect not only on any kind of physical infrastructure that may be destroyed but in terms of souring the relationships necessary to push local development further.

observe the effect on others. If these too become morose, the tide of sullenness rises to resentment and then to anger and open defiance.

Well, I think that was very well observed by James Stuart and a sort of psychological process which happened 100 years ago is not quite obsolete today. So it seems to me that particularly the ward councillors in any local authority must pick up pretty fast, as fast as they can, if people are becoming sullen over an issue and what it is. And when they do, they must report it into the Council as soon as possible and take measures to try and diffuse it because you have this growth of dissatisfaction which can then lash out into some kind of open unrest, destruction of local facilities and whatnot.

So if your political system is working well, it is diffusing grievances, resentments and sullenness. If it's not working well you will get what we see in the papers from time-to-time – an outburst, often with a very destructive effect not only on any kind of physical infrastructure that may be destroyed but in terms of souring the relationships necessary to push local development further.

CHAIRPERSON: Thank you, Charles. I'd like to ask the Deputy Minister to address us.



Carrim

YUNUS

Yunus Carrim

I have 12 minutes. And the Foundation provided several questions as guidelines of a sort to the panellists on issues to address. So I thought perhaps the easiest and quickest way of doing this input is to specifically respond to the questions. And the safest too. Let me explain. Obviously, I'm in election mode right now, and it's really cruel of the Foundation, just two days before the elections, to preclude me from telling you why you should vote for a certain party, whose name, in fairness, I shall not mention, even if it turns 100 years old next year. I suggested to Francis that he should have a competition among you for a prize – to see who names the correct party first. He wasn't impressed. Anyway, by answering the questions directly, I shall be suitably shackled!

Does Local Government have the capacity to meet its objects as outlined by the Constitution?

Do we all mean the same thing when we talk about local government "capacity"? We need to unpack the term "capacity", I think. For now, I understand it to refer to the political,

managerial, technical and financial ability of a municipality to fulfill its functions. But this is not an adequate explanation. We need to look more carefully at the term. We can settle for this for now – and in terms of this, municipalities, unfortunately, don't have adequate capacity.

Most parties do not allocate sufficiently senior and experienced leaders with significant political clout to municipalities. Yet local government is such a key site of democracy, service delivery and development. And it is the sphere of government that is most challenged!

CoGTA's 2009 State of Local Government in South Africa Report revealed that in many municipalities senior managers do not have the necessary skills. There is also a lack of technically skilled staff like engineers, planners and electricians. This is hardly surprising. South Africa has a shortage of skills – and this afflicts municipalities too.

The financial capacity of municipalities is hindered both by the lack of adequate funds and financial management skills.

But there is also a more fundamental issue: we opted for a local government model in which essentially all municipalities exercise basically the same powers and functions, irrespective of their capacity. There has to be a better correlation between a specific municipality's capacity and the powers and functions it exercises.

Another fundamental issue: national and provincial government have not monitored and supported municipalities adequately, as required in terms of the Constitution, and this too has impaired the capacity of municipalities

What then is being done to improve local government capacity?

Cooperative Governance and Traditional Affairs (CoGTA), South African Local Government Association (SALG) and National Treasury (NT) are working on a more intensive induction programme for councillors as part of a consistent education programme for them.

We are also working with SALGA, NT and the Auditor's General Office on training programmes to significantly improve the financial management capacity of municipalities. A major review is also underway of the Intergovernmental Fiscal System directed at allocating more funds and resources from the national fiscus to municipalities. But these extra funds will go with better training.

CoGTA is also working with all departments and other public sector institutions providing municipal capacity-building programmes to rationalise them and provide greater cohesion.

The Local Government Turnaround Strategy (LGTAS) is to be implemented far more actively after the elections with greater support from provincial and national government for the specific Municipal Turnaround Strategies (MTAS) shaped in terms of the LGTAS

We are processing a Bill at present: The Monitoring, Support and Intervention Bill, that stresses the crucial role of provincial and national government in assisting municipalities to be more effective, without eroding their powers.

A major review of the local government model is underway. It is likely to result in a differentiated

model of local government in which powers and functions are linked to capacity. I deal with this further later.

Of course, all these programmes will take time to implement and lead to sustainable results.

What are the funding issues relating to Local Government?

The very premise of the current financial model is wrong. It's based on the presumption that municipalities can raise 95% of their own revenue. But this was the case before 1994 when municipalities had much smaller boundaries, mostly excluded the African majority, and had a limited service delivery role! It cannot apply with the new municipalities, with their larger boundaries, significantly bigger numbers of residents, and expanded developmental role.

The slow-down in the economy, the high unemployment levels and the huge number of indigents mean that municipalities find it difficult to collect the revenue due to them. These are structural issues requiring the attention mainly of the national and provincial government.

The slow-down in the economy, the high unemployment levels and the huge number of indigents mean that municipalities find it difficult to collect the revenue due to them. These are structural issues requiring the attention mainly of the national and provincial government. Local government bears a far too large proportion of the burden for this. National government in particular has to assist local government more to deal with these challenges.

Some municipalities, especially in the rural areas, are technically unviable – they do not have a minimal economic, financial or revenue base. The majority of the people living in these municipalities are indigent. These municipalities depend substantially on intergovernmental transfers to survive.

Then there are the unfunded mandates

– municipalities fulfill provincial functions like libraries, aspects of health and social services, including early childhood development, and homes for the elderly, disabled and abused women. Municipalities get no or little money for this from the provinces!

Despite its huge responsibilities, local government gets at present only 8.7% of the national revenue. There needs to be an expeditious and significant overhaul of the current Intergovernmental Fiscal System, including the formula for the “equitable share” – the allocation of money from the national budget to each sphere of government.

Yes, municipalities need to make more effective and productive use of their limited resources. Yes, municipalities are unable to fully spend funds they have, especially for infrastructure. But even if they were able to effectively spend all their money, they will still not be able to properly fulfill their responsibilities. The answer is not to constrict national allocations to local government – but to allocate adequate funding AND assist with capacity-building so that the funds can be effectively and productively spent. Moreover, an important chunk of the extra funds should be allocated for capacity-building and a reasonable system can be found to allocate the funds incrementally and at different times to different municipalities as their capacity develops. This funding approach would also be consistent with the differentiated local government model that is likely to be decided on.

Other aspects of the strategy to improve the financial situation of municipalities include:

- More effective billing systems, and debt collection and revenue enhancement programmes.
- Tackling the fiscal inefficiencies of the two-tier District and Local municipalities’ model, in particular as relates to the delivery of water.
- Bringing in private sector expertise more actively, including through the “Business Adopt a Municipality” campaign.

Do the structures of Local Government enable corruption to be dealt with appropriately?

I am not exactly sure what “structures” mean



in this context. I'll take it that the question is about how local government tackles corruption? Obviously, if the national campaign against corruption is more effective, it'll help local government to reduce corruption. The intensification of campaigns to encourage ethical behaviour in society as a whole, such as the Moral regeneration Campaign and others, will also help local government.

We are working with NT, the South African Revenue Service (SARS), the Financial Intelligence Centre and other stakeholders on a major review of the entire procurement system, including the supply chain management process.

We also launched the “Operation Clean Audit” campaign to work towards municipalities achieving unqualified audits by 2014. The Auditor General reports in the 2009/10 financial year there was a marginal but significant progress in municipal audits. The Department tells me 103 municipalities now have Municipal Public Accounts Committees. We are also assisting municipalities to improve their internal audit committees.

Our Department has just established a Corruption Inspectorate which will work closely with municipalities to combat corruption. Its



aims include:

- To encourage ethical conduct of councillors and municipal administrators.
- Identify trends in local government corruption and contribute to developing more effective strategies to reduce it.
- Assist municipalities to process cases of corruption more expeditiously.
- Work closely with the Special Investigations Unit, Public Protector, SARS and any other agency to assist with cases of corruption in municipalities.

Obviously, we need to intensify our campaign against corruption, not just in local government, but in the other spheres of government, as well as in society. The state alone cannot do this. We need the fullest participation of the public. The strengthening of the ward committees and other structures of community participation in local government being proposed should also assist, over time, in exposing corruption and reducing corruption in municipalities.

The government has recently launched the Special Anti-Corruption Unit or Wasps. It includes representatives of, among others, the Public Service Commission, NT, Chapter 9 institutions, SAPS, Special Investigating Unit (SIU), business, labour, and other civil society organisations.

Obviously, reducing corruption will take time. But we have to do it. It is the poor, after all, who suffer the most with corruption.

Are the administrative structures of Local Government robust enough to withstand pressures from economic and political elites?

The administration needs to be strengthened to more effectively do this. The recently passed amendments to the Municipal Systems Act will help in this regard. Among other things, the amendments seek to:

- Provide for regulations to be passed on the minimum qualifications for senior managers.
- Provide for more effective regulations to be passed on local government human resource management.
- Prohibit political party office-bearers from serving as senior municipal managers.

These amendments are only part of other policy and legislative amendments that are pending to strengthen the role of municipal administrations.

If we effectively implement aspects of our anti-corruption strategy just mentioned, it will also make it easier for administrators to withstand pressure from economic and political elites.

While they are vulnerable to pressures from political and economic elites, we shouldn't present administrators as helpless victims. They must conform to the laws too and not just succumb to undue pressure from these elites.

Do similar sets of problems inform both the metros and smaller urban communities? If not, how do they differ?

It's not clear to me why this of the many issues local government has to address is being focused on. Presumably, "smaller urban municipalities" do not refer to "secondary" cities like Msunduzi? Anyway: some of the problems are similar, others not.

Of course, the metros (and we can now speak of 8), play a strategic role in the national economy. Together with Msunduzi, they produce 60% of the country's economic output. They face specific problems different from the smaller urban municipalities because of their role in the

economy, size of residents, higher in-migration, larger informal settlements, bigger numbers of unemployed and greater vulnerability to fluctuations in the world economy and rates of investment in South Africa. Where they face similar problems with smaller urban municipalities – and there are many – the form in which they face them and the extent to which they do, differs.

Metros and other stronger secondary cities are being more immediately targeted for the devolution of greater responsibilities for human settlements and other provincial functions. Aspects of the provincial transport function are also being devolved to municipalities. This will help metros and other stronger municipalities to better integrate their planning and use their resources more productively. But, obviously, with the devolution of these powers, it is crucial that these municipalities are fully assisted by provincial departments to develop the capacity to implement these responsibilities effectively.

The South African Cities Network (SACN) recently released its State of South African Cities Report. I refer you to this report for further information and insights. May I say, by the way, that contrary to media reports, the Cities Report is not a government report. It's a report done by academic experts commissioned by the SACN, which is funded partly from the national fiscus.

Have we set Local Government up for failure?

No. But national and provincial government should have done more to assist municipalities with capacity, funds and other resources, and should have worked with municipalities in a more integrated and cooperative way. This can certainly be done without eroding the powers of local government, but in fact strengthening them. There is increasing consensus emerging that this is the direction to take.

Perhaps we were too ambitious in what we sought to get out of the current local government model? Those of us who shaped this model mainly came from the civic movement and other structures of the UDF and perhaps we were too romantic about what was possible? In any case, it's clear that we need to review the model. The key principles and values of the model are sound. But we need to change aspects of it. The ANC's 2012 conference

is going to consider this and come up with a framework to guide the government to take these issues to parliament and public.

Among issues to be considered are:

- A review of the respective powers and functions of the three spheres. The imperative for this is not ideological but practical. It is to ensure a more integrated cooperative governance system, and ensure the state is able to accelerate service delivery and development.
- A differentiated local government model in which municipalities exercise different powers and functions from a common menu, according to their capacity, funding and other resources.
- A more effective separation of the executive and legislative arms of municipalities
- A new intergovernmental fiscal system in which municipalities are allocated funds and other resources, and assisted with a more effective programmes to spend money far more effectively.
- A much more empowered ward committee system as part of an overall programme to strengthen community participation in local government.
- A review of a two-tier system of District and Local municipalities.
- Greater clarity on the respective roles of councillors and administrators and guidelines on how to manage the relationship between them better.
- Greater clarity on the responsibilities of the Mayor, Speaker and Chief Whip of a municipality.

These issues will be processed with the fullest participation of the public. In a democracy, the majority party guides the government. The ANC's 2012 Conference will process these and other local government issues, and government and parliament will develop them further through engagement with key stakeholders and the public. We very much welcome your participation in deciding on changes to the local government model. But even more: we are keen that you actively participate in ward committees, IDP Forums, participatory budgeting processes and other means of becoming involved in local government. "Local government", as we repeatedly say, "is everybody's business". Yours too!

Questions



MR PILLAY: *My question is to the honourable Deputy Minister. Arising from his comments, I would like to know whether or not you intend to allow SALGA to continue its dysfunctional journey?*

MR MOKGORO: *My name is Job Mokgoro, a retired public servant. I'm pleading for a shift in our frame of analysis. Right from the outset we were told about local government. I think we have to take a systemic view and I think the Minister came very close to that. If you look at the ANC manifesto, it talks about a Community Public Private Partnership (CPPP) approach and is what I would like to appeal to and perhaps, in a form of a question, ask the Minister.*

If you're in a capacity intervention and don't take that systemic approach of Community Public Participation, then I think we would have missed the point. Local government does not exist in isolation. It is part of our system and if you look at our Constitution it is loud and clear about that.

MR SULLIVAN: *I'm Peter Sullivan, a retired newspaper editor. I'd like to ask the Minister directly and ask the other three Panel members to comment. I'm told the NEC is discussing whether municipal elections should be made a part of the national and provincial elections or should they stay separate.*



be stronger.

MR CARRIM: Yes, SALGA is not functioning as effectively as it should, but it's not dysfunctional and, yes, it's crucial if we're going to go the direction we are, you're right. If I had time I would have said it. SALGA has to

Secondly, Job, I entirely agree with you. I don't know why you're outside the public sector. Please come back!

Thirdly, on the elections, yes, this is coming up for discussion in December 2012. Can't I hear the others first? I'm very interested.



PROF EVERATT: I would possibly comment on the NEC. The Deputy Minister is going to have to answer Peter Sullivan's question properly. But with a political hat on, it's a no brainer for the ANC. For local government

elections we have lower turnout. We have higher disaffection with the ANC, as we do with most parties, by the way. It's a real battle and it's this election that the DA is making a big push based on some incredibly dubious mathematics in which it imagines it can win all these cities. But I think for smaller parties it would swamp them almost entirely.

If you're looking for more grassroots parties that operate only in one locale and are known there and deliver there, I think they may be swamped, because the ANC and, to an extent the DA, are able to really roll out the juggernaut of media when national and provincial elections come. Also, if all three elections take place at once, I think it will make us a lot of savings financially for the country. It costs a lot of money to stage an election and I think it will make absolute sense for the ANC to merge the three. I'm not sure everyone else is going to benefit quite as much.

CHAIRPERSON: That is with your political hat on. And without your political hat?



PROF EVARATT: I agree with everything I just said.



MR MATSHIQI: Well, I don't know whether you know, but in this election, smaller parties are fielding single candidates in many wards. In fact I saw an independent candidate yesterday who has registered in seven wards.

Can you imagine what would happen if we had a single election.

For me, the question you should ask is: Who will it benefit? Would it enhance democracy? Would it enhance the democratic experience of citizens? I suspect not. But it would help the ANC, because it would conflate issues between the three spheres of government and therefore blur the people's or voters' responses to these issues as they affect different spheres of government. So it would be to the benefit of the ANC.

But some would argue that it would simplify the voting process. Again, the question we must ask is, in that simplification, what would be the democratic dividend? I suspect it's an investment we don't want to make. But come next year it may be an investment the ANC wants to make.



PROF SIMKINS: One of the issues that it would raise is whether the people will split their votes. In the United States vote splitting is quite common. You might very well vote nationally for one party and yet at the state level for another one.

I, myself, taking all these things in an aggregate, have split my vote twice in that I have put down a vote for a candidate who is not a member of the party that I would normally support because I felt under the circumstances it was a better candidate.

Now particularly in local government level those arguments should have sway. You should actually know who these people are and you might not like the face of your own party's candidate and you might like the face of another party and it should be okay for people to split their votes. But that's fairly sophisticated voter behaviour. It might actually emerge if you put all three together – not immediately, perhaps, but over time.



MR CARRIM: I see Liezel is here from the media and maybe there are other journalists around so I have to be very careful what I say! Let me stress by saying on a serious note I have no specific view. It will, I presume, come

up in December 2012. What I can share with you are the views of others very high up in the party. There is more or less an even split. I can't mention names, but it's equally weighted. At one stage it seemed as if a single election would be the answer, but when you got to the NGC it's actually not so clear.

Let me just tell you, for what it's worth, what some of the people are saying on why they want the single election. The first point they make is that local government elections invariably end up about being national issues as the concerns of the people on the ground – jobs, housing, crime – are not strictly speaking local government issues. Who are these people looking at? Not the Mayor of Johannesburg,

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your municipality, but the President of the country. Whose poster are we going around with?

The next point is that, if we have a single election, the ANC will be able to deploy people more strategically

The argument is that if you choose the lists on the same day, you can also deploy senior people of the ANC in local government more easily. The same lists are being done. It's not, so to speak, people who didn't make it in the '94 list. It's been very hard to move people from national and provincial to local.

The third reason is actually internal election fatigue. Is there such a term, Liezel? I don't know how you'll translate it in Afrikaans. You see, we have elections all the time. You have BEC elections, then you have the REC, Regional Executive Committee, and so on.

In between which you've got national and provincial elections. So we're back in the list mode and the in-fighting. Then you have the provincial congress. Then you come to the five-yearly congress, inbetween which you've got national and provincial elections.

So much of our time is spent competing for positions and lists, whether it's in the ANC or Alliance structures. Next year we've got July. We've got Youth League now. We had the Young Communist League six months ago. Then I don't know whether the Women's League will come early next year. July is our party and the SACP. October is COSATU.

Then there is also the cost issue.

There are people who raise issues on the other side. They say local government has a distinct feel and it's not fair to people like independents, and it diffuses or dissipates multi-partyism. It's wonderful at one level. Look at the number of people – even the SABC is supposed to be more impartial now! You know, they have all these people there. There are just too many people that you can't exclude them. The littlest people are appearing on TV. That's fine. Maybe because they're not a threat to the ANC – I don't know – but they are there.

Some people will also argue that merged elections will be tough for the IEC and for the voter. In local government already you have three votes in a local municipality; for your ward candidate, your list candidate and your district list. With merged elections there will also be provincial and national.

I'll stop there. But what I'm trying to say is that, please understand, the discussion has barely begun. There are no guarantees we'll go that route. But we should discuss it, whether the ANC has put it on the agenda or not. And whatever the ANC's agenda is, as Aubrey points to, it is objectively necessary for us to consider whether we want to do that or not. Thank you.

JACQUES: *My name is Jacques. I would like to ask the honourable Minister to also consider that the lack of capacity to run the municipalities might be something that is done on purpose because there are a number of other capacities, people with capacities or skills who are not considered while they are living in those municipalities or they are in the country. And maybe for manpower: are you going to recruit Chinese or other people while you do have skills which are not used? Thank you.*



MR RALFE: *Of these three levels of government, the closest democratic nexus between the elected and the electors seems to be at local government for ward councillors. And on that basis, Mr Carrim, can you tell us why, if the media have got it right, the ANC is retaining the right to replace councillors after they have been elected on a ward basis?*

PETER: *My concern is the issue which was raised tangentially about human capacity. It's more about human will. Anybody can make a bad system work if they have the will to do so, otherwise they use the system as an excuse for why they can't do it. I think that Mr Matshiqi made the point about affirmative action not being that: it's nepotism. Well, nepotism is one of the big reasons why affirmative action failed because it's not aimed in the end at improving people.*

Nobody admits being an affirmative action appointee and gets support and help for what they're trying to learn. They're all then stuck in the position of having to pretend they know what they're doing. It's a terrible position for people to be in. But I think that we can't just gloss over it and say that, "Oh ja, it's nepotism, it's not affirmative action". I think we have to get honest about our problems and I think the Minister was honest about the dreams that people live by when we set up these structures. But we have to set up structures that can work. Not that are aesthetically pleasing or fit in with the western view of what a good democracy is. Thank you.



MR YUNUS CARRIM: Can I suggest, although the questions are mostly put to me, this is not a political meeting. I just got 12 minutes, I think I took an extra two minutes. To be fair to the others, I'm also interested in hearing what they have to say on these questions. Unless there's a specific question to me, I'll come in at the end.



PROF EVERATT: Why don't we answer questions that were specific to you? Speaking on behalf of the ANC and the Communist Party. It is my right, I believe. I wanted to make one slight comment which actually refers to the previous round, if I might. And that is, I think for all of the arguments for and against combining the elections, the 2008/2009 election was an absolutely critical moment in our political history because of COPE. Because for the first time splitting votes, provincially and nationally, became a reality for a whole number of voters, a huge number of voters.

Don't forget COPE got 7% of the electorate – from zero. It's unheard of in polling terms and people were splitting quite happily. They would vote in ANC nationally and COPE provincially and they would do the other side as well. I think our electorate is a lot more sophisticated than we sometimes give them credit for. They've had to learn a lot of this precisely by the trial and error of the systems we're living with that are not necessarily giving them what they want. So I think that shouldn't be an argument not to merge the elections. There are lots of arguments not to merge the elections but don't premise it on, "Oh, the poor voters don't understand the system".

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They understand it perfectly well and if you look at the data – and it’s coming out in a book next month – you’ll see the extent to which people have learnt already that you can split votes and still retain your loyalty to the current ruling party and yet vote for someone else in your province. I think that is something that has to be borne in mind as we go forward.

The other questions. I agree with the points that were made. The universities are willing proof that anyone can make a bad system work. Sorry, my deputy vice chancellor is actually down there, so I absolutely did not say that.



MR MATSHIQI: Well, I think I should have been clearer on the issue of affirmative action and nepotism. The argument I was trying to make is that affirmative action – in the manner in which it has been implemented, not only in local government – has had unintended consequences with the flight of all the skills that are required in government. That’s one unintended consequence.

The second point I was making, about nepotism, is that we tend to put all our eggs in the affirmative action basket when, in some cases, political decisions that are made about who is appointed is the issue. Therefore, for me, the problem is two-fold: the unintended consequences of affirmative action and political appointees.

To go back to the issue of the single election. Yes, I think the 2009 election showed that voters voted much more strategically than previously as was the case in the past and this is not about value judgments. I think presented with a single election they would become more

sophisticated in the manner in which they interact with their political choices in relation to political parties.

But, if the idea of having a single election is to deal with low voter turnouts in local government elections, then another conversation we must have is about whether it will be constitutional for us to consider the possibility of forcing all citizens as a matter of law to vote and therefore to have citizens who do not vote in violation of the law. I suspect that we place a higher premium on people’s rights to choose, and the choice being to vote or not to vote than they do in Australia.



PROF SIMKINS: If you have a professional local government service then nepotism is simply dysfunctional and must be prohibited. It’s just not acceptable to be appointed on the basis of which senior people in the Council you

know.

I also think that it matters when it comes to some of the construction of public works which is being done with the Extended Public Works Programme. You can’t really have nepotism there either. If you want to cause resentment then do it, but otherwise, don’t.

I think there needs to be some codes. Firstly, about nepotism and, secondly, about who may be involved in tenders for local government services, and I think parties should have a code of conduct for the people. I think that the state should have regulations about this to try and enforce unacceptable conduct. In a corruptly awarded local government tender, people taking huge profits out of it and delivering shoddy services are precisely what you don’t

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need, given the limited resources of local government. I think we should tighten up at all parties and at state level on both these things; nepotism and appointments, and corruption of tenders.



MR CARRIM: The first and third questions deal with affirmative action in different ways. I'm clear that the policy is correct. Given our increasing inequalities, it is also necessary. It's the way we apply it, and we can apply it far more creatively than we do.

But I'd like to suggest that it is not being applied in the crude narrow way it may have been for a while. In fact in the last two to three years it has loosened up. As CoGTA Deputy Minister I move in the departments. I'm always amazed at how representative many of these senior managerial strata are in departments and in the state entities.

But there are a lot of good people who are not being deployed. It's not simply because, as Aubrey says, they're not the right skin colour or gender. It's often because they're not politically connected. That's the bigger issue. Well, here we have the Municipal Systems Act. It's only a start and there are tensions around it, as you know, even for its promulgation. But I think it's a good start and more is pending. In fact what we did in that Act was a tactical set of choices. We wanted to win people over because we've got our own adversaries within our movement. I think we did the right thing but please understand leading up to December 2012 – and I can tell you this – the lessons have been drawn in this election campaign, not least by the President. I think the President is reaching the end of his tether about our – well, let me

choose that carefully: I think the President is reaching the end of his tether, as is obvious from the Sunday Times, page 1.

I'm not saying anything that's not in the public domain. I think he really means to get local government working. I'm very serious. He's much more obsessed with local government than the previous presidents were. He met, in October 2009, all the mayors and managers of all the municipalities of our country, setting the basis for this Local Government Turnaround Strategy. It's actually quite remarkable and even in Cabinet Committee meetings it keeps coming up.

I really think all this means is more people are likely to get jobs for which they are qualified than I think has been the case in the past.

For now I'll say this. I want to say that I really think that the ANC's system of choosing candidates is one of the most sophisticated, democratic and fair anywhere in the world – the way it is implemented. For more information I'll refer you to an article I wrote for Business Day on Friday.

One can romanticise community participation. But some communities brought candidates who were highly suspect, mobilised through popular means, who you would not want to be candidates in any of your parties. In short, there was some abuse of the system invariably and inevitably.

So what we are saying is about genuine candidates in the last stages when you have to trade-off. Okay, we wanted 60% of our serving councillors to be returned. But then you have the issue of balancing out gender; then you have the issue of non-racialism; then you have the issue of skills. Now once you

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do that trade-off it does allow local powerful people in list committees to abuse the system. If that has happened, and what the President is saying, is that those candidates shouldn't have been our candidates because our internal system was abused, not in large numbers. But he's committed himself to reviewing those candidates. I think it's the correct thing to do.

Finally, you know what? The voters will decide again. They'll have a second choice. So it's not an abusive democracy. It's saying that the internal democratic processes must unfold as required in terms of the rules and regulations we have so that the person can stand out there. So let's see what happens. Thank you.

CHAIRPERSON: Three short sharp questions.

MR VAN RENSBURG: *Hi. My name is Cornelius van Rensburg and I'm from AfriForum. I would just like to ask the Minister, given the national department's failed intervention in places like Sannieshof, how do you envisage these changes of a more empowered Ward Committee to positively affect local government? What would it mean?*

MR MAKATSE: *My name is Nkopane Makatse and I'm a civil servant. My concern is that the issue of accountability within all spheres of government, particularly local government, is not being adequately addressed. The problem that we have in South Africa is that accountability is more towards your political masters than to the communities that one is put in place to serve.*

On the issue of capacity, which is related to that, I think we are perpetuating the lack of capacity because every five years or so – even though we have the same ruling party – we throw people out because they are not politically aligned with the new factions.

MS STEENKAMP: *Minister, Liezel Steenkamp from Beeld. I thought the Municipal Systems Bill was on ice after some kind of agreement between the President and SAMWU to avoid some kind of mass action.*



MR CARRIM: *On Sannieshof. I have been there three times. We tried to mediate between ratepayers refusing to pay rates because they're not getting the services that they feel are due to them. We set up a structure including a representative of the Ratepayers Association. We made some progress.*

There's an answer in the parliamentary pipeline. I think you'll find it on the website about what progress has been made since 14th December when Premier Modisa, MEC Sebogo and I were there. I think that ultimately, the people who suffer the most when the ratepayers don't pay the rates that are due, are the poor and disadvantaged. These are the very people the ratepayers claim to represent.

The next question was on civil servants. Yes, I agree with you, the turnover is very high. The Municipal Systems Act actually says that when you hire, suspend or fire senior managers, you have to inform the MEC, and you have to inform the Minister. So you can't just do it anymore. We've got something going here with the Municipal Systems Act. Have a look at it.

Secondly, I think the parties concerned should exercise more discipline. You're going to have strategic and political oversight of the municipalities that you win because that's what a party does. But you can't micro manage jobs, and so on. We're appalled at CoGTA and we are trying to do something about it.

Questions



On the Municipal Systems Act, I think you should direct that question to the Presidency. As I understand it, it's not on ice. At some or other stage the President will have to consider signing it and it has gone through both Houses. So I really can't answer for the Presidency. I was not present at that meeting but all I can tell you are the facts. The facts are, Liezel, as I think you well know, both Houses passed the Bill. As I remember it, the NCOP passed it on the 13th of April.

That's what our parliamentary liaison officer told me yesterday in reply to a question from one of your colleagues. Now as to whether the President's going to sign. Usually, as you know, Liezel, the time between the Bill being passed by both houses and the time it's promulgated is usually around three to four months. So I don't know what the meaning is of what happened between SAMWU and the ANC leadership. You must ask the ANC leadership about that and the President. As far as I know the Bill has been passed by both Houses.

MR HARRIS: *Hi. Guy Harris, facilitator of SMEs. Just picking up on Chapter 7 of the Constitution where it says "promoting economic development". Aubrey mentioned that local government cannot initiate or facilitate economic growth and the Deputy Minister talked about unfunded competencies. Is economic development and job creation one of those unfunded competencies that is falling into the vacuum at local government?*

MR MPOFU: *Hi. I'm Eric Mpofo. My question really pertains to the empowerment that is given to elected officials. Is there any plan in place to empower more elected officials? I always find in forums that I have participated in, there is quite a big discrepancy between certain elected officials and the other group, and in most cases debates are not really effective.*

MR SCOROLOUS: *Good evening. My name is Luke Scoropolous. I'm a researcher at the Local Histories Programme at Wits University. I have a question for the Panel as a whole regarding what role, if any, provincial government should have in the sort of structures that you are suggesting? If local government is so good at providing the services, does provincial government deserve to exist, given what you've said about the role of provision of services being at the local level?*



MR MATSHIQI: Provincial government – is there a need for it? I mean, that question is as old as the democratic government itself. Here were raging debates as early as 1995 about whether we needed provincial government or not. Some argue that provincial government was necessitated by political considerations. Partly, I'm one of those. Some argue that an attempt to resolve the tension between the federalist and centralist impulses led to the decision to create provincial government.

I come at it differently. As I said, the Intergovernmental System is not working as it should. There is merit in the argument that both national and provincial government should assist in the task of enhancing capacity at local government level. But the question you have not asked is whether that capacity to do just that exists at national and provincial level.

Some would argue that it exists less at provincial level than it should, but also that it's uneven provincially. So a province like Gauteng might be able to assist local government in this part of the world but a province like Limpopo or a province such as the Eastern Cape may lack that kind of capacity. However, my mind is not made up either way about provincial government.

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PROF EVERATT: I'm in a really difficult spot here. My salary is paid by provincial government so obviously they should exist! But not here, not in this region! I run something called the City Region Observatory where we're beginning to make the

argument that there's a continuous urban extent that covers most of Gauteng. There is very little variation particularly in the industrial belt which stretches all the way from the north of Tshwane down to Sedibeng.

It's one continuous area and to try and break it up into locales that then have to also try and work with the province makes far less sense than thinking of it as a large metropolitan area as you would have in Greater London, or as you would have in Île-de-France and elsewhere, in which you are able to coordinate and collaborate across smaller units which are far more representative but without having these huge big municipalities, and then a province on top of that.

If you explore the relationship, for example, between the City of Johannesburg and Gauteng provincial government, it is unbelievably awkward and usually deeply hostile because Jo'burg is far richer than other provinces. It can do whatever it wants. It doesn't need province to help it at all and it tends to throw its weight around. If it feels for a moment that province is treading on its toes, it's very quick at letting province know that it has to back-off and the opposite is also true. I don't think there's an answer that fits the whole country. I think where you are situated can drive the way in which you should be looking at that question.

But I certainly think the current notion at the local level – where Metsweding – is not working, shove it into Tshwane, make one bigger area, Tshwane

will rescue Metsweding is nonsense! It's not the way in which you make local government work by trying to just hack these things together in the hope that one functional metro can save a dysfunctional local municipality.

Finally, I just want to respond to the point about accountability, nepotism and capacity because I think it's not just about nepotism. I think the Public Service, as a whole, remains deeply risk averse. This is not a Public Service that learns by failing and learning from its failures. It is encouraged through all the sophisticated legal financial machinery that we've created; the MFMA, the PFMA, all the rest of it, to spend its money within a year, avoid rollovers and play it safe and that means with a small "p" we are politicising the Public Service so that their window, the way in which they look at the world, is exactly the same five-year span as their elected bosses.

The notion that someone is going to take a 30 to 50 year window, which is the only way anyone who's done any engineering, for example, knows that one can plan a city, let alone a city region is not going to happen. The public officials are increasingly narrowing their window down, moving away from those long-term risky projects. The same point the deputy minister made – 15 to 20 years minimum to bed down the notion of democratic local government but government has come back at it time after time; ISRDP, Project Consolidate, you name it. When it's not working you've got another idea, let's try it this way.

I think that's what you have to worry about is this narrowing of the time frame and the window so the public officials are operating on exactly the same time span as their elected officials. It goes from election to election. You play it safe, you spend your budget and you don't get into trouble for rolling over funds.

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MR CARRIM: Firstly, is economic development and job creation an unfunded mandate? Well, Local Economic Development is a responsibility of municipalities. But clearly it has to be

through cooperative governance, both National and Provincial government playing a far more active role in assisting municipalities because job creation is fundamentally a national challenge.

Secondly, with the New Growth Path, hopefully the framework is there for more active involvement. I have myself, by the way, raised this with Mr Patel that, once we get the other prongs going, we will need to start looking at more involvement and he agrees.

On the issue of provinces – that too is an issue that comes before the December 2012 conference. Now, my sense is that it's unlikely that the provinces will be scrapped. I can't speak for 3 500 delegates but I don't think it's likely that the provinces will be scrapped.

The powers and functions might be fine-tuned and this applies to all three spheres because we want a more integrated cooperative governance system. But it seems likely that it will be three provinces. It's possible we might reduce the number of provinces. I'm not sure. Let's see what happens in December.

But one thing is certainly true: that we need relatively powerful central and local spheres. But this is not to say that provinces will not exist. You know, we've got a very geographically wide country.

Then the issue arises, if provinces exist, in what form? Many of you academics work on these issues and you will no doubt know there are

various permutations that one can go for.

The one quick thing I wanted to respond to is to say that David Everatt is correct. You see, when we shaped the Municipal Systems Act we had huge fights within the ANC about whether people will be able to exercise three votes.

Now remember if there is anything in this Bill that contradicts another piece of legislation then we will obviously have the President and his office try to assist in that regard. But I read in some papers – I think it was the Independent stable – that as far as the issue of the prohibition, we were having huge fights within the ANC and people came down hard on us and said it won't work; three votes. Actually those of you who monitor elections will tell that there was a very low percentage of spoilt papers. It's remarkable actually for a newly emerging democracy.

Then there's a thing that Aubrey said – which I entirely agree with – about elections. One of the reasons people want to have three elections on the same day for all these years is because they feel the polls at local level are small sitting at 48 percent. The polls at national hover around 70 percent. So that is a reason for combining the elections.



PROF SIMKINS: Just briefly on Local Economic Development. What you think about the capacity for Local Economic Development depends on what you think Local Economic Development is. What I think it is, is local authorities dealing with the private sector in one way or another for economic development in their region.

Pongola group privatised their caravan park which used to be a municipal function so they've created a new business doing that. But



suppose somebody comes along and says, I want to make widgets and I've decided that Melmoth is the best place to do it. Then they would have to come with a Business Plan and the local authority would have to ask them what supporting infrastructure do you need and you've got to tie-up agreements.

That's Local Economic Development, and there's nothing constraining local authorities from doing that, except possibly if a whole lot of people suddenly descended on them and there wasn't the money to do it all immediately. In which case you would have to prioritise. But I think Local Economic Development is an attitude of mind on behalf of the local authorities looking for possibilities of economic development done in conjunction with the private sector.

CHAIRPERSON: Unfortunately we must bring this to an end. I am going to ask the speakers if they would like to make any last comments before we bring these discussions to an end.



MR CARRIM: I wanted to propose who you should vote for but I'll pass. What I want to say though, on a more serious note, is that we have got many, many challenges in local government. But things are not as bad as they are

being made out, even if they're not as good as they should be.

I love what Comrade David said. It's only eight years old really and I'm a bit worried. May I suggest, David, that what's going to happen in December 2012 is people are going to want – because of impatience – to (maybe) go further than we should. Which also means now you have to restructure the system and that takes time.

I really feel that at the end of the day, the model is a remarkable model. Its system of community participation is possibly one of the most far reaching, innovative, progressive models and it works both ways. The municipalities need to open space for communities and stakeholders and individuals to participate, but it also means all of us in our different ways – whether it's a School Governing Body, the Community Policing Forum, the Ward Committee, the IDP Forum, etc. – must play our role, and we have to make this local government work. I plead with you not to be too pessimistic.

But, on the other hand, you can't be idealistic especially in Jo'burg with the billing crisis and other problems. But even that is a complex issue. To bring together 15 municipalities into one administration is very challenging. I hear Charles saying "hmm" and he's an independent academic, remember!

Let me end on this note: you go and vote, for the simple reason that it's too soon for those who want to abandon voting to not vote. Mandela spent 27 years in prison. Solomon Mahlangu gave his life. Many of you in your different ways – whichever party you're in, it doesn't really matter – contributed even by paying your domestic help a decent salary when nobody else would in your street. So, we're all in this together. Thanks.

CHAIRPERSON: On behalf of the Helen Suzman Foundation and the Open Society Foundation For South Africa and our audience tonight, I want to thank our speakers for their input. Especially you, Yunus: the pressure on you has been very great. Only 48 hours to go. But I'm very grateful that you have been here and we appreciate it. Thank you.

Media coverage

BusinessDay
NEWS WORTH KNOWING

Promise of major change to powers of 'broken councils'

17 May 2011

WYNDHAM HARTLEY

Deputy minister says new legislation is being prepared to give towns only those functions they can perform

CAPE TOWN — New legislation is being prepared to link the powers of municipalities to their ability to deliver services, Co-operative Governance Deputy Minister Yunus Carrim said yesterday.

Speaking at a Helen Suzman Foundation roundtable discussion on local government, Mr Carrim gave the clearest signal yet that a major overhaul of local government structures is on the way.

The changes would include increased funding to local councils, which would be linked to their capacity to deliver.

An African National Congress summit on local government last year heard that some district and local municipalities were unable to provide services to their communities, supporting the government's contention that they were not financially viable.

District municipalities in poor areas are often unable to raise sufficient revenue to provide services and many are increasingly dependent on national government grants to fund their operations.

Admitting that he was in "full election mode" with the local government poll less than two days away, Mr Carrim confined himself to replying to questions. The first was, "Does local government have the capacity to meet its objects as outlined by the constitution?"

He replied: "The financial capacity of municipalities is hindered both by the lack of adequate funds and financial management skills.

"But there is also a more fundamental issue: we opted for a local government model in which essentially all municipalities exercise the same powers and functions, irrespective of their capacity. There has to be a better correlation between a specific municipality's capacity and the powers and functions it exercises."

Mr Carrim also took aim at provincial and national government for not monitoring and supporting local government as required in the constitution.

He said this failure had further impaired the capacity of municipalities to deliver.

Legislation was being prepared — the Monitoring, Support and Intervention Bill — that would stress the crucial role of provincial and national government in assisting municipalities to be more effective, without eroding their powers, he said.

In response to a question about funding issues for local government, he said: "The very premise of the current financial model is wrong. It's based on the presumption that municipalities can raise 95% of their own revenue.

"But this was the case before 1994, when municipalities had much smaller boundaries, mostly excluded the African majority, and had a limited service delivery role," Mr Carrim said.

"It cannot apply to the new municipalities, with their larger boundaries, significantly bigger numbers of residents and expanded developmental role."

Mr Carrim said despite its huge responsibilities, local government was currently allocated only 8,7% of the national revenue.

"There needs to be an expeditious and significant overhaul of the current intergovernmental fiscal system, including the formula for the 'equitable share' — the allocation of money from the national budget to each sphere of government," he said.

He acknowledged that many municipalities were unable to spend the money they had — "the answer is not to constrict national allocations to local government, but to allocate adequate funding and assist with capacity-building so that the funds can be effectively and productively spent".

Democratic Alliance local government spokesman James Lorimer said on the face of it, a differentiated model raised the question of who would decide where and when a municipality had the capacity for more powers. "Would it be central government that decides? If it is, then this further erodes the powers and functions of local government and would probably need a constitutional amendment."

Mr Lorimer said the envisaged changes should be published for comment so that debate on the issue could begin.

The constitution should not be changed because political parties were failing to run their councils properly, he warned.

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Media coverage

BusinessDay
NEWS WORTH KNOWING

People as well as policies

19 May 2011

EDITORIAL

WHILE yesterday's elections will inject fresh blood into municipal governance at a political level, the public servants and problems inherent in the system remain.

Deputy Co-operative Governance Minister Yunus Carrim's comments during last week's Helen Suzman Foundation roundtable discussion on local government are therefore most welcome.

Mr Carrim hinted at another major overhaul of the system of municipal governance.

The proposed Monitoring, Support and Intervention Bill would highlight the crucial role that central and provincial governments should play in assisting municipalities to be more effective through careful monitoring and control of their finances. The aim of the new legislation would be to overcome the obstacles that prevent some municipalities from delivering basic services, and would give the central government the power to intervene in certain circumstances.

The functioning of a successful municipality is determined by the capacity of its personnel. While amendments to financial and other bureaucratic systems will surely help delivery, without dedicated and skilled public servants even the most transparent and accountable systems will not produce results.

The Local Government Municipal Systems Amendment Act, passed last month but not yet promulgated, is meant to address the personnel issue by ensuring that better-skilled public servants are hired and that the negative effects of political churn are limited. Specifically, it will put restrictions on top posts being held by political appointees. The new law also aims to prevent financial managers who have been found guilty of fraud being re-employed in other towns.

However, measures put in place to improve function have a habit of causing unnecessary red tape that actually hinders delivery. The intended purpose of the Municipal Finances Management Act is to ensure that the processes of procurement and execution in particular are transparent, and to make municipalities accountable for how they spend their budgets.

For any government to address its mandate successfully requires both sound systems and skilled bureaucrats, so it is essential that deficiencies in both areas are addressed simultaneously.

‘Good service delivery needs structural changes’

While the issue of service delivery will get short-term attention after the recent local elections, the problem is structural and will not be solved until certain fundamental changes are made, says Edgar Pieterse, director of the University of Cape Town’s African Centre for Cities.

On May 18, the country went to vote for councillors in their municipalities, but the political debate and campaigning focused on emotive issues such as the open-toilet saga, race, and which party was better at governance.

Pieterse, who is a professor of urban policy, said he was extremely disappointed that the local elections did not examine the relationship between central, provincial and local government.

“I was shocked that the debate around the elections did not bring into focus that local authorities do not have the ability to deliver against the expectations set for them,” he said.

Issues such as the open toilet saga in the Cape Town township of Khayelitsha and in the Free State local municipality of Moqhaka were highlighted as situations of service delivery breakdowns. This led to political positioning as parties leveled accusations that the Democratic Alliance (DA)-controlled Cape Town was only concerned about its wealthy citizens and allegations of corruption against African National Congress (ANC)-controlled councils.

Pieterse said the fact was that intergovernmental relationships were not what they should be to enable local authorities, especially the seven major metropolitan municipalities, to integrate and plan their various services.

“A study was done in 2005, commissioned by the then Department of Local Government, to examine the relationship between local, provincial and central governments, but it was never signed off or finalised,” he said.

The study, called “The Review of Powers and Functions of Local Government”, proposed that local authorities should be given the ability to consolidate their various revenue streams to ensure proper integration of service delivery in their planning.

“This would allow municipalities to start budgeting and planning without checking over their shoulders constantly for the approval of certain central government departments such as those for housing,” Pieterse said.

Paul Berkowitz, an analyst at Citydex, a division of black economic empowerment auditor Empowerdex, said that he felt optimistic that service delivery would improve, but that it would take time.

Media coverage

“I believe there is an increasing focus on what local authorities are supposed to deliver and if they have the capacity to do so. Increasing the authority of the large metropolitan councils would definitely help the housing backlog as they would be able to better integrate sewerage and electricity delivery,” he said.

Berkowitz said all the political parties were more aware that councillors had to be monitored and their performance assessed regularly and this would help instill a level of professionalism that would go hand in hand with proposed changes to the overall structure of local authorities.

Deputy Minister of Co-operative Governance and Traditional Affairs Yunus Carrim said when addressing the Helen Suzman Foundation on May 16 that a review of the respective powers and functions of the three spheres of government was underway within the ruling ANC.

“The imperative for this is not ideological but practical. It is to ensure a more integrated co-operative governance system, and ensure the state is able to accelerate service delivery and development,” Carrim said.

Among the points raised by Carrim that would be examined would be a differentiated local government model, in which municipalities exercise different powers and functions from a common menu, according to their capacity, funding and other resources.

He also called for a more effective separation of the executive and legislative arms of municipalities.

Carrim said that a new intergovernmental fiscal system would be explored, in which municipalities were allocated funds and other resources, and assisted with effective programmes to spend money more effectively.

The university’s Pieterse said that fundamental economic and social issues also had to be addressed in order to improve service delivery.

“With about 30% of the active population unemployed, the tax base for local authorities is very constrained and will remain so for the foreseeable future,” Pieterse said.

He said unemployed people could not afford to pay for services and the upkeep of RDP (low-cost and effectively free) houses, and this meant cost implications for local authorities with a large number of poor residents in the area.

“These costs to the local authorities is significant and will continue to rise, and they will have to balance that with preserving their asset base, especially to the wealthy and the business infrastructure, by focusing on the sections of the population who can afford to pay for it. Or they have to give the very basic services that are below decent levels of habitation as we have seen in the toilet saga.”

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public service

knowledge

dedication

courage

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