



STRENGTHENING COOPERATIVE GOVERNANCE IN THE WESTERN CAPE THROUGH CONSULTATION

Report on conference held on 3 February 2003

1. INTRODUCTION

An inter-governmental conference was held on 3 February 2003, to serve as a platform to address the need for evaluating the progress in achieving the resolutions of the President's Coordinating Council (PCC) intergovernmental review of the local government transformation process in the Western Cape Province.

This report provides an overview of the conference proceedings in the form of an "Executive Summary". The executive summary provides a high level synthesis of the key themes that emerged in both the plenary and commission presentations and deliberations. Appendices have been attached detailing the individual commission report back to the conference plenary.

This document has been drafted for the Provincial Department of Local Government, as an input to be submitted to the National Department of Provincial and Local Government's Technical Working Group on inter-governmental relations.

The PCC resolutions that formed the background to conference proceedings were aimed at achieving the following

- ❑ Building a strong local government sphere and enhancing its status within a stable **co-operative governance** framework.
- ❑ Building stable **institutional and administrative systems** in local government.
- ❑ Deepening local **democracy and accountability**.





- ❑ Improving and accelerating **service delivery and economic development.**
- ❑ Building **financially viable** local government

The conference program was structured to explore the progress made in achieving the above, and was compiled with the intention to achieve the following key objectives:

- ❑ To receive an update on essential aspects of the Local Government transformation process from a national perspective in general, and in the Western Cape in particular, through the plenary addresses preceding the Commissions
- ❑ To provide for focused attention on the three specific themes arising from the PCC resolutions in Commissions, namely:
 - Commission One: *Intergovernmental Relations/Building a strong local government sphere within a stable co-operative governance framework;*
 - Commission Two: *Developmental Local Government/Deepening local democracy and accountability;* and
 - Commission Three: *Local government support and financially viable municipalities.*
- ❑ To highlight the status of developments in respect of these themes and to identify aspects requiring further attention
- ❑ To compile a Conference report that encapsulates the discussions and resolutions

The three Commissions and the issues listed for discussion were aimed at providing:

- ❑ Feedback from the national and provincial Departments of Local Government, as well as local governments regarding the topics specified on the program, and;
- ❑ To allow for discussion and questions of clarification from delegates in such commissions.

2. KEYNOTE PRESENTATIONS

Keynote presentations were delivered by the Premier of the Western Cape Province, the National Minister of Provincial and Local Government and the MEC for Local Government in the Western Cape.





2.1 The Premier of the Western Cape Province

The Premier emphasised various issues relevant to local government and cooperative governance. Key points of his address are summarised below.

- Priorities for the Western Cape for 2003 included delivery well beyond plans in all municipalities, as well as deepened relationships between all spheres of government. Emphasis will be placed on improvement of quality of life and meaningful debate on how to improve local government effectiveness.
- A specific focus will be the provincial government monitoring and support role to local government, and to help municipalities to manage their own affairs and become sustainable.
- As manifestation of the policy of participatory local government, the expansion and roll-out of anti-retrovirals and free basic services are underway. The better delivery of basic services, within budgets, is a priority. Although local government in many instances have fewer resources, greater levels of responsiveness are therefore required.
- The objective is that Executive Mayors will be introduced later in the year to contribute to greater stability, but a need exists to dispel uncertainties around the positions (e.g. the Executive Mayor will not replace council, but receive powers from them). The intention is that the Executive Mayor system will prevent current confusion between the roles of mayor and Municipal Manager. Amendments to this effect of the Municipal Structures Act will be finalised soon.
- The Western Cape government is to implement a participatory Ward Committee system to deepen community participation, and this will mean new obligations for ward councillors and larger geographical areas for delivery. Municipalities will be able to appoint full-time councillors as a step towards entrenching local government as autonomous.
- Specific challenges in Western Cape are therefore to speed up delivery, and introducing the above-mentioned steps to enhance stable institutional and administrative systems. Other challenges include more meaningful land reform and local governments should become part of the process. The objective is that the current 11 000 commercial farmers will be expanded with an additional 7 000 new previously disadvantaged farmers.

2.2 National Minister of Provincial and Local Government

The national Minister of Provincial and Local Government explained the objective of the conferences being held in all the Provinces against the background of the national Government need to establish the status of the new local government system, and specifically the intention to create





democratic government conditions for sustainable development. Key points noted in the address included the following:

- ❑ As the local government sphere is an integral part of the three tiered system of government, progress with the improvement of quality life requires functioning as an integrated unit. Coordination, planning, budgeting and implementation are therefore required within a cooperative governance framework.
- ❑ South Africa is one of the few countries to institutionalise strategic development planning on local level through the Integrated Development Planning (IDP) system. This system should however not remain a sole local government responsibility, but also act as an instrument for inter-sphere planning, budgeting and implementation.
- ❑ Various weaknesses have been identified within the provinces in respect of the IDP system. Municipal IDP processes are taking place in isolation from provincial and national policy. There is therefore a need for alignment between IDPs and provincial growth and development strategies. The quality of some IDPs can also be improved upon.
- ❑ In the current financial year all municipalities have IDPs to review, but only 60% of municipalities appear to be on course to link revised IDPs within budgets on time.
- ❑ Conditions in the province can facilitate or retard consultative planning processes, and in some instances the relative state of underdevelopment in some municipalities is due to political realignment and realignment of the past year. Catch up programmes may be necessary to counter effects of political changes.
- ❑ In respect of free basic services, it is heartening to know that 25 of 30 Western Cape municipalities are delivering free basic water, indicating a reach to about 89% of people. The demographic profile of Western Cape however indicates that 89% of the province's people are resident in urban areas. These statistics should therefore be scrutinised to establish the comparative allocation patterns in respect of previously disadvantaged rural people.
- ❑ Critical developmental challenges in the Western Cape include that municipal entities are non-racial in their orientation. For example, the provincial unemployment rate for blacks is higher than the national, even though the overall is lower. Conditional grants to municipalities in nodes for urban and rural development must be used to tackle problems of income and poverty. Addressing inadequate infrastructure, unemployment, or no basic services are priorities. The need to revise spatial development focus is apparent, although the urban areas should function as motors of economic growth, the geographical size of economic activity needs to be diversified to include rural and disadvantaged areas.





- ❑ The financial viability of local government is of critical importance and receives on-going attention. National deliberations have revealed that some municipalities have huge amounts of money owed, but have no realistic prospect of collecting it. A clear approach is necessary with regard to indigent households.
- ❑ Billing systems are required to ensure effective processing of claims. One of the key elements of new local government system will be sound and reliable treasury capacities, and a broadening of the local government revenue base.
- ❑ The conference should contribute to an identification of impediments and the development of measures to address these.

2.3 The MEC for Local Government in the Western Cape

The MEC for Local Government in the Western Cape provided an overview of the progress with implementation of PCC resolutions in the province. Key points noted in the address, of which the full text is provided in **Appendix 1**, are summarised below.

- ❑ Resolution One (Cooperative governance framework): The application of Schedule 4 & 5 of the Constitution has proved to be problematic in practice. The acceptance of a framework for the successful division of powers and functions between the provincial and local government spheres has therefore been prioritised as a matter of urgency, and a Memorandum of Understanding between the various parties is being prepared, and is being consulted.
- ❑ Resolution Two (Stable institutional and administrative systems): The provincial government has been involved in various initiatives to build the capacity of local government.
- ❑ Resolution Three (Deepening democracy and accountability): Guidelines on public participation for local government will be published.
- ❑ Resolution Four (Service delivery and economic development): Progress has been made with the expansion of the provision of free water and electricity. A report is due regarding the status of service delivery in the province. IDP processes are on track. Urban Renewal and Integrated Rural Development projects are being implemented.
- ❑ Resolution Five (Financially viable local government): All municipalities have provided consolidated financial statements and no extreme irregularities have been reported. An indigent policy is being developed and applied that will assist in the expansion of the provision of free basic services.





3. COMMISSION REPORTS

3.1 Commission One: Intergovernmental Relations/Building a strong local government sphere within a stable co-operative governance framework

Proceedings in Commission One were Chair ed by Ms KA Mqulwana, Chairperson of the Standing Committee for Local Government in the Western Cape Legislature. The rapporteur was Mr Godfrey Mokate from the national Department of Provincial and Local Government.

The feedback presentation to the plenary (**Appendix 2**) provides a summary of the key issues emerging from the individual presentations and deliberations under the following headings:

- Problem statement
- Discussion points
- Issues to take forward
- Overall conclusions

In summary, this Commission highlighted the need for the consideration of a variety of measures required for improved inter-governmental relations. In particular, meaningful consultation with local government on the content and nature of such measures was emphasised.

Key issues emphasised in the Implementation of a planning cycle presentation included

- Aligning the planning and budgeting processes of the three tiers of government
- The five-stage IDP planning cycle needs to be integrated with the eight-stage government planning process to become an inter-governmental relations management tool
- Identifying the inter-governmental relations structures that can play a role in planning processes at provincial level is a starting point
- The PCC's role is critical in that it should strengthen provinces and provide a link between them, facilitates sharing and communication
- IDP process should be used as an input into inter-governmental dialogue, and used in planning and budgeting so it becomes a key governance and strategy driver

Points of clarification and discussions following this presentation included

- The alignment of national and provincial planning cycle dates is required, as the national planning cycle is set. IDP process dates must tie in with these, as each of them represent certain decisions.





- The IDP process is a planning tool to provide a link with government and the community.
- The responsibility of synergising the three levels of government was raised, and it was confirmed that the nature and role of a provincial level structure is outstanding, but that the national government does not want to impose a solution. The province needs to identify bodies and structure and get these bodies to synergise.

Further discussion points emphasised

- The need for a more articulate local government's take in bodies such as the PCC.
- The Ward Committees system will require administrative support to councillors for the functions they are expected to perform.
- The need to be informed in advance of the possible areas of financial support so that this can inform the IDP prioritisation.

In summary, the key points raised in the presentations on the Division of powers and functions between the spheres of government (Schedule 4 and 5) were that the local government powers and functions need to be defined, identified and assigned with legal clarity, and then provided with appropriate resources. Emphasis was placed on the inter-governmental co-operation and goodwill required in this respect.

Discussion points included

- The development of an appropriate model for effective three-tier powers and functions included the investigation of the feasibility of a single public service, and the undertaking was given that any proposals in this respect will be circulated to local government for comment as required by the PCC mandate.
- Clarity was sought on the reasons why the feasibility of a single public service was regarded as critical. It was stressed that when functions move, capacity needs to follow, including human resources. Currently local government is not part of the central civil service and so people cannot merely be transferred.
- Concern was raised regarding the concept of "one size fits all". It was stressed that cognisance be taken of the historical background and context of municipalities. It was pointed out that the issue of unfunded mandates was being investigated.
- The PCC thinking is that general assignments with specifications or qualifications added on, rather than individual assignments are a preferred option. This would require norms and standards in terms of powers and functions.





Key points raised during the Proposals for inter-governmental legislation presentation included

- The general approach by each sphere of government is to plan, budget and implement. In practice, the exercise of these competencies impact on factors such as fiscal policy (e.g. the subsidiary principle) and duplication of functions, that then compromise efficiency and effectiveness.
- The instruction has therefore now been given by Cabinet to give effect to Section 41 of the Constitution, and more specifically that all spheres of Government “exercise their powers and perform their functions in a manner that does not encroach on the geographical, functional or institutional integrity of government in another sphere” (Section 41(1)(g)); and that an Act of Parliament must provide for structures and institutions to promote and facilitate intergovernmental relations and the settlement of intergovernmental disputes.

Key discussion points were

- Although consultations on the proposed legislation are planned for February/March, clarity was sought on current ideas for the supposed structure for intergovernmental relations. The indication was that issues requiring consideration at this point are how to resuscitate specific structures. Nationally government wants to define only minimum requirements and then provide for the provinces to develop it further.
- The need for local government to give input into the Bill and its content as an equal partner, and with sufficient time allowed was emphasised. Extensive consultation will follow once research is more advanced. The Bill won't deal with the issue of a single public service.
- A concern regarding the fact that the idea of a single public service has never been put to local government was raised, and that other options for staff transfers should be considered. It was pointed out that discussions on a single public service have surfaced at the PCC, but at this stage the process is in a research phase and that organised local government is involved.
- It was felt that the conflict resolution procedures should be structured in such a manner that an impartial and objective party makes the decision. It was emphasised that the idea is not to make one sphere a mediator, but rather to facilitate inter-governmental relations, and that if there is conflict the process must be beneficial to disputants.
- On a practical level, the point was raised that the IDP process relates to powers and functions in that issues affecting people that is not necessarily a local government responsibility, such as education, is raised. The fact that this is not a local government responsibility has to be communicated, and the need to ensure that the relevant Department, in this instance Education, gives attention to the problem.





- No details were available on the Bill because as it was in its early stages, complex and deals with more than local government. The intention is clearly that the Bill provides the mechanism to put issues on table and make decisions. Similarly, the Municipal Finance Management Bill also makes it a necessity to develop a structure.

The presentation of Proposed legislation for local government specified the aims of the proposed legislation, namely to provide constitutional certainty to local government in the province, and to improve implementation guidelines in respect of structures and systems as well as functional implementation guidelines on matters such as Integrated Development Planning and Performance Management and Property Valuations.

Discussion points raised included

- The idea is that one law governs local government and provides for the consolidation of other relevant provincial laws.
- As the autonomy of local government will be tested through the proposed legislation, certain processes will be followed that will involve consultations with organised local government. The process probably won't be completed in the current financial year as the end-product must be user-friendly and accepted by local government.
- Consideration of other support mechanisms than legislation was requested. It was pointed out that there is a need for clarification on some terminology, such as what was required specifically in respect of developmental local government and how achievement of such objectives should be monitored.

Following the Commission One feedback to plenary, the following comments were made

- There is a need for better planning coordination, but caution should be exercised in not creating a superplanning bureaucracy which could create delays, instead of quick service delivery.
- The various systems in place cannot carry cross-departmental effectiveness requirements.
- Geographical and functional boundaries between departments and districts are unclear. To bring boundaries together and coordinate them are big challenges in themselves and can improve a lot if done right.
- Communication between tiers is a key issue and being able to get systems to talk to each other is important. There should therefore be looked at transversal communication issues instead of locking into structures.





3.2 Commission Two: Developmental Local Government/Deepening local democracy and accountability

This Commission was Chaired by Mr Herman Bailey, the Mayor of the Drakenstein Municipality, and the rapporteur to plenary was Mr Elroy Africa of the national Department of Provincial and Local Government.

The feedback presentation to the plenary (**Appendix 3**) of Commission Two, highlights the key issues emerging from each of the Commission focus areas.

In summary, the urban and rural development case studies discussed in this Commission provided the background regarding key aspects to be considered when implementing such programmes, as well as an identification of further measures necessary for these programmes to achieve meaningful development impact. Similarly, the IDP discussion identified the further work required for such processes to achieve enhanced benefits.

In introducing the Integrated Sustainable Rural Development Programme – Central Karoo Node presentation it was noted that critical success factors for such programme included a clear and precise identification of anchor projects and the participation of dedicated personnel. In this regard the support role of the PIMSS Centre in the Central Karoo was stressed.

The presentation highlighted the challenges for 2003/4 noting that there needed to be greater prioritisation of projects, improved integration of ISRDP with IDP's and an emphasis on private sector participation.

The overall conclusions/interventions discussed in the commission included the following:

- ❑ The need for greater transparency of processes to identify new nodes and the predictability to the mobilisation of funding.
- ❑ Concerns about the lack of effective participation and co-ordination of government bodies/agencies, suggesting greater clarity on reporting lines and accountability was required.
- ❑ It was noted that the mix and balance of projects between infrastructure & economic development projects was contentious, with delegates generally stressing the need for the inclusion of capacity and skills development projects, not just economic development projects.
- ❑ A consistent theme emerged around the importance of IDP and key linkages to ensure strong linkage between IDP and ISRDP, reflecting community priorities.

The Urban Renewal Programme – Khayelitsha / Mitchells Plain Nodes presentation was introduced, highlighting the reality of the Khayelitsha/Mitchells Plain Urban environment, noting that it





accommodate, one third of Cape Town population and had the highest crime rates in SA, resulting in a lack of investment and business confidence.

In this context it was stressed that the Urban Renewal Programme was at a crossroad and lagging behind the national programme. It was proposed that the programme be mainstreamed into the City of Cape Town's budget and be supported by National and Provincial Government's budgets.

The presentation concluded by highlighting possible interventions, with key elements being stressed including:

- The need for greater government support & co-ordination and core funding commitment from City.
- The need for robust business plan development, with strong link to the IDP in an integrated budget framework.
- It was also noted that community capacity building and involvement was critical to any urban renewal process

In the ensuing discussion it was suggested that a “kick-start” might be critical for success, particularly in terms of access to funding.

The Assessment of IDP Processes in the Western Cape presentation highlighted some of the key constraints in the assessment, such as the late start to IDP processes, which in turn reduced the degree of participation. Coupled to this was the fact that municipalities generally underestimated participation logistics.

Furthermore it was noted that reliance on consultants could detract from communities taking ownership of the IDP, particularly if there is limited involvement of specific stakeholders.

A need for greater role clarity of officials and councilors in the IDP process surfaced strongly in the presentation, with particular reference to the negative impact of political instability during key process phases.

In concluding the presentation a number of key lessons were highlighted:

- Contention that an infrastructure focus can deter broader debate on development.
- Suggestion that a slavish following of IDP guidelines could result in a lengthy process and frustrating delays.
- The need to find a balance between simplicity and complexity and avoiding a “dependency” relationship with government.
- The importance of extensive participation, particularly in project scoping and identification, coupled with the need for pragmatic and effective budget linkages.
- It was suggested that greater capacity is required at provincial level to support initiatives and that more consideration could be given to exploring alternative service delivery partnerships.





- It was suggested that the IDP process has contributed to building democracy through drawing communities into the municipal governance arena and promoting open debate. In this context it was stressed that participatory governance requires participation structures, capacity and improved relationships between all the role players (councillors, officials and citizens).

In concluding the presentation, it was stated that IDP structures have shown success, but should not be regarded as the only mechanism to participative government.

Discussion points raised following the Commission Two feedback to plenary included

- Significant gaps in effective involvement exist and more work was required in respect of ward based planning, particularly in rural areas and with respect to the engagement of the business community.
- It was suggested that IDP required a gender component which focused on service delivery to women.

3.3 Commission Three: Local government support and financially viable municipalities

This Commission was chaired by Mr Pierre Uys, Deputy Mayor of the City of Cape Town, and the rapporteur was Ms Jackie Manche of the national Department of Provincial and Local Government.

The feedback presentation to the plenary (**Appendix 4**) of Commission Three summarises the key issues emerging from each of the Commission focus areas as follows:

- Problem statement
- Resolutions

In summary, this Commission identified problem areas in respect of municipal finances, and highlighted the extent and nature of support required for the establishment of financially viable municipalities.

Key points raised during the National Capacity Building Strategy for Local Government presentation were:

- The path followed in capacity building was firstly establishment and stabilisation (2000 -2002), to be followed by a consolidation stage moving towards sustainability (2002 -2005).
- A summary of the status of Western Cape local government in respect of financial viability was provided.
- Various capacity building roles and interventions required were specified for role players involved.





Discussion points were :

- A number of municipalities that were previously incapacitated were still incapacitated. Some newly created municipalities also lacked in financial capacity, and are struggling to put basic systems in place.
- Strong political and administrative leadership needs to be built.
- There should be a sharing of technical expertise and resources among municipalities and the Departments so that identified struggling municipalities could be assisted.
- Incentives should be developed and given to municipalities who excel according to specified viability criteria.
- There is a need for institutional restructuring in certain areas and there should be an integrated approach which examined both human resources and systems.
- There is a need to realise that local differences do exist and that different approaches were needed.

Key points of the Financial Status of Municipalities presentation were:

- The status of the municipalities was obtained through the Project Viability questionnaires distributed quarterly.
- There is great concern over debt escalation.
- There is a direct correlation between finance and service delivery, as the degree of financial viability impacts on standards of service delivery.
- Problems identified tended to emerge from lack of capacity and leadership as well as no linkage between planning and budgeting.
- Lack of delivery of services led to the questioning of municipal efficiency and administration.

Discussion points included :

- There is a need for financially skilled personnel, sound credit control and incentives for implementing good financial governance.
- Public awareness programmes should be implemented.
- There should be a focus on a ratio of income, and not on debt or a cost and norms approach, as there is an increase in indigents.
- The movement of expertise from urban to rural areas should be encouraged through incentives.
- A real analysis of the rate of increase in indigents should be carried out as unemployment has increased and it affects payments. The private sector should be engaged to encourage the retention of employment.
- The equitable share allocation needs to be reviewed and adjusted.

Key points raised in the presentation on Municipal Support Programme were:





- Municipalities' problems were identified via Project Viability questionnaires, feedback from the auditor - general or requests from municipalities themselves.
- Support should be provided for the implementation of projects that would improve cash flow and service delivery with a view to enhance sustainability.
- Project managers were lacking in programmes aimed at implementation.

Discussion points included :

- The MSP was often consultant driven. After completion of projects expertise was removed, leaving municipalities without the required skills or resources.
- Consultants should be used to build further capacity to alleviate the above problem.
- MSP programmes should include the seconding of staff from the municipalities or departments. This would ensure the flow of expertise between municipalities so that capacity is enhanced.
- It was also felt the employing of consultants should be revisited.
- The National Department takes too long to approve programmes .

Key points from the Delivery of Free Basic Services presentation were:

- There is an inconsistency in the definition of indigent, what constitutes a basic services fee as well as the extent to which such a service should be provided by municipalities. This requires clear norms from National Government.
- The provision of free basic services was hampered by lack of infrastructure, identification of indigent households, funding and available technology. The equitable share was not sufficient and not linked to norms for the provision of free basic services.

Discussion points included:

- The right of everyone to free basic services should be addressed. A review should be done of the implementation and qualification to the right to free basic services.
- There is an absence of a national framework with regard to free basic services, for example how to deal with indigents that use more than basic services.
- Urban migration posed a problem to municipalities by increasing the load to provide free basic services.

Comments following the Commission Three feedback presentation to plenary included





- The “development of clear norms” is referred to, but no reference to the requirements of the Constitution was made.
- Many municipalities are reliant on prepaid customers for electricity and proposed changes could have a major impact on municipal cash flow.

4. CONCLUSION

As emphasised by the national Director -General of Provincial and Local Government during her presentation (**Appendix 5**), a Technical Task Team with representation from the national and provincial Departments will be established, with responsibility for taking forward the process initiated by the conference. The activities of this Task Team, will focus on the following five areas:

- IDP's and Provincial Growth and Development Strategy (PGDS): planning, budget and implementation.
- LED and Municipal Revenue Enhancement.
- Provision of water and electricity – all communities.
- Focus on ward committees and community development workers.
- Urban and rural development nodes.

The essence of this is the roll-out of a Support Programme to the Western Cape Department of Local Government and municipalities on transformation, and ensuring provincial and local government participation on a legislative framework to strengthen cooperative governance during 2003.

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Table of Appendices

Appendix 1: Speech by the MEC for Local Government in the Western Cape, Mr Cobus Dowry.

Appendix 2: Commission One - Intergovernmental relations / Building a strong local government sphere within a stable cooperative governance framework –Plenary feedback.

Appendix 3: Commission Two - Developmental local government / Deepening local democracy and accountability –Plenary feedback.

Appendix 4: Commission Three - Local government support and financially viable municipalities –Plenary feedback.

Appendix 5: Western Cape Provincial Conference - Summary by Ms Lindiwe Msengana-Ndlela, Director General, Department of Provincial and Local Government (DPLG) –3 February 2003.

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