SOUTH AFRICAN LOCAL GOVERNMENT ASSOCIATION

SALGA

Inspiring service delivery

PARLIAMENT
OF THE REPUBLIC OF SOUTH AFRICA

Interactive Virtual
LOCAL GOVERNMENT WEEK
8 – 11 SEPTEMBER 2020
Theme: Ensuring Capable and Financially Sound Municipalities

Let's talk about us

PRESENTATION BY DEPUTY MINISTER PARKS TAU

Where do we come from?

"The right to the city is far more than the individual liberty to access urban resources: it is a right to change ourselves by changing the city. It is, moreover, a common rather than an individual right since this transformation inevitably depends upon the exercise of a collective power to reshape the processes of urbanization. The freedom to make and remake our cities and ourselves is, I want to argue, one of the most precious yet most neglected of our human rights."

~DAVID HARVEY

In 1886, during the world's greatest gold rush which attracted people from across the sub-continent and around the globe gave rise to a fast-growing urban centre. E.g. within a short space of 14 years, Johannesburg was the largest town in Southern Africa, as well as the country's leading centre for industry, commerce and finance.

Apartheid was not the beginning of geographic, institutional and social separation at the local spheres. Segregation was already a policy by the time apartheid was introduced in 1948. The Group Areas Act of 1966 was the key piece of apartheid legislation, that instituted strict residential segregation and compulsory removal of black people to own group areas. Through spatial separation, influx control, and a policy of own management for own areas, apartheid aimed to limit the extent to which affluent white municipalities would bear the financial burden of servicing disadvantaged black areas.

In 1977, community councils were introduced, without significant powers and with inadequate resources. The Black Local Authorities of 1982 replaced community councils with no appropriate revenue base and hence were rejected by community mobilisation in the mid-1980s.

The Colonial Era

In terms of the colonial development paradigm, all economic activities, hunting, farming and mining, were done on land annexed by force, or through unfair ‘deals’ that benefitted the colonial empire. The resulting national spatial development logic consisted of railroads connecting mines and large farming clusters in the interior to harbours at the coast. From here (1) commodities were exported, and (2) imports (primarily manufactured goods) were received and carried by rail into the interior. This logic laid the foundation for the country’s infrastructure development pattern.

With the discovery of gold and diamonds, largely unplanned settlements sprang up. In accordance with the prevailing colonial development paradigm, these settlements were developed with only the benefit of the colonists in mind. The indigenous population was (1) forcefully removed from their land to make place for the economic activities and related settlements, and (2) economically coerced to provide labour to white owned farms, mines and industries to make a living. Land use and land development decisions were made only with the benefit of the colonists in mind.

Spatial planning legislation and policy was ad hoc and responded to the immediate needs for regulation, order and colonial exploitation. In the rapidly-emerging towns and cities, the resulting national spatial development pattern consisted of racially separated settlements in which white people enjoyed privileged status and by and large, decent housing conditions. Black people were denied choice, dignity and respect, and treated as objects to support production through providing their labour at very low wages and forced into so-called “locations” on the outskirts of these settlements.

[AFTER NATIONAL SPATIAL DEVELOPMENT FRAMEWORK] 2018

The Apartheid Era

The coming to power of the National Party in 1948, and the subsequent introduction of the racist national development ideology/paradigm of “Apartheid” brought about a new, carefully-conceived, all encompassing set of laws and policies focused on systematic segregation, exclusion and suppression. These laws and policies (1) built on, (2) reinforced the exclusionary and exploitative national spatial development logic, and (3) entrenched and deepened the unjust and fragmented national spatial development patterns of the Colonial era.

However, in contrast to (1) the earlier settler logic, ‘a new country’ was now being crafted for the exclusive use and advancement of a white ‘South African’ minority, and (2) the earlier colonial era, indigenous Africans were now not only viewed as a source of cheap labour, but also an increasingly vocal and numerically superior threat to ‘the new country’ and its white minority. To overcome this threat and develop the country, the use of land and the spatial relation of land-uses to each other, became of strategic importance. The resulting ‘survive, suppress and rule’ national spatial development logic entailed the location of ‘labour’ as far away as possible from the country’s economic hubs, but still within ‘economically-feasible exploitation distance’, i.e. as far away as the cost of rudimentary mass transport would permit.

At the same time, increasingly draconic measures were introduced to destroy any black economic activity that could compete with white mining, farming, manufacturing and trade. Again, land was paramount in this pursuit, with (1) areas reserved for Black South Africans being placed ever-further away (‘in the periphery’) from areas of opportunity (‘the core’), (2) forced removals of Black South Africans from where they were trying to access the opportunities offered by urban South Africa or trying to set up businesses in these areas, and (3) areas set aside for Black occupation denied of any amenity or opportunity for economic activity. In contrast to the earlier colonial era, national spatial development planning became the key means and driver for the creation and deepening of the segregated and unequal apartheid state and country: It was a country solely planned and built for the enjoyment and advancement of a small white minority.

The black majority, in turn, were either (1) temporarily housed in townships, or (2) forced to stay in ethically-based Bantustans/homelands, and their movement to and from these areas to urban areas forcefully regulated through highly oppressive measures, including the infamous passbook system. Apartheid spatial planning and land allocation was not, as in colonial times, a reactive response to land-related crises as and when they arose; it was a core component and driver of the creation and organisation of the racist social, economic and spatial development logic of the Apartheid state.

Over time, white South Africans living in towns and cities in Apartheid South Africa, simply by owning land, saw their land ‘go’ from ‘land’ to ‘property’. This occurred through (1) the carefully planned parcelling and registration of such land, (2) the servicing of this land with public infrastructure (including social infrastructure such as schools and hospitals for whites), and (3) the protection of the value and amenity of such ‘properties’ and the suburbs in which they were located through town planning legislation and building regulations. Through spatial planning, i.e. ‘the planning for the broader ambit within which land parcels are located, parcelled, and connected to each other through road and rail networks, and endowed with other infrastructure’, white South Africans who owned land, received ‘property’, i.e. “land with a monetary value and with the potential to increase such value”.

From this base, white South Africans were able to access opportunities in towns and cities, attend well-resourced, good schools, and enter the job market in these or similar such places. In doing so, reproducing the unjust social, economic and spatial development pattern of wealth and privilege developed under the Apartheid system. Black South Africans, in turn, who were able to get access to land, or retain access to land, were at best left with land that had little value to start with and quickly dwindled in value, due to (1) the spatial location of such land, and (2) the low spatial quality and lack of complimentary land-uses, amenities and economic activities in surrounding areas. It was a case of planned, orchestrated and forcefully implemented ‘negative, destructive spatial planning’. It actively disempowered Black South Africans, making them worse off, and destroying the attributes and potential for any increase in property value that might have accrued to them.

This is the dreadful legacy that democratic South Africa inherited in 1994 – the outcome of more than 300 years of unequal spatial investment and planning – and the physical form/spatial pattern (1) on which and (2) from which the country’s space economy and society had to be transformed.

[AFTER NATIONAL SPATIAL DEVELOPMENT FRAMEWORK] 2018

Democratic local government

TWENTY-FIVE YEARS AGO, LOCAL GOVERNMENT PROMISED A ‘BETTER LIFE FOR ALL’

1. Developed a range of policies and programmes aimed at spatial redress
2. Decentralised power to municipalities, local planning and budgeting does not stand up against the might of 300 years of centralised land dispossession
3. Old patterns reinforced as RDP settlements on the periphery of places
4. Privileged white spaces of Apartheid remain, meagre racial integration with Black families moving into middle class White neighbourhoods, gated, barricaded enclaves
5. 2001 to 2007- National Spatial Development Perspective - rationalise, harmonise, integrate spending and investment across all of government
6. NSDP not used and fell out of favour
7. National Planning Commission appointed in 2010- National Development Plan (2030) adopted in 2012.
8. Patchy implementation progress against the NDP
9. 2016-Integrated Urban Development Framework (IUDF) and the Spatial Planning and Land Use Management Act, 2013 (SPLUMA).
10. National Spatial Development Framework 2018 – mandate from Chapter 8 of the NDP calls for the preparation of a national spatial development framework. Section 5(3)(a) of SPLUMA provides for, and Sections 13(1) and (2) of the Act mandate the Minister to, “after consultation with other organs of state and with the public, compile and publish a national spatial development framework” and review it at least once every five years.
11. NSDF- says what and where to invest to transform the national space economy- it is up to government across all spheres to give implementation force to the NSDF

‘Right to the municipality’

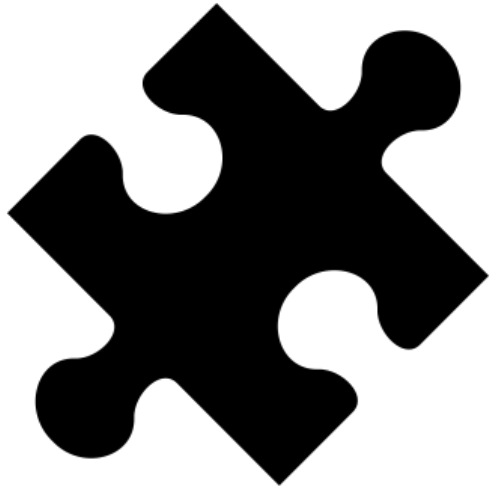
- **The Right to Developmental Service Delivery-** where the municipality maintains and improves existing infrastructure, while expanding new infrastructure. Where citizens have the right to hold us accountable and become active participants in the delivery of services.

- **The Right to a spatially integrated and a united municipality-** in which we rebuild and reconnect the divisions created by decades of Apartheid spatial planning.

- **The Right to a Liveable municipality** – where all people have access to good quality of life, clean air, food, safety and cultural expression.

- **The right to inclusive economic growth** - to ensure that citizens are active participants in creating their own economic opportunities and shaping their destiny.

- **The Right to remake ourselves in this municipality -** based on our understanding that the citizens of Johannesburg engage not only on the basis of their needs but also on the basis of their capabilities.

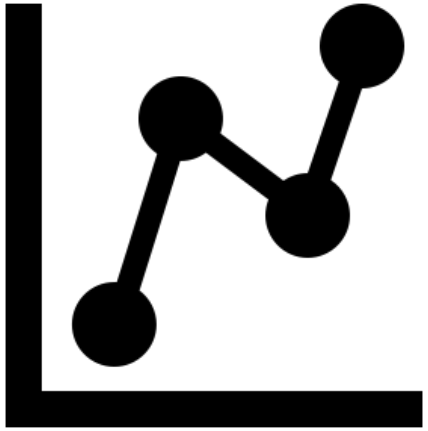


LG WEEK THEME:

“Developing a Framework and Tool to Improve the Quality of the Outcome of Interventions in Local Government.”

Problem Statement

Disturbing Statistics



1. Approximately 100 municipalities are in a financial crisis. With equally the same number of municipalities adopting unfunded budgets for the 2019/20 financial year.

2. Gross increase in the number of municipalities experiencing serious financial problems or in material breach of their financial obligations.

3. The Auditor General reports in his latest publication that nearly 60% of revenue in the books of municipalities may never be recovered.

4. Since 1998, There has been 161 invocations of section 139 interventions in the municipalities averaging 7 interventions per annum

4. Municipalities owe Eskom in excess of 30 billion rand.

5. The current economic decline, compounded by the corona virus pandemic, have created a new and different set of challenge further compounding an existing problem.

Characteristic of the problem statement

The systemic and structural are exogenous factors that relate to amongst other things; the intergovernmental fiscal system, the management of our administrative territories (demarcation, amalgamation and consolidation), spatial planning and land use management and a complex overlay of policies and legislation that directs these factors. Organisational relates to a set of endogenous forces such as; governance, management, strategy, organisational development and skills). Our frameworks and tools must therefore be adjusted where necessary to accommodate both the structural and organisational forces bearing down on local government.

A recent report by Public Affairs Research Institute called "End of the Road" notes that "*The White Paper on Local Government assumed that 73 per cent of all operating expenditure requirements in local government could be funded through property rates and service charges. Our research suggests that in aggregate, local government is probably only able to fund less than 50 per cent of (current budgeted) operating expenditure from property rates and service charges, with the funding gap being greatest outside of the metro areas.*"

If local government is only able to fund less than 50% of its operating expenditure, then going into the next election, we need to define municipalities that are unviable from the onset. So that we are able to articulate a clear programme of "structural" support to municipalities. This would entail a careful analysis of the reasons for unviability, as a specific case in point those municipalities where historical demarcations and mergers have exacerbated conditions of unviability, examples include territories such as; Rand West, Walter Sisulu, Tshwane/Bronkospruit to name a few. The lessons from the last 20 years show that consolidating local government by combining two dysfunctional or distressed municipalities does not necessarily yield a viable municipality.

As Parliament, these are important concerns that require monitoring so that we are able to make the necessary interventions to quickly resolve sub-optimal policy decisions. The same can be said of the impact of the withdrawal of RSC levies from local government. This was an important tax source of funding operating budgets. To this decision we have to ask. Has the equitable share mechanism been sufficient to accommodate the loss of revenue from RSC levies? Are the rules regarding the calculation of the equitable share sufficiently developed for local government?

In truth the decisions we make for local government and in turn the viability of local government is dependent on the quality of our policies. At times, we tend to see the process of policy making as something which is set in stone, when in actual fact, it is a process of continual adjustment, sensing what works and what does not, and having the fortitude to terminate policies especially when they have produced unintended, detrimental outcomes for local government. Our frameworks and tools should therefore be sufficiently robust, to help us determine which policies are working and which are not.

Back to Basics programme, which we began over six years ago, performed an extensive review of South Africa's 278 municipalities

1. A collapse in core municipal infrastructure services in some communities, resulting in services either not being provided at all, or provided at unacceptably low levels.
2. Slow or inadequate responses to service delivery challenges are in turn linked to the breakdown of trust in the institutions and councilors by communities.
3. Social distance by our public representatives is a major cause for concern. This reflects inadequate public participation and poorly functioning ward councilors and committees.
4. The viability of certain municipalities is a key concern. The low rate of collection of revenue continues to undermine the ability of municipalities to deliver services to communities.
5. Municipalities also need to be driven by appropriately skilled personnel and their correct placement, and there are for too many instances both of inappropriate placements and skills not measuring up to requirements.
6. This is compounded by widespread instances of rent seeking and corruption amongst public representatives and business, reflecting a broader breakdown in the values and good governance principles that should be guiding the people we have elected or appointed to run the local government system and those that do business with government.

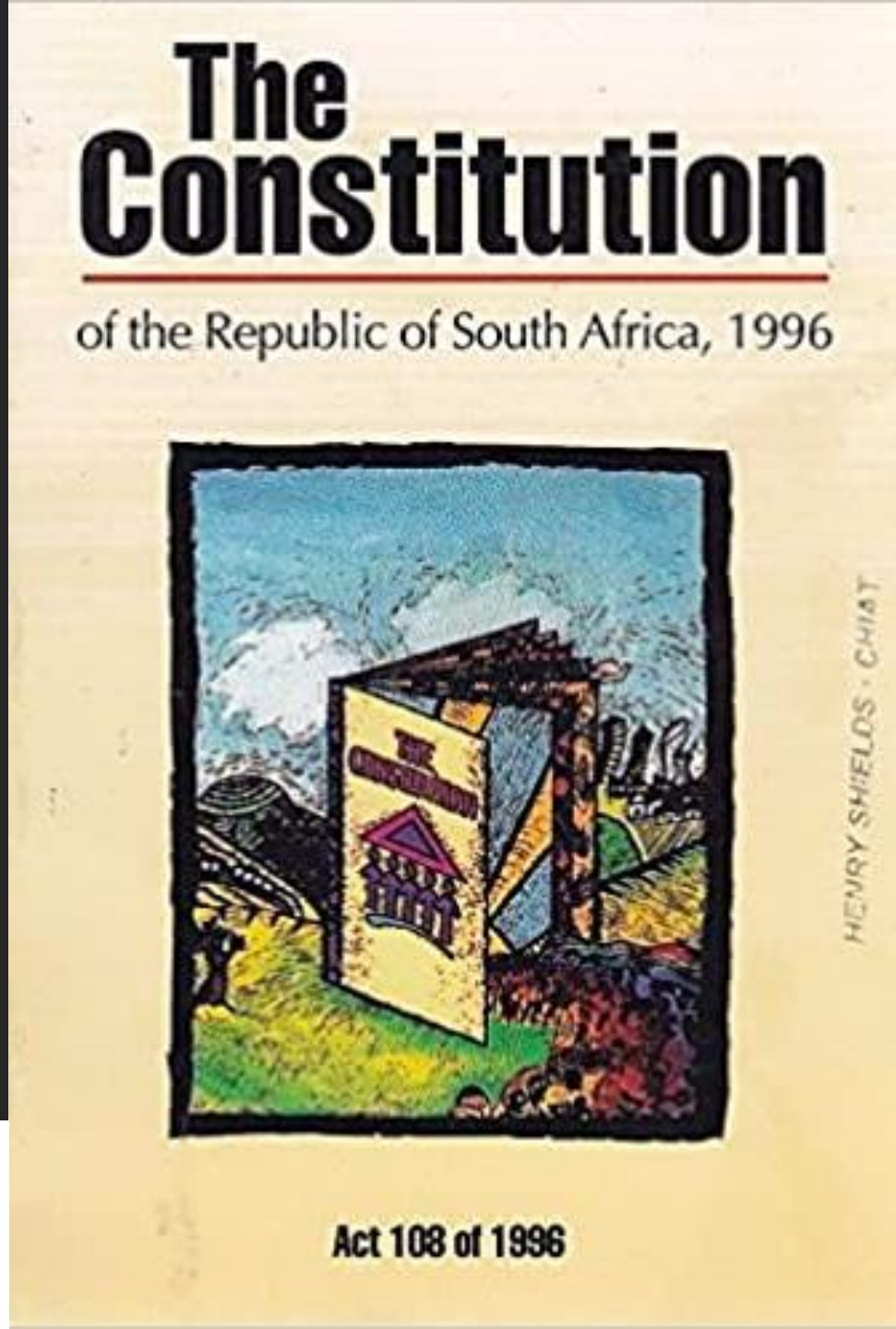
Today, must of this story persists?

Moving foward

Constitution

1. Provide democratic and accountable government for local communities
2. Ensure the provision of services to communities in a sustainable manner
3. Promote social and economic development
4. Promote a safe and healthy environment
5. Encourage the involvement of communities and community organisations in the matters of local government

The White Paper of Local Government, states that *"South Africa has been given a rare and historic opportunity to transform local government to meet the challenges of the next century. [...] the existing local government system will be radically transformed [...] into a system of local government which is centrally concerned with working with local citizens and communities to find sustainable ways to meet their needs and improve the quality of their lives."*

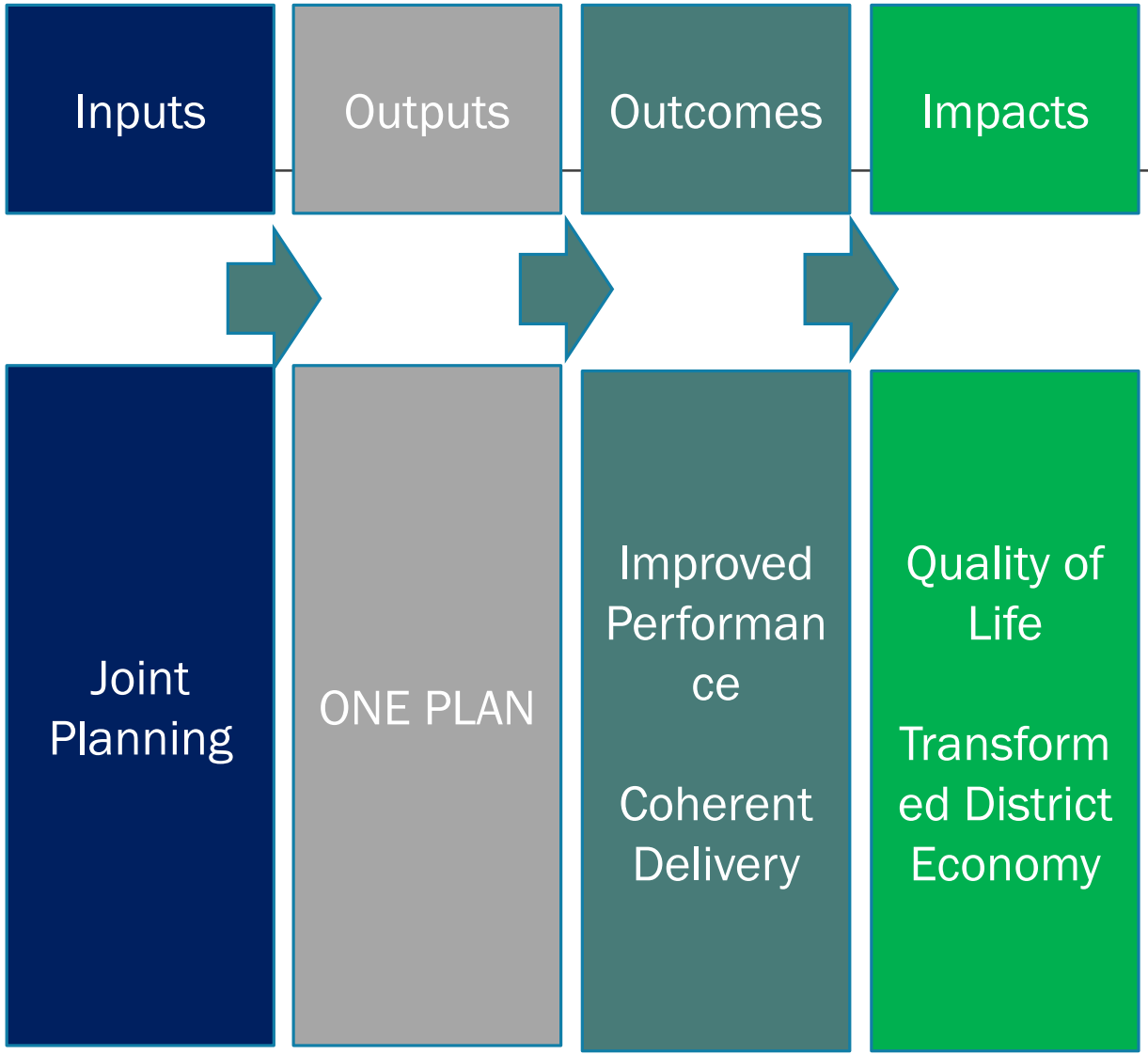


Local government is the collectively responsibility of government.

Where, structural and organizational problems persists, we need to respond with certainty and speed to solving these problems.

FIVE PILLARS OF B2B: TAKING LOCAL GOVERNMENT FORWARD
1
Put people and their concerns first – listen & communicate
2
Deliver municipal services to the right quality and standard
3
Good governance and sound administration
4
Sound financial management and accounting
5
Building institution and administrative capabilities

DDM Logical Framework: Localise NDP and MTSF with IDP



Local Government is base for building shared understanding of District/Metro Space

Localise NDP and MTSF Priorities

No parachuting of National and Provincial programmes outside of One Plan and LG consultation

NDP

Tackle Triple Challenges:

- Unemployment
- Poverty
- Inequality

MTSF

Seven (7) priorities:

1. Transformation of the economy and job creation
2. Education, skills and health
3. Reliable and quality basic services
4. Spatial integration, human settlements and local government
5. Social cohesion and safe communities
6. Capable, ethical and developmental State
7. A better Africa and World

Intergovernmental Monitoring and Support Intervention

Intergovernmental Monitoring & Support Intervention (IMSI) Bill which clarifies how to interpret section 139 and 100 of Constitution. To date there has been no prescribed standardized administrative practices around the initiation of an intervention that covers the entire section 139 framework and so amongst other things the IMSI Bill addresses this gap.

Apart from these interventions, there are a set of specific interventions that require our attention as the department, and this relates to structural matters in local government. Multiple factors contribute to the outcomes in local government.

While we have focussed primarily on the organisational matters, there requires an equal focus on the structural issues.

To date there is indication based on research undertaken at the South African Cities Network (SACN), Finance and Fiscal Commission and restated by a recent PARI report, ***"cities were spending about 60 per cent of what they should be on maintenance. A 2013 study by the FFC found that the difference between what should be spent on maintenance by local government and what was actually being spent was approximately R10 billion per annum (using data from the 2011/2012 financial year). Applying a 6 per cent per annum escalation gives a rough estimate of the current value of that gap of around R14 billion per annum. This is additional expenditure that urgently needs to be incurred, and thus funded."***

139 Interventions

1. The establishment of an early warning system for the municipal failure and distress emphasizing and strengthening the monitoring and support functions.
2. There needs to be greater clarity amongst all stakeholders on the legal basis, appropriate steps and procedural requirements of section 139 of the Constitution.
3. Enhance and support the role of Provincial Executives with full knowledge of the intergovernmental checks and balances within and outside section 139 of the Constitution.
4. Support Provincial Executives to adopt an incremental approach (where appropriate) with, in principle, the issuing of a 139(1)(a) directive as a regular first step.
5. Support timely submission by the provincial executive of complete documentation to the Minister, NCOP and Provincial Legislature.
6. Build effective and immediate oversight over the actions of the provincial executive is exercised by the Provincial Legislature.
7. The NCOP guards the fair and effective implementation of the intervention by means of an objective review and by means of useful recommendations to the Provincial Executive.
8. The role of the provincial executive and/or its representatives at the municipal level is clear for all stakeholders.
9. Interventions are carried out with an ‘intergovernmental approach’, with the involvement of the district municipality (where applicable) as a key strategy.
10. Interventions are carried out with a strong focus on participation with the local community in the implementation of an intervention.

Areas of work

1. Zero-based budgeting: taking into account the requirements of the social wage, the real cost of delivering quality services and the cost of addressing critical expenditure areas such as maintenance – is the starting point. It will serve to determine the real limits of local government's financial resources

2. Financial Viability: during the establishment phase of municipalities together as Parliament we need to take an active approach to ensure that municipalities are viable in the first instance. An upfront determination of the financial viability of municipality is vital if we are to prevent collapse. Municipalities solely dependent on grant funding are not sustainable for the future.

3. We need to demonstrate to colleagues how the APP and the outcomes, take from the strategic plan from the department, one provide support and address municipalities from support, we have crafted out strategic plan.

4. Institutionalize the DDM, in order to provide the necessary support.

Programmes to be accelerated

- Partnership
- IUDF
- Rethinking municipal finance
- CWP

CONCLUDING REMARKS

Our frameworks and tool to creative positive outcomes in local government, are robust and we are strengthening our legislative tools as a matter of urgency. However, it is the application of these frameworks and tools that remain wanting. We require that we take our legislative procedures to their final logical conclusion to improve outcomes.

A missing gap is the need to strengthen support for structural changes and reform. This requires National Government to step in and take the lead. Local government cannot be expected to perform when the conditions and enabling regulatory environment is not conducive.

Equally so, when local government is given sufficient support and mismanagement arises through organisational factors, then we have the necessary Constitutional muster to ensure swift action.

Thank you