OVERCOMING THE BARRIERS TO EFFECTIVE SERVICE DELIVERY

“A CLIENT PERSPECTIVE”

Mr. M.G. SEITISHO
6 OCTOBER 2010
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• Context of Service Delivery in Municipalities
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  • Service Delivery Protests

• Reasons for Under Performance

• Innovative Approaches to Improve the State of Service delivery
  • Review the Intergovernmental Fiscal Relations System
  • Strengthen and clarify support and intervention frameworks
  • Review the two tier model of Local Government
  • Review local government legislation and introduce policy reform where necessary
Context: The transformation process 2000 - 2010

1. Core pillar of the RDP (1994) was to “democratize state and society”. Local government transformation - central to the democratization project.

2. From 1994, two distinctive / complementary phases:
   a) Interim Phase: 1993/4 – 2000;
   b) Final Phase: Post-2000 (establishment, consolidation, sustainability).


4. Local government legislative framework (post-1998)

5. 1st democratic municipal elections, 5 December 2000


7. 5 Year Local Government Strategic agenda (2006 – 2011): three strategic priorities

1. **Be responsive** to the needs of the local community;
2. Facilitate a **culture of public service and accountability** amongst its staff;
3. Be **performance orientated** and focussed on the objectives of local government set out in section 152 of the Constitution and its developmental duties as required by section 153 of the Constitution;
4. Ensure that its political structures, political office bearers and managers and other staff members **align their roles and responsibilities** with the priorities and objectives set out in the municipality’s integrated development plan;
5. Establish clear relationships, and **facilitate co-operation, co-ordination and communication**, between –
   - its political structures, political office bearers and its administration
   - its political structures, political office bearers and administration and the local community
6. Organise its political structures, political office bearers and administration in a **flexible way in order to respond to changing priorities** and circumstances;

7. **Perform** its functions-
   - through operationally effective and appropriate administrative units and mechanisms, including departments and other functional or business units; and
   - when necessary, on a decentralised basis;

8. **Assign clear responsibilities for the management** and co-ordination of these administrative units and mechanisms; and

9. Hold the **municipal manager accountable** for the overall performance of the administration.”
Macro-trends of the 10 Year Review:

- **Demographic change:** 1996 – 2007 population grew by 20% & the number of households at double that rate (39%);

- **Fast growth in the labour force in the first decade** has slowed since 2004 to 2% p.a.;

- **Sectoral composition of employment** has shifted away from the primary sector to the finance and business services sectors;

- **The patterns of internal migration in the first decade** have continued since 2004.

New macro-trends:

- **Binding constraints to economic growth,** e.g. “structural unemployment of the low-skilled” & “shortcomings in infrastructure planning”;

- **Negative macro-social trends,** e.g. increase in income inequality and erosion of trust and confidence in government;

- **Challenges in governance and the macro-organisation of the state,** e.g. the legitimacy of public institutions have been tested in a number of ways;

- **Recent global economic challenges and shifts in the economic weight of different countries in Africa** (increasing dominance of Nigeria and Egypt, in relation to SA).

Macro-trends impact on local government!
## Municipalities in South Africa

- **48.5m people in 283 municipalities in SA**

<table>
<thead>
<tr>
<th>PROVINCE</th>
<th>Metros (A)</th>
<th>Local (B)</th>
<th>District (C)</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Eastern Cape</td>
<td>1</td>
<td>38</td>
<td>6</td>
<td>45</td>
</tr>
<tr>
<td>Free State</td>
<td>0</td>
<td>20</td>
<td>5</td>
<td>25</td>
</tr>
<tr>
<td>Gauteng</td>
<td>3</td>
<td>8</td>
<td>3</td>
<td>14</td>
</tr>
<tr>
<td>KwaZulu-Natal</td>
<td>1</td>
<td>50</td>
<td>10</td>
<td>61</td>
</tr>
<tr>
<td>Limpopo</td>
<td>0</td>
<td>25</td>
<td>5</td>
<td>30</td>
</tr>
<tr>
<td>Mpumalanga</td>
<td>0</td>
<td>18</td>
<td>3</td>
<td>21</td>
</tr>
<tr>
<td>North West</td>
<td>0</td>
<td>21</td>
<td>4</td>
<td>25</td>
</tr>
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<td>Northern Cape</td>
<td>0</td>
<td>27</td>
<td>5</td>
<td>32</td>
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<tr>
<td>Western Cape</td>
<td>1</td>
<td>24</td>
<td>5</td>
<td>30</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>6</strong></td>
<td><strong>231</strong></td>
<td><strong>46</strong></td>
<td><strong>283</strong></td>
</tr>
</tbody>
</table>
The mean rating of government continued with the downward spiral that began at the end of 2009. This is partly due to the intensive focus on the President’s personal life which led to a decline in the mean rating - dropping further below the mid-point.
<table>
<thead>
<tr>
<th><strong>POLITICAL CONTEXT &amp; OPPORTUNITIES</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>✪ The <em>2011 local government elections</em> will <strong>take place in less than 12 months</strong>.</td>
</tr>
<tr>
<td>✪ Councillor <strong>accountability</strong> must be strengthened in communities</td>
</tr>
<tr>
<td>✪ Political – administrative <strong>interface must be stabilised</strong></td>
</tr>
<tr>
<td>✪ Government must <strong>capitalise on the Local Government Turn-Around Strategy</strong> to demonstrate its intention to improve the performance of local government</td>
</tr>
<tr>
<td>✪ <strong>“Service delivery protests”</strong> requires political and government intervention</td>
</tr>
<tr>
<td>✪ General <strong>decline in public confidence</strong> in local government is a concern for government.</td>
</tr>
</tbody>
</table>
SERVICE DELIVERY PROTESTS: CRITICAL QUESTIONS

How do we ensure that the right to peaceful protest is protected, without it becoming violent?

What quick wins should government undertake to address legitimate service delivery grievances before 2011?

What actions must be taken by Government to ensure that local protests do not become a site of intra-political party conflict?

What policy weaknesses are exposed regarding our current model of local democracy that must be addressed?
SERVICE DELIVERY PROTESTS: Spatial Breakdown & Analysis

**Trends: 2004 – June 2010**

- Eastern Cape: 8%
- Free State: 10%
- North West: 13%
- Western Cape: 12%
- Northern Cape: 2%
- Gauteng: 32%
- Kwa-Zulu/ Natal: 8%
- Limpopo: 4%
- Mpumalanga: 11%
- North West: 13%

**Trends: Jan 2009 – June 2010**

*IF CURRENT TRENDS CONTINUE, THEN 2010 WILL SEE THE HIGHEST NUMBER TO DATE*
Observations:

a) The right to peaceful protest is a democratic right

b) There is no consistent & direct relationship between the protests and the areas of highest backlogs

c) 38% protests emerging from informal settlements

d) Many protests in the Western Cape & Cape Town, e.g. housing

e) Emerging evidence that forces from within the ANC and Alliance are behind some of the protests

f) Unless there is an urgent intervention, the trend of protests is likely to be exploited by disaffected forces within the Alliance and from outside

g) The protest issues affect all three spheres of government

h) Xenophobia issue is complicating the current protests

i) Need to differentiate peaceful & violent protests
a) Low trust in Local Government (2006: 44%, 2007: 34%: HSRC; View that municipalities is managed well declined from 49% in Nov 2004 to 41% in May 2007 Markinor)

b) Negative perception of the state of local government is also common across all political parties (Markinor, 2009)

c) Low public awareness of participatory measures (about 3%: HSRC)

d) Latest government communications 2010 quarterly report continues to show negative media reporting on “service delivery issues” – this directly relates to local government

e) Communications capability in municipalities also not encouraging:

- Communication not given strategic importance in many municipalities
- Low establishment rate of communication components in municipalities, i.e. 52% of all municipalities have established communication units
Key underlying question: Why are municipalities not achieving the ideal vision envisaged for them?

Process of Cabinet mandated enquiry, reporting, analysis and recommendations initiated in 2009

- 2009 Assessment of each and every municipality in the country
- Compiling of the State of Local Government Report
- Compiling of the Local Government Turnaround Strategy (LGTAS)
- Creation of Vision 2011 and Vision 2014
- Creation of Ten Point Plan for Local Government
- Creation of Outcomes-based government: Outcome 9 for a responsive, accountable, effective and efficient local government system

2010 - Looking for:
A Refined Model of Local Government, using the above plus
Analysis of findings from the Policy Review on Provincial and Local Government
Related research, reviews, evidence and consultative processes.
‘Restore the confidence of the majority of our people in our municipalities, as the primary delivery machine of the developmental state at a local level’ (LGTAS)

‘Improving the quality of municipal leadership and effective engagement between elected representatives and communities, are key to solving dissatisfaction at local level.’ (Ten Year Review)

“The goal for 2014: a responsive, accountable, effective and efficient local government system (Outcome 9)

“Government might listen but they are not going to do anything”
Overall the system of local government is working, but it is in distress. There are many failures & weaknesses that stem from external factors to internal ones in municipalities.
Key findings of the State of Local Government Report 2009

The root causes of these problems are related to both external factors and internal factors

- There are serious leadership and governance challenges in municipalities including weak responsiveness and accountability to communities;
- The financial capacity and management of many municipalities is very poor;
- Many municipalities are unable to deliver basic services or grow their economies;
- The legacy of apartheid spatial development patterns and inequity has not been arrested and reversed;
- There is inadequate human resource capital to ensure professional administrations, and positive relations between labour, management and Councils.

What quick wins should government undertake to improve public sentiment on local government before 2011?
Reflection: root-cause analysis: LGTAS

- Systemic factors, i.e. linked to model of local government
- Policy and legislative factors
- Political factors
- Weaknesses in the accountability systems
- Capacity and skills constraints
- Weak intergovernmental support and oversight
- Issues associated with the inter-governmental fiscal system

What are the key policy, legislative & systemic areas that require review?
Reflection: The LGTAS and a new trajectory

The LGTAS is aimed at propelling our municipalities towards the ideal state envisaged in the RDP and White Paper on Local Government (1998) and subsequent legislation, e.g. the Municipal Systems Act (1998)

The over-arching objectives of the Turn-Around Strategy are to:

- Restore the confidence of the majority of our people in our municipalities, as the primary delivery machine of the developmental state at a local level
- Re-build and improve the basic requirements for a functional, responsive, effective, and efficient developmental local government
- Municipalities to become the nation’s pride
- To ensure that public representatives are truly accountable to the people.
STATE OF LOCAL GOVERNMENT REPORT 2009: *Breakdown in Local Democracy as one of main causes for ‘distress’*

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td><strong>Lack of commitment by some municipal leadership</strong> to genuine public participation</td>
</tr>
<tr>
<td>2.</td>
<td><strong>Lack of trust between municipalities and communities/stakeholders</strong> due to unrealised promises - perceptions that provision of services and partnerships or relations are dependent on political or factional allegiances.</td>
</tr>
<tr>
<td>3.</td>
<td><strong>Limited investment by municipalities in public participation strategies, structures and processes</strong> (e.g. ward committees, IDP and budgeting, communication systems and complaint management systems)</td>
</tr>
<tr>
<td>4.</td>
<td><strong>Weak civil society organs at local level are unable to engage effectively with municipalities</strong></td>
</tr>
<tr>
<td>5.</td>
<td><strong>Ward Committees as organs of people’s power are largely not functional</strong> (i.e. fail to call councils to account; failure to involve communities in decisions about service delivery. Their reports don’t find expression in Council agendas)</td>
</tr>
<tr>
<td>6.</td>
<td><strong>Poor application of measures to facilitate public involvement</strong> - in spite of well-developed policy and legislative framework, Ward Councillors are unable to communicate effectively and consistently with communities</td>
</tr>
</tbody>
</table>
DEEPEN PEOPLE-CENTRED GOVERNMENT THROUGH A Refined Model OF Ward Committees

Proposals - Institutional Arrangements:

- Ward Councillor: "Governor" of the ward & New CDW: Ward CEO / Ward General Manager
- Ward Sub-Committees must be established for various sectors
- Ward Committees must establish Street, Block & Village Committees.
- Ward Committees must be coordinated at a Municipal, District, Provincial and National level
- Ward Committee should be automatically elected when the Ward Councillor is elected during LG elections, using the PR in that ward
- Ward Committee then should establish Street, Block & Village Committees
- Village Committee Reps / Block Committee reps, sectoral reps & traditional leaders where they exist should then form the Ward Council that is coordinated by the Ward Committee

INTENTION IS TO DE-POLITICIZE AND MAKE WARD COMMITTEES THE OVERARCHING, COORDINATING POINT OF LOCAL GOVERNANCE
Proposals - Tasks and Responsibilities:

- Need Ward Development Plans & prepare household profiles
- Must have greater oversight role over all development projects
- Each ward must have a LED project & product that is driven by local community development cooperatives / corporation
- Mobilise society & people on the ground & be accountable
- Using Brazilian experience, the Ward Committee must mobilise and involve the people in deciding which capital projects should be implemented in every budget cycle

INTENTION IS TO MAKE WARD COMMITTEES MORE DEVELOPMENTAL WITH CONCRETE LOCAL DEVELOPMENT RESPONSIBILITIES
**Proposals:**

- Make IDPs an intergovernmental planning instrument
- Ensure that national & provincial government plans, programmes & projects are reflected in the IDPs
- Appropriate review of legislation and policy to allow for differentiated IDPs
- Strengthen the role of communities in development planning
- Formally regulate the relationship between Ward Based Plans and the IDP
- Finalise the legislation on Land Use Management and Spatial Planning

**OVERALL PROPOSAL IS TO MAKE IDPS A PRIMARY TOOL FOR INTERGOVERNMENTAL PLANNING, WHICH ALSO CATERS FOR MUNICIPAL DIFFERENTIATION**
A differentiated approach to inform planning and municipal functions

Problem Statement:

☑ IDPs are viewed primarily as municipal development plans
☑ National & provincial government not actively participating in the IDP process
☑ Current legislation and policy has common IDPs requirements for all municipalities
☑ Proposals on refined land use management and spatial planning legislation not resolved
☑ Ward based planning & priorities is not appropriately reflected in IDPs
☑ The National Planning Commission is new and has the potential to influence all spheres and components of the state.
Innovative Service Delivery

Community survey 2007 has indicated average access to household services ranging from 61% to 88% across South Africa.
Initiate innovative approaches to improve service delivery

**Problem Statement:**

- Universal access = 54% for 4 basic services
- Under-expenditure of CAPEX by municipalities
- Poor municipal investment in repairs & maintenance
- Costs to address backlogs are in excess of R400bn
- Corruption is affecting service delivery
- Service delivery entrenches apartheid spatial patterns
- Current LG grants poorly aligned, e.g. MIG & Housing
- Poor alignment of infrastructure planning across government, e.g. bulk infrastructure and reticulation plans not aligned.
### Universal Household Access To Basic Services

#### South Africa at a Glance:

<table>
<thead>
<tr>
<th>Ref.</th>
<th>Province</th>
<th>Indicator</th>
<th>Universal Basic Access %</th>
<th>National Rank</th>
<th>Universal Higher Access %</th>
</tr>
</thead>
<tbody>
<tr>
<td>WC</td>
<td>Western Cape</td>
<td></td>
<td>88%</td>
<td>1</td>
<td>83%</td>
</tr>
<tr>
<td>GPG</td>
<td>Gauteng</td>
<td></td>
<td>79%</td>
<td>2</td>
<td>75%</td>
</tr>
<tr>
<td>NC</td>
<td>Northern Cape</td>
<td></td>
<td>71%</td>
<td>3</td>
<td>62%</td>
</tr>
<tr>
<td>FS</td>
<td>Free State</td>
<td></td>
<td>60%</td>
<td>4</td>
<td>53%</td>
</tr>
<tr>
<td>KZN</td>
<td>KwaZulu-Natal</td>
<td></td>
<td>45%</td>
<td>5</td>
<td>38%</td>
</tr>
<tr>
<td>MP</td>
<td>Mpumalanga</td>
<td></td>
<td>40%</td>
<td>6</td>
<td>34%</td>
</tr>
<tr>
<td>NW</td>
<td>North West</td>
<td></td>
<td>38%</td>
<td>7</td>
<td>34%</td>
</tr>
<tr>
<td>EC</td>
<td>Eastern Cape</td>
<td></td>
<td>33%</td>
<td>8</td>
<td>29%</td>
</tr>
<tr>
<td>LP</td>
<td>Limpopo</td>
<td></td>
<td>15%</td>
<td>9</td>
<td>13%</td>
</tr>
</tbody>
</table>
Projections for municipal infrastructure

- Projected infrastructure cost is R501 billion
- The MIIF model assumes an annual expenditure, as stated below, to address the total backlog
Delivery of water, trends 1994 – 2014

Source: DWAF, July 2008

* Growth not factored in

* Projection based on 191,037 households until 2014
## Access to Free Basic Water by Province

<table>
<thead>
<tr>
<th>Province</th>
<th>Total Households</th>
<th>Total Households served</th>
<th>%</th>
<th>Indigent Households (StatsSA:2001/02)</th>
<th>Indigent Households served</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Eastern Cape</td>
<td>1,629,291</td>
<td>918,924</td>
<td>56</td>
<td>952,906</td>
<td>508,217</td>
<td>61</td>
</tr>
<tr>
<td>Free State</td>
<td>788,048</td>
<td>721,417</td>
<td>92</td>
<td>372,077</td>
<td>424,547</td>
<td>98</td>
</tr>
<tr>
<td>Gauteng</td>
<td>3,382,032</td>
<td>2,930,546</td>
<td>87</td>
<td>1,039,116</td>
<td>888,340</td>
<td>76</td>
</tr>
<tr>
<td>KwaZulu-Natal</td>
<td>2,398,483</td>
<td>1,787,029</td>
<td>75</td>
<td>1,126,558</td>
<td>892,540</td>
<td>71</td>
</tr>
<tr>
<td>Limpopo</td>
<td>1,362,066</td>
<td>906,142</td>
<td>67</td>
<td>819,048</td>
<td>503,430</td>
<td>67</td>
</tr>
<tr>
<td>Mpumalanga</td>
<td>772,764</td>
<td>594,095</td>
<td>77</td>
<td>396,096</td>
<td>305,632</td>
<td>61</td>
</tr>
<tr>
<td>Northern Cape</td>
<td>237,467</td>
<td>191,676</td>
<td>81</td>
<td>108,122</td>
<td>78,919</td>
<td>83</td>
</tr>
<tr>
<td>North West</td>
<td>888,346</td>
<td>588,081</td>
<td>66</td>
<td>423,674</td>
<td>238,551</td>
<td>54</td>
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<tr>
<td>Western Cape</td>
<td>1,385,296</td>
<td>1,270,333</td>
<td>92</td>
<td>279,493</td>
<td>188,281</td>
<td>90</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>12,843,793</strong></td>
<td><strong>9,908,243</strong></td>
<td><strong>77</strong></td>
<td><strong>5,517,090</strong></td>
<td><strong>4,028,457</strong></td>
<td><strong>73</strong></td>
</tr>
</tbody>
</table>

Source: DWAF, September 2007; also see dplg, 2008
Access to Sanitation (77% National)

% Access to sanitation

- Eastern Cape: 72.7
- Free State: 68.5
- Gauteng: 88
- KwaZulu-Natal: 78.7
- Limpopo: 52.4
- Mpumalanga: 63.1
- North West: 68.2
- Northern Cape: 79.6
- Western Cape: 94

[Image of a sanitation facility]
## Free Basic Sanitation

<table>
<thead>
<tr>
<th>Provinces (MARCH 10) FBSAN</th>
<th>Total Indigent Households (Census 2001)</th>
<th>Total Indigent Households (Municipal data)</th>
<th>Total Indigents beneficiaries</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Eastern Cape</td>
<td>939,776</td>
<td>717,759</td>
<td>246,570</td>
<td>26</td>
</tr>
<tr>
<td>KwaZulu-Natal</td>
<td>1,162,490</td>
<td>220,269</td>
<td>198,221</td>
<td>17</td>
</tr>
<tr>
<td>Gauteng</td>
<td>967,539</td>
<td>233,776</td>
<td>1,172,457</td>
<td>121</td>
</tr>
<tr>
<td>Mpumalanga</td>
<td>444,112</td>
<td>197,305</td>
<td>384,664</td>
<td>87</td>
</tr>
<tr>
<td>Limpopo</td>
<td>744,676</td>
<td>523,304</td>
<td>144,065</td>
<td>19</td>
</tr>
<tr>
<td>North West</td>
<td>440,733</td>
<td>143,210</td>
<td>251,943</td>
<td>57</td>
</tr>
<tr>
<td>Free State</td>
<td>425,049</td>
<td>229,435</td>
<td>238,911</td>
<td>56</td>
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<tr>
<td>Northern Cape</td>
<td>118,194</td>
<td>95,736</td>
<td>61,419</td>
<td>52</td>
</tr>
<tr>
<td>Western Cape</td>
<td>290,213</td>
<td>205,908</td>
<td>921,658</td>
<td>318</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>5,532,782</strong></td>
<td><strong>2,566,702</strong></td>
<td><strong>3,619,908</strong></td>
<td><strong>65</strong></td>
</tr>
</tbody>
</table>
Electrification trend

Source: DME, 2008
## Access to Free Basic Electricity by Province

<table>
<thead>
<tr>
<th>Province</th>
<th>Indigent Households</th>
<th>Eskom</th>
<th>Municipal</th>
<th>Nongrid</th>
<th>Indigent Households served</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Eastern Cape</td>
<td>952,906</td>
<td>114,592</td>
<td>212,920</td>
<td>6,742</td>
<td>334,254</td>
<td>35</td>
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<tr>
<td>Free State</td>
<td>372,077</td>
<td>108,404</td>
<td>320,921</td>
<td>920</td>
<td>430,245</td>
<td>100</td>
</tr>
<tr>
<td>Gauteng</td>
<td>1,039,116</td>
<td>406,822</td>
<td>1,049,205</td>
<td>0</td>
<td>1,456,027</td>
<td>100</td>
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<tr>
<td>KwaZulu-Natal</td>
<td>1,126,558</td>
<td>114,465</td>
<td>59,486</td>
<td>33,638</td>
<td>257,589</td>
<td>23</td>
</tr>
<tr>
<td>Limpopo</td>
<td>819,048</td>
<td>167,018</td>
<td>106,764</td>
<td>23,004</td>
<td>296,786</td>
<td>36</td>
</tr>
<tr>
<td>Mpumalanga</td>
<td>396,096</td>
<td>65,817</td>
<td>143,355</td>
<td>4,805</td>
<td>213,977</td>
<td>54</td>
</tr>
<tr>
<td>Northern Cape</td>
<td>108,122</td>
<td>44,196</td>
<td>48,059</td>
<td>300</td>
<td>92,555</td>
<td>86</td>
</tr>
<tr>
<td>North West</td>
<td>423,674</td>
<td>61,611</td>
<td>83,286</td>
<td>126</td>
<td>145,023</td>
<td>35</td>
</tr>
<tr>
<td>Western Cape</td>
<td>279,493</td>
<td>174,773</td>
<td>454,256</td>
<td>0</td>
<td>629,029</td>
<td>100</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>5,517,090</td>
<td>1,257,598</td>
<td>2,478,252</td>
<td>69,535</td>
<td>3,805,485</td>
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</table>

Source: Municipal Reports and Eskom, October 2007; also see dplg, 2008
## Household Refuse Removal

<table>
<thead>
<tr>
<th>Province</th>
<th>Community Survey 2007</th>
<th>Household access to refuse removal service</th>
<th>Household access to refuse removal service as a %</th>
<th>Households below basic level of service/backlogs</th>
<th>Households below basic level of service/backlogs as a %</th>
<th>% Share of national backlog</th>
</tr>
</thead>
<tbody>
<tr>
<td>Eastern Cape</td>
<td>1,583,802</td>
<td>586,539</td>
<td>37.0</td>
<td>997,263</td>
<td>63.0</td>
<td>20.0</td>
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<tr>
<td>Free State</td>
<td>802,861</td>
<td>597,249</td>
<td>74.4</td>
<td>205,612</td>
<td>25.6</td>
<td>4.1</td>
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<tr>
<td>Gauteng</td>
<td>3,174,153</td>
<td>2,691,334</td>
<td>84.8</td>
<td>482,819</td>
<td>15.2</td>
<td>9.7</td>
</tr>
<tr>
<td>Kwa Zulu Natal</td>
<td>2,231,961</td>
<td>1,125,159</td>
<td>50.4</td>
<td>1,106,802</td>
<td>49.6</td>
<td>22.1</td>
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<tr>
<td>Limpopo</td>
<td>1,215,929</td>
<td>214,605</td>
<td>17.6</td>
<td>1,001,324</td>
<td>82.4</td>
<td>20.0</td>
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<tr>
<td>Mpumalanga</td>
<td>940,314</td>
<td>372,530</td>
<td>39.6</td>
<td>567,784</td>
<td>60.4</td>
<td>11.4</td>
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<tr>
<td>North West</td>
<td>911,126</td>
<td>478,842</td>
<td>52.6</td>
<td>432,284</td>
<td>47.4</td>
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<tr>
<td>Northern Cape</td>
<td>257,111</td>
<td>183,500</td>
<td>71.4</td>
<td>73,611</td>
<td>28.6</td>
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<tr>
<td>Western Cape</td>
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<td>1,228,576</td>
<td>90.3</td>
<td>131,288</td>
<td>9.7</td>
<td>2.6</td>
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<tr>
<td>Total</td>
<td>12,477,121</td>
<td>7,478,334</td>
<td>59.9</td>
<td>4,998,787</td>
<td>40.1</td>
<td>100.0</td>
</tr>
</tbody>
</table>
Proposal:

a) LG **Equitable share formula should be reviewed.**

b) The **current system of grants should be reviewed** and a proper grants-management system should be developed. Grants coordination, management and compliance is weak. Limited provincial role.

c) **Review the demarcation** and viability of municipalities

d) The skills development strategy needs to be revised to allow for adequate funding of capacity building initiatives.

e) Intergovernmental Fiscal Relations Indaba or Summit is urgently needed to address the current fiscal challenges.

**OVERALL INTENTION IS TO ENSURE A MORE EQUITABLE ALLOCATION OF RESOURCES ACROSS MUNICIPALITIES**
## Consolidated - MFMA audit outcomes 2008-09

<table>
<thead>
<tr>
<th>Type of audit opinion</th>
<th>EC</th>
<th>FS</th>
<th>GP</th>
<th>KN</th>
<th>LP</th>
<th>MP</th>
<th>NC</th>
<th>NW</th>
<th>WC</th>
<th>Total</th>
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<tbody>
<tr>
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<td>9</td>
<td>13</td>
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<td>Adverse</td>
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<td>3</td>
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<td>5</td>
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<td>4</td>
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<td>48</td>
<td>9</td>
<td>8</td>
<td>4</td>
<td>3</td>
<td>25</td>
<td>145</td>
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<tr>
<td>Financially unqualified (with no other matters) - clean audit opinion</td>
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<td>2</td>
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<td></td>
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<td></td>
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<td>6</td>
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<tr>
<td><strong>Total reported on</strong></td>
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<td>26</td>
<td>39</td>
<td>65</td>
<td>31</td>
<td>17</td>
<td>29</td>
<td>12</td>
<td>32</td>
<td>295</td>
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<tr>
<td><strong>Total not finalised timely</strong></td>
<td>11</td>
<td>5</td>
<td>1</td>
<td>2</td>
<td>1</td>
<td>4</td>
<td>3</td>
<td>16</td>
<td>1</td>
<td>44</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>55</td>
<td>31</td>
<td>40</td>
<td>67</td>
<td>32</td>
<td>21</td>
<td>32</td>
<td>28</td>
<td>33</td>
<td>339</td>
</tr>
</tbody>
</table>
### Consolidated - MFMA audit outcomes 2008-09

#### Warning signals

<table>
<thead>
<tr>
<th>Category</th>
<th>Municipalities</th>
<th>Municipal Entities</th>
</tr>
</thead>
<tbody>
<tr>
<td>GRAP readiness issues</td>
<td>50%</td>
<td>13%</td>
</tr>
<tr>
<td>Information systems risks</td>
<td>96%</td>
<td></td>
</tr>
<tr>
<td>Service delivery monitoring and reporting issues</td>
<td>78%</td>
<td>38%</td>
</tr>
<tr>
<td>Non-compliance with legislation</td>
<td>85%</td>
<td>19%</td>
</tr>
<tr>
<td>Pervasive material misstatements in financial statements</td>
<td>73%</td>
<td>71%</td>
</tr>
<tr>
<td></td>
<td>85%</td>
<td></td>
</tr>
</tbody>
</table>

*Note: The percentages indicate the proportion of municipalities and municipal entities that faced issues in each category.*
Strengthen & clarify support & intervention frameworks

Supervision of Provinces and Municipalities Bill, 2010

‘To regulate the implementation of, and the processes provided for in, section 100 and section 139 of the Constitution; to provide for targeted support for municipalities in need of assistance; and to provide for matters connected therewith’.

‘AND WHEREAS there is a need for national legislation to regulate, in the case of provinces, the processes for section 100 interventions and, in the case of municipalities, the processes for all types of section 139 interventions,

AND WHEREAS section 154(1) of the Constitution requires the national government and the provincial governments to support and strengthen the capacity of municipalities to manage their own affairs’.,
**Problem Statement:**

- Lack of common understanding on how to implement S100 (interventions in provinces); nor adequately monitored or reported.

- Section 139 interventions have pointed to many weaknesses in how it is applied across provinces; lack of standardization.

- Support measures by national & provincial government in respect of S154 of the Constitution not consistently applied prior to S139 interventions.

- MFMA (municipal financial failures) & S139 (general municipal governance failures) signify poor levels of oversight by provincial departments and lack of an ‘early-warning’ system.
Strengthen & clarify support, monitoring & interventions in provincial & local government

**Proposals:**

- Overarching legislation required to regulate S100 & S139 interventions
- Spell out more clearly the obligations regarding the support to and monitoring of municipalities
- Regulate the process and procedures of provincial interventions in municipalities
- Regulate the process and procedures of national interventions in provinces
- Regulate the appointment process and role of administrators in S100 & S139 interventions

*OVERALL INTENTION IS TO ACHIEVE GREATER PREDICTABILITY AND A COMMON APPROACH TO SUPPORT, MONITORING & INTERVENTIONS*
Review the Two-Tier Model of Local Government
Problem Statement:

- The two-Tier system is complex and ineffective; functional differences in every province: little rationale behind assignment choices by many MECs, but transfers a complex business.
- Districts perform few functions with capacity, including priority functions such as development planning, water services, bulk supply of electricity, domestic waste removal, municipal roads.
- 74% districts are performing less than 50% of only 12 max functions.
- Frequency of unfunded mandates to locals and habit of ‘fiscal dumping’ towards end of year is irresponsible fiscal behaviour.

Districts are rendering little development planning facilitation or redistribution to local municipalities.
Review the two tier model of local government

- ‘High level of grant dependency with removal of RSC levies; poor ‘value for money’ given performance
- Effective loss of redistributive role; little development planning facilitation or support to locals
- Poor intergovernmental cohesion between locals and the districts; planning still not integrated, nor up-scaled to sectors and forums for decisions and coordination
- Four’ layers of government create contributes to the ‘decision-making trap’ within government.

Capacity assessments show that districts are not performing their functions effectively
Review the two tier model of local government

Proposals (options):

1. Abolish the two-tier system:
   a) District functions re-assigned to locals or provinces
   b) Re-demarcate local municipal boundaries

2. Reform the districts
   a) Combine provincial and district levels into a single tier of government
   b) Retain districts as political government only in some areas of the country
   c) Apply a differentiated approach to reassignment: - high performing support poorly performing, non-viable locals
   d) Complete re-demarcation of local sphere according to differentiated approach
   e) Retain and restructure districts as shared administrative and service centres for locals, managed externally.
Policy & Legislative Reform

Democratisation and transformation were the priorities in 1994.

New municipalities were tasked to provide free basic services.

The legislative and policy framework for community participation is well-developed.
Various pieces of legislation constrain/undermine service delivery. Preliminary research & observations: 66 pieces of legislation identified for review affecting 18 national departments:

- Clarity needed on the powers and functions of the different spheres of government.
- Provision in different laws that are a duplication or are contradictory.
- Environmental considerations with respect to housing, business development, water and land use management, marine resources, etc.
- Health with respect to the functional competence of local government.
- Police Services that is regulated by SAPS Act while provincial government is required to monitor and support municipalities in provision of such services.
- Planning with respect to the various regulation by different sector departments leading to contradictions in spatial planning and constraints on development planning and implementation.
Policy & Legislative reform proposals include:

- Regulate the hiring & firing of Sect 56-57 employees
- Legislation giving effect to a single window of coordination for the support and oversight of local government
- Review the Executive Mayoral system
- Give statutory recognition to the Chief Whip
- Develop a protocol to ensure co-operation between the institutions of Traditional Leadership / Traditional Councils and Local Government
- A review should be undertaken of all by-laws that are not contributing to development
Legislative reform programme for local government

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Legislative reform programme for local government

- Introduce procurement policy reform that favours procurement of goods & services from local community development corporations / cooperatives
- Policy on the safety of councillors & their properties must be developed
- The powers and role of the Municipal Demarcation Board should be reviewed to make it more responsive & sensitive to the people
- Which municipalities are unviable & where amalgamation might be required
- Strengthen anti-corruption legislation in local government
DISCUSSION: Priority focal points of a Refined Local Government Model

Are the above areas the key policy, legislative & systemic areas that require review?
Priority Focal Points

- Differentiated approach
- Single window of coordination
- Support to Human Settlements
- Municipal Finance & Administration
- Refined Ward Committee Model
- Community Work Programme
- Access to basic services

Support
Finance
Services
Labour
Thank you!