

THE

Budget vote for local government

FIRST STEP IN
IMPLEMENTING THE
LOCAL GOVERNMENT
TURNAROUND STRATEGY

On 22 April 2010, the Minister for Cooperative Governance and Traditional Affairs, Sicelo Shiceka, presented Parliament with his department's budget vote for the 2010/11 financial year. The significance of this particular budget vote is that it is the first for CoGTA since the launch of the Local Government Turnaround Strategy (LGTAS) in December 2009.

The LGTAS, CoGTA's comprehensive response to the predicaments identified in the State of Local Government Report, seeks to address a variety of problems relating to poor performance, distress and dysfunctionality in municipalities. The factors identified in the report as contributing to municipal distress included the 'one size fits all' approach to local government, a lack of quality human resources, a lack of transparent procurement, weak financial management systems, an inadequate revenue base due to insufficient revenue generation and collection, restrictive legislative frameworks, political interference in administration and weak national oversight.

The Minister's budget vote speech reiterated the key challenges facing local government and outlined what CoGTA plans to do about them in the coming years.

Assessing the past

The Minister began by assessing local government in the light of basic service delivery, the reversal of apartheid spatial patterns, and municipal financial viability and management. He also evaluated the relationships between local government and trade unions, as well as the overall governance of municipalities. He concluded that the local sphere is in 'distress'.

The intergovernmental fiscal relations model was outdated, he said, because the funding formula was determined according to population rather than by the specific challenges of the backlogs, topography and economic viability of each municipality. As a result, municipalities depended heavily on municipal charges, such as those for electricity, as a source of income and did not use that revenue for maintenance and broadening access to services.

The fact that many key municipal positions were held by unskilled people was a further problem that had undermined local service delivery and good governance.

The Minister said that the ward system was 'brilliant', but not working as effectively as it should, as municipalities were not engaging their communities and issues raised at ward committee level were not influencing council decisions. The Minister conceded that the recent community protests were a result of the government's failure to engage the communities and allow them to influence local projects.

The Minister highlighted the mistrust between municipal leadership and trade unions as another challenge. He said that the trust between the two was 'at its lowest ebb', as a result of which the municipal workforce resorted to strike action at the slightest provocation or disagreement. This, in turn, impacted negatively on the integrity of the country's municipalities.

Way forward

The LGTAS has become a local government ten-point plan, whose ultimate goal is to restore the institutional integrity of municipalities. The ten points are:

- improving the quantity and quality of basic services;
- enhancing municipalities' contribution to job creation through local economic development;
- deepening democracy through a refined ward committee system;

- formulating reliable and credible integrated development plans (IDPs);
- strengthening the administrative, institutional and financial capabilities of municipalities;
- creating 'a single window of coordination, support and monitoring' for the three spheres of government;
- uprooting corruption, nepotism and maladministration in local government;
- developing a coherent and cohesive system of governance and a more equitable intergovernmental fiscal system;
- developing and strengthening a politically and administratively stable system of municipalities; and
- at last restoring the institutional integrity of municipalities.

Each municipality is expected to adopt its own turnaround plan, which will avoid a 'one size fits all' approach. Some municipalities have not met the April deadline for these plans, but 232 out of the 283 municipalities have draft plans, which will inform the IDPs and 2010/11 budgets to be passed in May and June 2010. National and provincial departments and state-owned enterprises will also have to bring their programmes into line with the specific turnaround strategy of each municipality.

The Minister said he would engage all political parties with a view to ensuring the quality of local councillors and a proper balance between new and experienced councillors. The new councillors to be elected in 2011 will receive training to be able to discharge their responsibilities. To this end, the Minister pledged to strengthen the Local Government Leadership Academy.

The estimated amount required to address the backlogs in services and infrastructure is R495 billion. A special purpose vehicle (SPV) will be established to tackle these backlogs in general and roads in particular. Asked by the media how the backlogs would be financed, the Minister said that as the annual budget of his department was less than R50 billion, the department alone would not be able to tackle the problem. The private sector would have to be involved in funding the SPV.

On the policy front, a number of statutes relating to local government will be reviewed to ensure that statutory 'bottlenecks and blockages to a speedy and quality service delivery are eliminated'.

On the tensions between municipal councillors and traditional leaders, the Minister indicated that a department dealing with traditional affairs had been established. Moreover, policies intended to enhance the participation of traditional leaders and rural populations in the formulation and implementation of development projects and in the budgeting, monitoring and



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evaluation of development programmes are being worked on. These include policies on unity and diversity, and on traditional matters such as *ukuthwala*, *ukungenwa*, initiation, traditional healing, traditional leaders protocol and family trees. The Minister expressed the hope that these policies would be concretised in legislation. The existing Traditional Leaders and Governance Framework Act, National House of Traditional Leaders Act and Municipal Property Rates Act will also be reviewed.

The Minister concluded by saying that in order to deliver on these key priorities, there had been an increase in the budgetary allocation to his department from R36.6 billion in 2009/10 to R43.5 billion for 2010/11. This amount included equitable shares, cooperative governance and the community works programme. Out of this allocation, the Minister said, R20 million was for the implementation of the LGTAS and R70.9 million for traditional affairs. The amount for traditional affairs was up by approximately R17 million from the 2009/10 financial year.

Comment

The Minister's budget speech covered a wide range of issues identified in the State of Local Government Report and sketched a road map for how his department, the municipalities and other stakeholders should proceed to tackle the problems. While the intentions are good, the details of the strategy are very sketchy and it remains to be seen whether the strategy will be successful. At the very least this is a step forward in salvaging the integrity of local government.



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