

# FORMULATING THE PILLARS OF A Turnaround strategy

The turnaround strategy (TAS) for local government is gaining momentum. Initiated by the Department of Cooperative Governance and Traditional Affairs (CGTA), the TAS is aimed at identifying the drivers of the distress in local government and the mechanisms needed to effectively and efficiently address them. The urgency with which the distress in local government is viewed is evident in the express commitment of both Minister Shiceka and President Zuma to the TAS. The political will to see this process through, therefore, seems to exist. However, to yield different and more substantial results from that of similar prior processes, it must contain certain key elements.

The Community Law Centre recently brought local government practitioners together to discuss the elements that are fundamental to any turnaround strategy. The following recommendations are some of the key deliberations of that meeting.

## Setting the pillars

In assessing the extent of the distress in local government and its causes, a turnaround strategy should be built on three key pillars.

The first pillar is the **simplification of structures, mandates and systems**. Recognising the functional overreach of the concept of developmental local government for many municipalities, we should look at ways to differentiate local government's mandate. Furthermore, there is a need to simplify monitoring, support and reporting lines. The need to revisit the two-tier system also forms part of this pillar.

The second pillar relates to **improving good governance and accountability**. The quality of local democracies in municipalities as well as the professionalisation of municipal administration needs urgent attention. The challenge of the political-administration interface within municipalities is integral to this pillar.

The third pillar deals with the need for **coherence in intergovernmental relations involving local government**. The fragmentation of approaches to local government at both national and provincial levels is a key theme for improvement. The issues of national roles vis-à-vis local government, the overreach of

integrated development planning as an IGR tool, the role of cities, etc., are part of this debate.

## Long- and short-term goals

The three pillars, as set out above, are directed at some of the fundamental drivers of the distress of local government. Inasmuch as these challenges have evolved over time, it is impossible to expect that the TAS will be able to effectively address all of them in the short term. Municipalities therefore need to pursue both short- and long-term goals in order to progressively achieve the objective of improved governance and accountability. By capitalising on existing strengths and resources, municipalities can adopt short-term measures which have the potential to yield immediate gains in municipal performance and accountability. However, in the absence of a clear vision of how to achieve the long-term objectives of the TAS and progressive steps in place to achieve this, any short-term gains will be lost.

The following recommendations, built around the three pillars, provide both short and long-term objectives that municipalities can pursue.

## Simplifying structures, mandates and systems

### Short term

1. **Regulation.** The object is to ensure that all municipalities provide a suite of basic municipal services. Ordinary

legislation, containing a prioritisation of local government functions, should be considered. An Act of Parliament could indicate a sliding scale of priorities with regard to Schedule 4B and 5B functions. This should be done with sufficient precision, i.e. each individual function needs to be disaggregated into its respective components. The focus should be on establishing core basic services that every municipality must deliver in a sustainable manner. Where additional capacity exists and core basic services are delivered, municipalities can provide additional services.

2. **Politics and policy.** The responsibilities with regard to local government at national level, particularly between the CGTA, National Treasury and the Presidency, need to be clarified, particularly with regard to the TAS.

#### *Long term*

1. **Regulation.** The two-tier system of local government outside metropolitan areas should be reconsidered, if not scrapped. The district needs to return to the original notion of being the 'compound' of local municipalities rather than a separate tier of local government. Two options require further investigation:
  - Districts could be repositioned as regional service delivery and planning units, focusing on regional planning, coordination, support, shared services etc. The required political configuration of these units needs thorough examination. Directly elected proportional representation councillors may not be needed in such a planning unit.
  - Single-tier local government outside metropolitan areas could be considered. The larger B municipalities become stand-alone municipalities. Small, rural B municipalities are collapsed and amalgamated into district municipalities and are no longer stand-alone legal entities but become substructures of the district municipality with a 'subcouncil' at the helm.
2. **Finances.** Changes to the intergovernmental fiscal system need to be considered. They should deal with:
  - stronger redistribution effected through grants to support unviable municipalities; and
  - providing more institutional support to municipalities through the equitable share;
  - stronger supervision over conditional grants; and
  - the improvement of targeting with conditional grants;
3. **Capacity.** More attention should be paid to establishing and nurturing centres of excellence in local government leadership and administration. Municipalities' operational systems should be streamlined because common systems would make common monitoring and support more effective.

## Improving good governance and accountability

Improving good governance and accountability at the municipal level must be directed at three broad relationships, which, often overlap in practice:

- Appointment and management of municipal staff of the municipality;
- Oversight within municipalities- appropriate checks and balances of power; and
- The relationship between the municipality and the public.

#### *Short term*

**Regulation:** Appointment and management of municipal staff

The law surrounding ordinary staff appointments should be clarified. A provision, similar to section 117 of the MFMA (i.e. councillors are not involved in any way) should be inserted in the Municipal Systems Act (MSA). By law it should be impossible for party political office-bearers to populate the municipal administrations. The MSA should include a provision to this effect.

Municipal managers should be made responsible for appointing and regulating the managers that report to them.

Senior management's security of tenure should be strengthened without creating a culture of 'jobs for life'. The enforcement of performance agreements and not the lapse of time-bound contracts should be used to dismiss incompetent senior managers.

Bonuses should also be linked to objectively verifiable indicators. One such suggestion would be to link them to a clean (or at least not qualified) audit. Credit rating evaluations and performance audits may also be taken into account.

#### *Oversight*

The internal oversight within municipalities must be strengthened. The oversight role of councillors who are not part of executive structures must be enhanced. Municipalities must be encouraged and supported to make use of section 79 committees instead of employing a committee system (s 80) that exists solely to support the executive.

The role of public accounts committees should be strengthened and clarified.

Municipalities must implement systems whereby the implementation of council resolutions is monitored.

Central oversight over financial administration needs to be strengthened and more intrusive measures must be considered for municipalities in distress. For example, a system could be considered where a qualified audit results in direct oversight by National Treasury over large tenders.

### Capacity

Ward committee involvement in IDPs needs to be improved.

More emphasis and support needs to go to the enforcement of performance management systems. Performance evaluations need to be actually conducted by municipalities and done so in line with the legislative framework.

More attention should be given to building the capacity of political leadership.

Councillors should operate within an environment of performance management, i.e. criteria for their performance should be set and enforced.

### Politics and policy

Citizens' voice and participation in municipal affairs needs to be strengthened. The use of citizens' scorecards and assemblies and local representation (beyond ward committees) needs to be promoted and supported. New avenues are needed for inclusion of communities in municipal decision making.

The role of traditional leaders in local government needs to be enhanced.

### Long term

#### Regulation

Sound municipal administration requires greater insulation from the insecurities of local politics. The legal framework should be revisited to ascertain where it can help to strike a new balance between the principles of, on one hand, political synergy at the top and, on the other, professional administration.

Eligibility for political leadership should be made subject to certain qualifications. This could be driven politically but the possibility of regulatory intervention may also be considered.

The advantages and disadvantages of the conflation of legislative and executive powers in the municipal council must be investigated and the possibility of introducing a parliamentary system of governance for large councils should be examined.

### Policy coherence and support: National, provincial and local alignment

There are both immediate and long term measures to take. Of immediate concern are the following:

#### Regulation

The role of local government in spatial planning should be enhanced and clarified.

1. **Capacity.** Intersectoral coordination around IDPs at both provincial and national level needs to be improved and

sharpened in focus. More use should be made of best practices surrounding co-ordination. Coordination mechanisms and structures that are organically grown work best.

2. **Politics and policy.** The responsibilities with regard to local government at national level need to be clarified. At least two options may be considered: first, the establishment of a dedicated Cabinet Committee for local government; and second, the 'clearing house' role for the minister responsible for local government. National policies that place expectations on local government must be reconsidered for implementation feasibility. Examples are Free Basic Services, Primary Health Care, Housing etc.

The 'all of government approach' should not mean that municipalities are expected to align with and mediate the entire State's programme in their municipal areas. In line with the simplification theme above, the alignment responsibility and drive should be asymmetrical. It should focus on priority functions and be regionally sensitive. Alignment should be outcomes-oriented and not compliance-based.

National departments' responsibilities with regard to local government need to be clarified, particularly with regard to information gathering. Sector information needs to be pooled.

### Long term

1. **Regulation.** Any reconfiguration of powers and functions needs to be done on the basis of a costed norms approach so that the financial impact and cost shifts of any reconfiguration are clear. More stringent and coherent regulation of municipal services is required.
2. **Politics and policy.** Cities must be, much more than is the case now, the focal point for government programmes to deal with rapid urbanisation and land use planning.

### Comment

These recommendations cannot address all of the root causes and drivers of local government distress. However, putting concrete measures in place to pursue these short and long-term objectives can progressively pave the way to achieve functional, efficient and accountable municipalities. Fundamentally, political support for these proposals must be mobilised if they are to be met with any success.



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