

Why Are We Still Waiting/Kutheni SiSalindile?

The Politics of Service Delivery in South Africa

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Introduction: the Politics of Promises

Promises, promises! The South African voting public has been promised a great many things. Adequate housing, access to water, electricity, sanitation, education, health care, decent transportation, economic opportunities – in short, a ‘better life for all’ as the 1994 election slogan assured those contemplating voting for the African National Congress (ANC). Yet, 15 years after the democratic dispensation came into existence, many people still lack access to the very basic necessities that will improve their lives. In effect, the constitutional commitments to basic rights like equality and dignity are negated by the living conditions under which a large number of South African citizens labour (Desai, 2002; Ramphele, 2008).

In many municipalities, angry urban protests against ‘non-delivery’ have taken place (Atkinson, 2007). These took a turn for the worse in May of 2008 when foreign immigrants were attacked and displaced from various townships around the country. Blamed for reducing job and other economic opportunities for South African citizens their stores were burnt, their shops looted, their belongings stolen. Some analysts argue that this is only to be expected given the poor levels of service delivery which is at the heart of the government’s effort to ‘create a better life for all’. To writers such as Patrick Bond (2000) and John Saul (2005), the next struggle for liberation must evolve in order for true emancipation and freedom to take root.

Others, such as Alan Hirsch, would disagree with this perspective arguing that what is forgotten in these critiques is how far the government has actually moved in bringing about socio-economic change (Hirsch, 2005). Hirsch argues that the country’s economy required liberalization and right-sizing before the massive task of addressing the legacies of apartheid could even begin. The left-of-centre ANC government is not alone in this predicament – many other democratically elected governments, especially those following communist or authoritarian dictatorships, faced these kinds of pressures (Kitschelt, 1994; Kitschelt et al., 1999). Such authors recognize that there are service delivery problems in South Africa, but claim that the government is not only committed to overcoming them but is succeeding in doing so (Suttner, 2004).

The main mechanism for service delivery is municipal government. It has been tasked with implementing the construction and maintenance of basic infrastructure including water supplies, electrification, housing, sanitation and refuse collection (Atkinson and Marais, 2006). That this 'fourth' branch of government is not up to the task set for it by the constitution and by the demands of the central government to create a 'developmental state' is recognized by the current political leadership. The Department of Provincial and Local Government has commissioned several studies already on the abilities of local government, culminating in Project Consolidate (DPLG, 2004). Project Consolidate provided a map of local government ineffectiveness and identified regions and areas where service delivery was not occurring. The study was to help identify strategies in which these deficiencies could be addressed. While the study certainly identified the extent of the problem, solutions were more difficult to define as there is great disagreement as to the cause of the malaise. The political debate about the failure to deliver services adequately in at least two-thirds of the country's 283 municipalities pits a number of political camps against each other. And this paper cannot escape being 'political' as it, by necessity, reflects a particular point of view on the solutions to the problem of non-delivery. It favours the explanation that is often associated with the political opposition, though the writers have no political affiliation. Yet, the findings of our study indicate that the problem of non-delivery is located not so much in demographic shifts or a lack of funding, as many siding with the government claim, but in a lack of state capacity and the unwillingness of the central state to enforce the rules on the law-books on its own operatives in local government.

Methods of Inquiry and the Cases Chosen

The study is based on detailed profiles of 18 municipalities across the Eastern and Western Cape which are listed in Table 1. The cases include two metropolitan areas (Cape Town and Nelson Mandela Metropole), municipalities with cities (Buffalo City, Stellenbosch), a set of urban/rural municipalities (Makana, Oudtshoorn) and several rural municipalities (such as Ngqushwa, Nkonkobe, Cape Agulhas). The cases were chosen to provide a broad cross section of municipalities and include among the most and least

affluent communities in the country. We have also paid particular attention to provide a sample of municipalities with relatively similar socio-economic profiles but where service delivery levels appear to diverge from satisfactory to indifferent to poor (Prince Albert, Laingsburg, Beaufort West). The profiles consist of several data banks. The first describes the socio-economic and institutional setting of each one of the 18 municipalities. The profile provides an in-depth description of household incomes, wealth distribution, age distribution, employment and unemployment levels, educational levels and related data pertaining to economic well-being.

We investigated the financial situation of each municipality (its revenue stream and expenditures). Here we defined their income streams to ascertain their dependence or relative independence from national government revenue streams. We collected detailed information on the sources of income and the manner in which the municipality went about spending the funds at its disposal. We analyzed municipal budgets and sought to establish the rationale upon which these budgets were based. Our main aim was to ascertain budget promptness, financial transparency, accountability and budget accuracy.

Further, we examined the historical background and current 'social capital' of the municipality. Here we focused on the historical issues, conflicts and problems of the area, city or region and established the political, social, economic problems confronting the current political elite. The profiles provided an elite study containing data on the individuals in political office, their backgrounds, careers, and affiliations. We established the stability of council in terms of its members and the competency levels of its administrators. In combination, these data banks establish a solid empirical basis from which to make an assessment of the ability of the municipality to function effectively and evidence of 'social capital'. Lastly, the criteria used to measure the performance of local government were as follows: the state of water supply, basic sanitation levels, electricity supply and refuse collection in the municipality. These data sets were constructed from a variety of sources, including the vast data captured in the Municipal Demarcations Board's capacity assessment reports, reports from the Department of Local and Provincial Government (DLPG), the State of the Cities Report, and the National Treasury and interviews with municipal officials.

The State of Service Delivery

The 18 cases illustrate vividly the problems facing local government in South Africa. While the two metropolitan areas – Nelson Mandela Metropole and Cape Town – as well as the more affluent urban/rural municipalities such as Stellenbosch are supported by an adequate tax base and are able to deliver services adequately to most of its population, the further into the rural hinterlands and the former homelands we moved, the more entrenched the problems of service delivery became. This is not to say that there are not backlogs and difficulties in the urban municipalities in terms of poverty eradication, slum conditions and service delivery failures (SCR, 2006). In fact, Cape Town faces increasing difficulty reducing the backlog of housing given the in-migration the city experiences. In the case of Cape Town, there is an argument to be made that the explanation for its difficulties is due to demographic pressures caused by migration patterns. However, as Table 2 illustrates, there are few municipalities where such in-migration is a major issue. The difficulties in Cape Town are compounded, according to Robert Cameron, by the political rivalry between the ANC and the opposition parties which have a significant electoral base in the Western Cape (Cameron, 2005). As a result, the Cape Town metropolitan government has see-sawed between ANC control and a coalition of the smaller parties, usually led by the Democratic Alliance (DA). What we can report is that the more affluent metropolitan areas and municipalities are able to provide services adequately to a majority of its residents and are able to make some inroads, albeit slowly, into a variety of backlogs concerning electrification, housing, and sanitation. Accordingly satisfaction levels are generally high in the upper and middle income segments of the population with the services provided (SACN, 2006).

There is evidence to suggest that the metropolitan areas and municipalities reproduce structural inequities through their cost recovery programs. The poor find themselves inadequately serviced, subject to service cut-offs for non-payment and confronted with relatively high delivery costs for refuse collection, sanitation and electricity (Smith and Hanson, 2003). This circumstance may account for the relatively high levels of political activism around service delivery failure in the urban areas of the

country where the more affluent areas are served well and the poorer areas are served less adequately. The situation of municipalities in quintile three to five is quite different from the metropolitan areas and the municipalities in quintiles one and two. These cases all illustrated service delivery failures from the most basic issues of electrification to water and sanitation. Even municipalities such as Buffalo City or Makana, which possess a tax base, illustrate the short-comings of municipal government clearly. In these areas, service delivery is generally of poor quality and while certainly more affluent areas are serviced better than poor ones, there are very few such areas to serve as an example of differentiation.

Table 3 provides information as to the levels of service delivery across the municipalities. The table illustrates the challenges facing local government in the less economically active areas of the country. In quintile five, four and three the backlogs in water supply, electrification, basic sanitation and refuse collection are substantial. While the electrification program under the para-statal power supplier ESKOM has been a massive undertaking – second only to China’s electrification efforts and certainly more successful in its reach – the program has not extended into the rural hinterlands of the country and in the urban centers has not reached the poorest households. Similarly, despite the massive efforts to provide water to all parts of the country, it is clear from the figures that some parts of the country are still waiting for piped water. More worrisome, much of the current water supply does not meet general quality controls and health standards and in several municipal assessments the maintenance of the water system has not been budgeted into the municipal budget. In some of the municipalities, especially the rural ones, basic sanitation is a far distant dream, not to speak of refuse removal. Most people make use of ‘rubbish dumps’ behind their houses or deposit refuse wherever convenient. In other words, basic service levels – especially in the rural and deprived regions of the country – are rudimentary and, in many instances, non-existent. The issue is not just a question of the quantity of delivery but of its quality.

Nevertheless, some progress has been made in reducing these backlogs in the six-year period between the 2001 Census and the 2007 Community Survey, particularly in terms of the provision of water, sanitation and electricity in the poorer municipalities in quintiles four and five. Electricity service levels improved across all eighteen

municipalities between 2001 and 2007, and, similarly, RDP service backlogs in sanitation declined across the board. Likewise, most of the municipalities have made good progress in reducing water service backlogs, with the exception of Stellenbosch, Cape Agulhas, Laingsburg, Witzenberg, Beaufort West and Prince Albert, where RDP water service backlogs have all increased. In contrast, there has been mixed progress in reducing refuse removal backlogs across the eighteen municipalities, with increases in backlogs in Buffalo City, Witzenberg, Nkonkobe, Sakhisizwe and Port St. John's; while backlogs in the remaining municipalities have all been reduced. What this finding indicates is that if a para-statal institution such as ESKOM or a government department such as the Department for Water Affairs and Forestry embarks on a well-planned strategy to introduce their services, backlogs can be addressed throughout the country. If, however, there is no such effort from the national level downwards, based on the expectation that municipalities will provide the service, the result is likely to be a colossal failure. Sanitation, refuse collection as well as the maintenance of the water supply are all cases in point.

Despite the improvements in service delivery, RDP service backlogs in the majority of the municipalities in quintiles four and five remain worryingly high, especially in terms of refuse removal, where backlogs for all of the Eastern Cape municipalities in quintile five exceed 90 percent, and are greater than 70 percent in quintile four. In addition, there remain large backlogs in the provision of water in King Sabata Dalindyebo, Port St. John's and Umzimvubu; in sanitation in Makana, Nkonkobe, King Sabata Dalindyebo, Ngqushwa and Umzimvubu; and in electricity in Sakhisizwe, Port St. John's and Umzimvubu.

The Politics of Funding

Municipal finance is derived from four main sources – local rates and taxes; charges for various services performed by the municipality such as electrical and water supply as well as sewerage and refuse collection charges; other income, often from investments, loans or bonds; and government subsidies and grants (van Ryneveld, 2006). The first two are paid for by the local community; the third is based on commercial

transactions usually involving banks; the last by central government, which provides grants to provincial government to distribute to the municipal level and subsidizes various programs and projects. Particularly the third category – namely commercial loans and bonds – are only accessible to municipalities with good credit ratings. In recent years several of South Africa’s metropolitan areas have gained excellent credit ratings and thereby the opportunity to obtain commercial loans.

The pie charts in Table 4 compare the percentage contributions of four broad income sources (rates, service charges, grants and other)¹ to total operating income in each municipality in the 2006/07 financial year. One municipality is selected from each of quintile one (Cape Town Metro), two (Cape Agulhas), four (Nkonkobe) and five (Port St. John’s) for the purposes of comparison.² In quintile three, the income streams for both Buffalo City and Makana are presented in order to compare the contribution of various income sources in both an urban and a more rural municipality in the quintile.

Income from service charges represents the main source of income for the selected municipalities in quintiles one, two and three. In comparison, income from grants represents a relatively minor source of operating income in quintiles one and two, accounting for approximately 7 percent of total operating income. In Buffalo City and Makana in quintile three, grant income accounts for approximately one fifth of the respective municipalities’ total operating income. In contrast, the contributions of income from service charges and grants are reversed in the selected municipalities in quintiles four and five, both of which rely heavily on income from grants (which accounts for as much as 55 percent of total operating income in Nkonkobe and 58 percent in Port St. John’s). In comparison, estimated income from service charges contributes just 3 percent and 9 percent of total operating income in these two municipalities respectively. This is unsurprising given the high levels of poverty in these economically depressed areas, where people simply cannot afford to pay for the services the municipalities offer.

Interestingly, however, the contribution of rates income is relatively even across the selected municipalities (ranging from 15 percent of total operating income in

¹ The category ‘other’ represents the residual contribution to total operating income of all other potential sources of income to the municipality (for example interest income (external and internal), levies, internal billing, rent, and fines (e.g. traffic fines, penalties for overdue payment of service charges)).

² The contributions of the various income sources to total operating income in the selected municipalities are broadly consistent with the income profiles in the remaining municipalities in their respective quintiles.

Nkonkobe and Port St. John's to 24 percent in Cape Agulhas). However, given the high levels of poverty in the municipalities in quintiles four and five, it is likely that the rates income projections in these municipalities are overestimated and represent serious budgeting errors as indicated later.

One of the obvious legacies of the apartheid regime is that impoverished areas of the country are so poor that municipalities find it impossible to collect rates and taxes or payment for services simply because those able to pay are few and far between. Moreover, such municipalities find it difficult to obtain loans from commercial banks as they are not deemed credit worthy. As a result, municipalities in quintiles three to five are almost entirely dependent on government grants and subsidies.

We have captured the difficulties such municipalities face in Table 5 below, which outlines the frequency with which each of the municipalities obtained government funding from various grants relating to recurrent allocations, allocations in-kind/indirect transfers and infrastructure allocations over the three-year period between 2002/03 and 2004/05. The poorer municipalities have often managed to gain a government grant for a specific project but have then experienced inadequate funding from the center in subsequent years. There is anecdotal evidence to suggest that the application process, often quite bureaucratic and time-consuming, is beyond many of the new administrators. As a result, consultants (very often retired municipal officials) have been called in to prepare these applications on a case by case basis. Since the municipalities have outsourced this function, there appear to be little consistency in terms of re-applications and, as a result, there has been a great deal of financial fluctuation as there is no one in charge of guiding the application process at the municipality and the required application has simply been forgotten or neglected. In turn, such fluctuations make consistent budgeting a difficult undertaking as well as seriously undermining the ability of the municipality to perform the required function.

The general trend in Table 5 indicates that government transfers over the three-year period to the municipalities in quintiles four and five were far less common in comparison to those in quintiles one, two and three. For instance, infrastructure allocations to the majority of the municipalities in quintiles four and five were largely confined to single allocations from the Local Economic Development Programme Grant,

while Nkonkobe, King Sabata Dalindyebo and Ngqushwa also all received more than one allocation from the National Electrification Programme (NEP) Grant. Similarly, with the exception of King Sabata Dalindyebo, recurrent allocations and allocations in-kind/indirect transfers to these municipalities were confined to allocations for the Implementation of Water Services Projects and from the Local Government Transition Fund.

It is important to note, however, that the majority of these grants, including the Implementation of Water Service Grant, Water Services Operating Subsidy, Community Based Public Works Programme Grant, Local Government Restructuring Grant, Local Government Financial Management Grant, Municipal Systems Improvement Programme Grant, and the seven infrastructure allocations, are conditional grants. This means that the municipalities are required to meet a variety of specific conditions in order to be eligible to receive certain grants, and in many cases the renewal of the grant allocation is contingent on factors such as the municipality exhibiting sufficient progress towards the implementation of projects, submitting detailed service plans and budgets, or demonstrating acceptable levels of management expertise. In municipalities facing capacity constraints, the failure to meet the conditions attached to the disbursement of the grant means that they are ineligible to receive the transfer.

In addition, many of the grants listed in Table 5 were discontinued over time, folded into the Local Government Equitable Share (LES), or incorporated into other grants. This offers an important explanation as to why some transfers were received in one of the financial years between 2002/03 and 2004/05 and not repeated in subsequent financial years. Specifically, the Consolidated Municipal Infrastructure Programme and Building for Sport and Recreation Programme grants both ended in 2003/04 and were folded into the Municipal Infrastructure Grant (MIG). Similarly, the Urban Transport Fund and Local Government Transition Fund grants were terminated in 2003/04; while the Integrated Sustainable Rural Development Programme Grant was only available in the 2002/03 financial year.

Nevertheless, there is an interesting link between the fact that the majority of the eighteen municipalities received frequent transfers from the NEP and Implementation of Water Services Projects grants and the improvements in RDP electrification and water

service levels experienced across the board between 2001 and 2007 (see Table 3). This suggests, as already indicated, that central government transfers can have an important impact in improving the service delivery capacity of local municipalities.

The figure in Table 6 compares the operating expenditure budget per capita for each municipality in the 2006/07 financial year.³ This gives an indication of the vast inequality in operating expenditure across the eighteen municipalities. The general trend shows operating expenditure per capita declining substantially across quintiles one to five, with per capita operating expenditure in Cape Town Metro (the municipality with the highest per capita budget) nearly thirty-two times greater than that in Umzimvubu (the municipality with the lowest per capita budget). Specifically, the City of Cape Town Metro budgeted to spend more than R4 750 per resident in the 2006/07 financial year, in comparison to Umzimvubu's per capita expenditure of just R149.

Notably, budgeted operating expenditure in Nelson Mandela Metro amounts to approximately R2 101 per resident, and is substantially lower in comparison to the other municipalities in quintiles one and two (less than half the per capita budgets in Cape Town Metro and Saldanha Bay in quintile one). This figure for Nelson Mandela Metro is also lower than the per capita operating budgets in Buffalo City and Laingsburg in quintile three. The downward trend in this metropolitan area may indicate a more realistic assessment of the kinds of incomes the city can draw on in recent years, as well as a more realistic approach to budgetary issues. However, it also indicates that the metro will face severe financial and, consequently, service delivery problems in the years to come as its population increases but its resource base decreases.

Operating expenditure per resident is particularly low in the majority of the Eastern Cape municipalities in quintile four and considerably lower in comparison to Prince Albert in the same quintile. However, Sakhisizwe represents an outlier. The municipality's budgeted operating expenditure per resident exceeded that of Nelson Mandela Metro, and was also significantly higher than all of the other municipalities in quintiles three, four and five.⁴ We suspect that the figures for this municipality indicate

³ The per capita figures are calculated by dividing each municipality's total operating budget by the total population in that municipality.

⁴ The figure for Sakhisizwe is one of a series of 'mystifying' budget figures for the municipality which reflect inconsistencies in the municipality's budgeting process.

massive problems in the budget itself rather than an improved financial situation and improvement of government services for the residents.

The analysis of the distribution of finance to local government has led various researchers to claim that the service delivery malaise is at root a financial problem. And Neva Magketla's argument concerning the perpetuation of inequality under the post-apartheid regime is not without foundation. Poorer municipalities are highly dependant on government grants and loans. They are not able to draw on a substantial tax base; they suffer from the inability of their residents to pay for services and are frequently less able to maintain the existing infra-structure through their own efforts. Poorer municipalities are often not able to draw upon grants by central government to the same extent that more affluent municipalities might be since they either do not qualify for the schemes offered by central government or they fail to follow the procedures set out to obtain funding. They also fail to qualify for infra-structural grants simply on the grounds that they do not have much of an infrastructure in the first place and there is little incentive for either provincial or national government to place scarce resources in economically unpromising areas and regions. In other words, the structural inequities of the past are being reproduced under the current democratic regime. It is then small wonder that some researchers suggest that the inequities of the past are being reproduced in the present regime through the skewed nature of the current transfer of resources from affluent to poorer areas of the country. However, the conclusion that 'throwing money' at the problem would alleviate the problem is not the conclusion we would draw from the current situation. On the contrary, throwing money at the problem would, under current circumstances only inflame the situation and lead to greater pilferage and non-accountability as the institutions of oversight need to be strengthened before more funding is committed.

Democracy and Institutions

Our major finding is that the role and function of local government is not clearly set out (either in the constitution or in subsequent acts of Parliament); that the institutions of national government do not pay sufficient attention to the policy failures at both

national and local level; and that these policy failures are then exacerbated by one or a combination of these three factors: incompetence, corruption or non-communication by local government officials. Our main point is that the enormity of the task placed upon the shoulders of local government is beyond the current capacity of local government officials and institutions. These are institutions peopled by elected officials and administrators not trained for the tasks before them. Before more money is thrown at the local government problem, we would suggest, the institutional weaknesses of national policy, particularly urban policy, and local governance have to be addressed.

There is a broad consensus in the academic literature on urban policy and planning that the new dispensation has not developed a coherent approach to the issue of development (Pillay, Tomlinson and du Toit, 2006). Atkinson and Marais suggest that urban policy since 1994 is akin to a ‘Tower of Babel’ in which contradictory messages were sent out to the municipalities and the general public (Atkinson and Marais, 2006). As a result of these contradictions, government departments pursued their own interests and policies without concern for some broader agenda or their impact on migration and urbanization patterns. In recent years, the government has attempted to define its thinking about ‘where development’ is to take place and how it wishes to encourage development. However, the new National Spatial Development Perspective (NSDP) is yet to inform the various government departments of their role and function in the new development strategy.

The consequences of the incoherence in urban and spatial development policy means that all sorts of programs (housing, health care, industrial development initiatives, social welfare policies, migration to name a few) have all taken place in the context of the relevant departments with little coordination and oversight from the political and administrative centre. On all of these policy fronts, local government is treated as the instance where policy is turned into reality – again with little coordination or concern for how such policy is actually implemented or what its consequences might be. Moreover, as the neo-liberal policy framework began to take shape in 1996, the poor were increasingly abandoned in the policy-making process and neo-liberal concerns with monetary implications guided the debate about what is to be done (Todes, 2006). Local municipalities, the lowest and newest of the new governing institutions, ended up with

the responsibility of implementing a myriad of ‘developmental policies’ without a coherent framework or coordination from the national and provincial levels of government. As a result of these failures at the top of the bureaucratic chain, the symptoms of the malaise soon became apparent at the local level spilling out into all sorts of urban protests against the lack of delivery, the perception that local government was not serving its constituencies, and the fact that public servants and elected officials were in a position of relative autonomy that provided them the opportunity to enrich themselves at the expense of their constituents.

a. Financial and administrative competence

Our research results illustrate that municipal government suffers from a severe lack of managerial and other skills. In many cases, municipal officials and councilors have limited or no experience in the field of municipal service provision and are not informed of the rules and regulations by which they are supposedly guided. As a result of the efforts to cleanse the civil service of those appointed during the apartheid regime, many experienced civil servants were lost to the municipalities and replaced by lesser qualified, often unqualified candidates. Moreover, many of the financial officers are not able to draw up accurate and reliable budgets, even when the figures they are asked to work with are fixed and straightforward. There are many municipal managers and mayors whose educational backgrounds do not go much beyond the secondary school level, if that.⁵ Given that we have discovered several municipal budgets where budget allocations were simply erroneous and not congruent with the most rudimentary accounting procedures, the question as to the skill levels of the municipal financial managers has to be seriously investigated. Moreover, large numbers of former civil servants are now asked back into local government as consultants at much higher rates than they would have been able to command if they were still in the employ of the locality.

Many municipalities pay their officials disproportionate amounts relative to their income, ostensibly in order to provide an incentive for them to remain within the public

⁵ This finding is supported by the Department of Provincial and Local Government, A Report on Skills Levels in Municipalities, September 6, 2005, p. 2.

sector. Most of the quintile three and below cases we looked at fit that pattern with salaries accounting for more than 35 percent of the municipalities expenditures.⁶ Table 7, which compares the ratio of personnel expenditure to total operating expenditure across the eighteen municipalities, shows that in some cases, such as King Sabata Dalindyebo and Umzimvubu, municipal salaries accounted for nearly 62 percent and 52 percent of the municipalities' respective operating expenditure budgets. Similarly, in Makana, the pay for officials in the municipality exceeded 45 percent of operating expenditure. This ratio also exceeded 40 percent in Beaufort West, Makana, Prince Albert, Ngqushwa and Port St. John's. Only in Cape Town Metro⁷ and Sakhisizwe was this ratio below the generally accepted norm of 30 percent. However, the ratio of personnel expenditure to total operating expenditure is extremely low in Sakhisizwe (just 13.7 percent) and down by nearly 20 percent from the equivalent figure for 2005/06. This figure seems highly implausible given the high levels of expenditure on personnel in the other municipalities in quintile four, and in all likelihood represents another example of the lack of capacity in the budgetary process in the municipality. The total staff budgets did account for less than 35 percent of total operating expenditure in Saldanha, Nelson Mandela Metro, Cape Agulhas, Buffalo City and Nkonkobe, suggesting that at least some of the municipalities we studied are moving towards the generally accepted norm.

Most of the municipalities we covered then experienced a combination of problems – because the budgets for pay were exceeded and little or nothing was budgeted for capital maintenance, the existing services became increasingly compromised. As these problems increase and citizens begin to voice their discontent, another series of issues begins to arise – the bureaucratic run-around. Departments begin to shift blame to one another but away from themselves – officials in one department blame incompetence in another; municipal councilors blame municipal managers; municipal managers blame senior or junior staff. Once the blame carousel begins, a loss of morale as well as citizen disaffection begins to set in. Coupled with red tape and bureaucratic intransigence, service levels to citizens drop even further.

⁶ It is generally accepted that approximately 30 percent of the total municipal budget should be spent on staff salaries (Institute for Justice and Reconciliation, 2006).

⁷ This figure is for the 2005/06 financial year.

One possible consequence of the high levels of personnel expenditure in many of the municipalities is that they are left with little in the way of funding to finance much needed expenditures in areas such as maintenance and infrastructural improvements. The figures in Table 8 compare the percentage of each municipality's total capital expenditure budget that was devoted to expenditure on infrastructure items in 2002/03, 2003/04 and 2004/05.⁸ Table 8 shows that while most of the municipalities consistently devoted relatively large portions of their total capital expenditure budgets towards expenditure on infrastructure items over the three-year period (with most of the municipalities in quintiles one, two and three devoting 70 percent or more of their total capital budgets in each year towards expenditure on infrastructure), the municipalities in quintiles four (with the exception of Prince Albert and King Sabata Dalindyebo) and five have exhibited large fluctuations in budgeted infrastructure expenditure across the three years. In addition, Nkonkobe, and Sakhisizwe and Port St. John's did not budget for any expenditure on infrastructure items whatsoever in 2002/03 and 2004/05 respectively.

Coupled to this circumstance is another explosive situation. The high proportion of salary to municipal income means that many municipalities do not make necessary appointments so as to not overspend their budgets. This means that many municipalities operate with over 40 percent of the positions in the municipal service departments being unfilled. This situation then negatively impacts on the ability of the municipality to fulfill its service delivery mandate purely because it does not have the required technical staff to undertake the task of maintaining existing infrastructure.

Table 9 outlines the staff per capita ratio - representing the ratio of the number of residents in each municipality to each municipal staff member - in each of the eighteen municipalities in 2006.⁹ There is a clear upward trend in staff per capita ratios across quintiles one to five, with the highest ratios in quintiles four and five (particularly in Ngqushwa, Port St. John's and Umzimvubu). While the staff per capita ratios are very similar across the municipalities in quintiles two and three, there are sharp divergences in

⁸ The balance of the capital budget allocation in each municipality (total capital expenditure less total expenditure on these infrastructure items) would have been divided between expenditure on community items (such as sports fields, libraries), other assets (such as plant and equipment, office equipment) and specialized vehicles (such as refuse, fire and ambulance vehicles).

⁹ The staff per capita ratios are calculated from the 2001 Census population figures. The figures for the total number of municipal staff are for 2006.

the ratios across the municipalities within quintiles one, four and five. In quintile one, the staff per capita ratio in Nelson Mandela Metro is nearly double that of the City of Cape Town Metro and more than double that of Saldanha Bay. Similarly, the ratio in Ngqushwa is approximately twice as high in comparison to the ratios in the other Eastern Cape municipalities in quintile four; and in quintile five, the extremely high staff per capita ratio of 1 485 in Umzimvubu is nearly double that in Port St. John's (the municipality with the second highest ratio of staff to residents).¹⁰

Table 10 compares the staff per capita ratios in each municipality¹¹ in each of the four core functions: electricity reticulation, water, sanitation and refuse removal.¹² For each of the four functions, the general trend shows the staff per capita ratios increasing as one moves through the municipalities from quintile one to quintile five. In terms of electricity reticulation, there are extremely high ratios in Ngqushwa and Umzimvubu where there were only one and two staff members available for the function in each of these municipalities respectively. There are also comparatively high ratios in Nkonkobe, Prince Albert and Sakhisizwe. Similarly, in terms of the potable water and sanitation functions, there are comparatively high staff per capita ratios in Witzenberg and Sakhisizwe. Finally, the staff per capita ratio for the refuse removal function in Oudtshoorn is extremely high, owing to the fact that only two staff members were available for the function in 2006. The staff per capita ratios for this function are also significantly higher in Umzimvubu, Port St. John's and King Sabata Dalindyebo in comparison to the remaining municipalities.

Turning to vacancies in each of the municipal administrations, the figure in Table 11 expresses the number of unfilled vacancies in each municipality as a percentage of the total number of approved positions in 2006.¹³ The table indicates that the highest ratios of vacancies to total approved positions are found in Makana, King Sabata Dalindyebo and Witzenberg. In contrast, vacancies are comparatively low in Cape Agulhas, Prince Albert and Sakhisizwe, where less than 10 percent (just 2 percent in Prince Albert) of the

¹⁰ The very high ratio in Umzimvubu results from the reality that in 2006 there was a total of only 133 municipal staff members spread across the municipality's total population of 197,550 residents.

¹¹ No equivalent data was available for the two metropolitan municipalities (City of Cape Town and Nelson Mandela Bay).

¹² 'DNP' indicates that the municipality did not perform the function in 2006.

¹³ Once again, no comparative data was available for the two Metropolitan municipalities.

approved positions in these municipalities remained unfilled in 2006. However, there is no obvious trend across the quintiles.

What these sets of data indicate is that there is a serious lack of administrative, technical and financial skills in the municipalities we studied in detail. The poorer and rural the municipality, the more entrenched the levels of incapacity. The problem is particularly serious when municipalities are unable to staff important technical positions. Engineers and other professionals are simply not available to fulfill the core functions necessary for the introduction and maintenance of the core functions in sanitation, electrification, water supply or refuse collection. Moreover, financial officers in charge of overall or departmental budgets are also scarce and the effects of bad financial oversight and planning not only undermine service delivery but open up all sorts of opportunities to siphon off resources for individual gain rather than furthering the public good, a subject we will address below.

b. Nepotism and corruption

Most worrisome is the increasing occurrence of corruption, nepotism and self-enrichment. Doreen Atkinson describes these developments as the creation and establishment of a 'culture' where municipal officials, both appointed and elected ones, view this level of government as a source of income for themselves and their next-of-kin. Mamphela Ramphela noted in her Steve Biko Memorial lecture at the University of Cape Town in 2005, that "party political networks have captured civil service positions for patronage". She went on to argue that this situation had led to skilled job applicants (often white) being unable to access the positions they apply for and consequently the performance of service delivery suffers. Instead of opening the door for all South Africans to join in the effort to improve the country's economic situation, the new regime had created the means of self-enrichment and patronage for those with the right political connections. Her latest book, *Laying Ghosts to Rest* is an impassioned plea to reverse some of these counter-productive trends.

Party competition for municipal positions is virtually absent in the Eastern Cape. The ANC completely dominates the councils since its electoral support varies from a low of 67% in Nelson Mandela Metropole to a high of 96% in Ngqushwa. In other words, if there is political competition in these municipalities it is a purely factional one between groups of individuals struggling to gain access to municipal offices and the power, patronage and policy-making opportunities that come from holding such offices. The situation is quite different in the Western Cape where there is keen competition between the ANC and the DA as well as a range of smaller parties, some national (such as the ID) and some local citizen associations. In the Western Cape, coalition governments are usual and often dependent on the support of very small parties or even individuals representing a particular community, as is the case in Stellenbosch where the representative from one of the townships (Kyamandi) switched allegiance from the DA to the ANC and thereby gave the ANC control over the municipality in 2008. As a result of such party competition, it is less likely for a particular group of individuals to dominate a council for any length of time, thereby reducing the opportunity for long-term nepotism and corruption.

The Public Service Accountability Monitor (PSAM), operating from Rhodes University, conducted a survey of public servants in the Eastern Cape and revealed the following, rather dire, picture:

48% of officials believe it is wrong but understandable to receive gifts in return for something that is part of their job;

27% of officials report witnessing political patronage;

33% report witnessing nepotism;

29% report witnessing the theft of public property and resources;

23% believe that most or all of their colleagues are involved in corruption;

41% expressed the fear that syndicates would intimidate them if they reported corruption (Atkinson, 2007).

The PSAM maintains a website on which all of the reported incidences of corruption or mismanagement are listed, updated and followed through to see what kind

of response there is from government. In most cases, the incidences drift into obscurity unless PSAM or some other NGO takes up the case and pursues it vigorously through the courts. However, in many cases the burden of proof is such that it is difficult to establish precisely where and how municipal funds have been misappropriated. There are a myriad of ways in which municipal moneys can be misappropriated – the misuse of mayoral funds; unauthorized transfers from public to private accounts; favoritism in procurement policies; fictitious tendering; involvement of councilors (or their families) in companies that win tenders; non-payment of council services by councilors and officials; use of council facilities and resources for private or party-political purposes; irregular performance bonuses or the non-compliance with performance agreements, to name a few of the most common approaches. Between 1996 and 2003, the PSAM tracked some 401 cases of corruption in the province; only 22 of these were satisfactorily resolved and only 4% of the misappropriated money recovered. By 2005 the percentage of cases which found a satisfactory resolution had only increased to 9% (Allen, 2005). All of these cases are listed on the PSAM website; there are, for the Eastern Cape alone, several thousand unresolved cases. Moreover, officials under either suspicion or under prosecution are in many cases kept on leave with pay until their court cases are resolved. In the case of Buffalo City there are several city managers suspended but on full pay and awaiting trial. On average a municipal manager in an urban environment will command a salary of upwards of Rand 540.000 a year and a lower ranked but still senior official over Rand 340.000. In other words, the fact that several municipal officials are on suspension at full pay represents a major financial drain on these municipalities and either the tax-paying public or the central government that provides the funding. The Auditor General reports that between 1996 and 2002, out of a total budget allocation of R 104.5 billion, a staggering R 99.7 billion were unaccounted for.¹⁴ By 2005 the figure had risen to R 125 billion (Allen 2005).

The Western Cape is also not immune to corrupt practices. However, since the press is much more readily available to whistleblowers, the time afforded to offenders is often more limited, at least in the urban constituencies. The City of Cape Town has had its fair share of influence peddling and corruption cases, though most of them do end up

¹⁴ Buddy Naidu, “R 6,9 bn missing in corruption cases” Sunday Times, August 24, 2003.

in dismissals and, some, in prosecutions (see appended boxes for examples). In the more rural areas, such practices tend not to lead to dismissals as in the case of George Seitisho, Municipal Manager of Bitou (Plettenberg Bay) whose base annual salary of R 900,000 was boosted by loans and credit card fraud of over R 104,000 for various trips to destinations such as Paris, France. Seitisho has no degrees and five years of general experience in local government.¹⁵ Or take the example of Jeffrey Donson, mayor of Kannaland, a small town in Oudtshoorn municipality. Donson, convicted of statutory rape on seven counts, still draws a R 30,000 paycheck despite having misused municipal funds to buy deejay equipment for his mobile nightclubs, promoting personal friends into well-paying positions on the council and administration. Since the responsibility of calling the mayor to book rests with the executive council of the town, and since that council is made of Donson's friends and beneficiaries, the provincial government has not been able to remove the recalcitrant mayor from his position.¹⁶

What the data presented above illustrates is that the mechanisms of government oversight, accountability and the enforcement of rules are at best rudimentary and, at worst, non-existent across the spectrum of municipal government. While the legal structure is certainly in place, the implementation of the rules and regulations to ensure financial oversight, accountability, and responsiveness to the citizens is almost completely absent apart from the municipalities in quintile one and two. Throwing money at the problem will only achieve one thing – increase the pool of available resources to those in positions of power and thereby the temptation to misuse these funds. The national government now faces the task of implementing its own rules, of ensuring that regulations through the various acts are adhered to, that civil servants are trained to perform the tasks they are asked to perform and actually do what they are supposed to do. While the funds may not be adequate to cover all items, they are certainly adequate for the task of building infra-structure. What is lacking is a commitment by the state to ensure that its civil service is trained to perform the task of implementing the delivery of services to all communities across the country.

¹⁵ This information is available at www.dlpg.gov.za/speeches/deployment.

¹⁶ Francois Rak and Amukelani Chauke, "'Mr Untouchable' of Kannaland", *Sunday Times*, April 20, 2008.

Key Findings of the Research

The charge that government has not treated municipalities equally certainly has some foundation. The distribution of spending per resident varies enormously with the metropolitan areas and richer district spending up to 30 times more than a poor municipality (Magketla, 2006). Moreover, poorer municipalities have not had equal access to government grants for infrastructure and other high priority spending to the extent that more affluent municipalities have had. However, the government's Fiscal and Financial Commission has developed a scheme for municipal spending, the Local Government Equitable Share Formula (LES), which is designed to address this issue and should produce greater equality in spending patterns in years to come (Josie, Khumalo, and Ajam, 2006). There is strong evidence to suggest that spending patterns discriminate against the rural and poorer communities and a thorough reform of the allocations made to local government is in order. Should the LES fulfil its aim in equalizing spending, then that reform may prove to be sufficient to deal with the financial aspects of decentralization.

However, the conclusion from these findings ought not be that increased spending will automatically address the issue of poor service delivery! Increased spending, by itself, is unlikely to solve the institutional hindrances to better service delivery, especially in the rural and poverty-stricken areas of the country.

The confusion over the function and role of local government among councillors and officials in local government is high. It does not seem clear to local government officials and representatives precisely what their role is, particularly in the poorer and rural areas of the country. Further, administrative skills, particularly on budget matters but also in terms of technical skill levels (construction, maintenance, and so forth) are in short supply. Many of the municipalities do not fill important technical vacancies and therefore cannot acquire the necessary skills to discharge their role as providers of service. There are, however, municipalities that function well and there we find

competent administrators and managers in place who take the commitment to public service seriously. These municipalities are often able to draw from experienced staff contingents that existed prior to the municipal government reforms.

The hypothesis that the institutional structure of the state is not sufficiently well established is supported by the empirical findings. Moreover, the effort by government to turn local government into the agent of economic development has led to an unfortunate situation where certain political factions have taken control over municipal governance and are using this platform to foster their own self-interest. As a result, a lack of responsiveness to citizen grievances and outright nepotism and corruption are already widespread phenomena and need to be addressed urgently if they are not to spill over into great social and political unrest. Even in well-functioning municipalities there are some signs that these corrosive developments are taking place and need to be addressed with some urgency. The latest Transparency International Report on South Africa notes that it only dealt with corruption at the national and provincial levels of government but indicates that the level of corruption at the local level exceeds that of the two tiers above (Transparency International, 2005: 116).¹⁷

The conclusion we reach is that the institutional hypothesis provides a very strong explanation to the question of variation in service delivery. And that, if the government is seriously committed to service delivery, it will have to implement certain strategies ranging from skills development (customer service, financial controls, technical assistance) to monitoring mechanisms to bring about improvements.

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¹⁷ See Hennie Van Vuuren, National Integrity Systems: Transparency International Country Study Report: South Africa 2005, Cape Town, p. 116 where the author states: "The intervention of the national Government in the Eastern Cape province is an example of how things were allowed to deteriorate to unacceptable levels. Equally, we know the least about what is happening in South Africa's local government, where the capacity to implement and to monitor implementation is *not what is should be*" (italics added by author).

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Appendix: Tables and Figures

Table 1: Municipalities chosen for the Project

Quintile 1¹⁸: Average spending per resident – ZAR 3,637¹⁹	
Number	Municipality
1	City of Cape Town Metropolitan Municipality (WC000)
2	Saldanha Bay Local Municipality (WC014)
3	Nelson Mandela Bay Metropolitan Municipality (EC000)

Quintile 2: Average spending per resident – ZAR 2,630	
Number	Municipality
4	Stellenbosch Local Municipality (WC024)
5	Cape Agulhas Local Municipality (WC033)

Quintile 3: Average spending per resident – ZAR 1,488	
Number	Municipality
6	Buffalo City Local Municipality (EC125)
7	Laingsburg Local Municipality (WC051)
8	Witzenberg Local Municipality (WC022)
9	Oudtshoorn Local Municipality (WC045)
10	Beaufort West Local Municipality (WC053)
11	Makana Local Municipality (EC104)

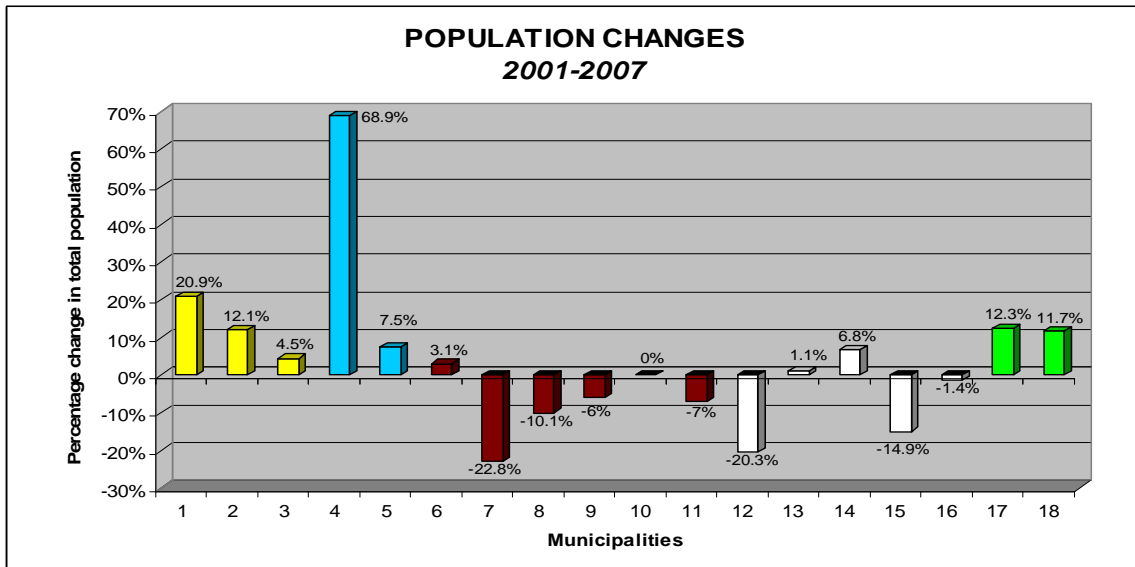
Quintile 4: Average spending per resident – ZAR 504	
Number	Municipality
12	Prince Albert Local Municipality (WC052)
13	Nkonkobe Local Municipality (EC127)
14	King Sabata Dalindyebo Local Municipality (EC 157)
15	Sakhisizwe Local Municipality (EC138)
16	Nggushwa Local Municipality (EC126)

Quintile 5: Average spending per resident – ZAR 146	
Number	Municipality
17	Port St. John's Local Municipality (EC154)
18	Umzimvubu Local Municipality (EC05b2)

¹⁸ The colour-coding system is used to distinguish the municipalities by their respective quintiles in the comparative graphs that involve all 18 municipalities.

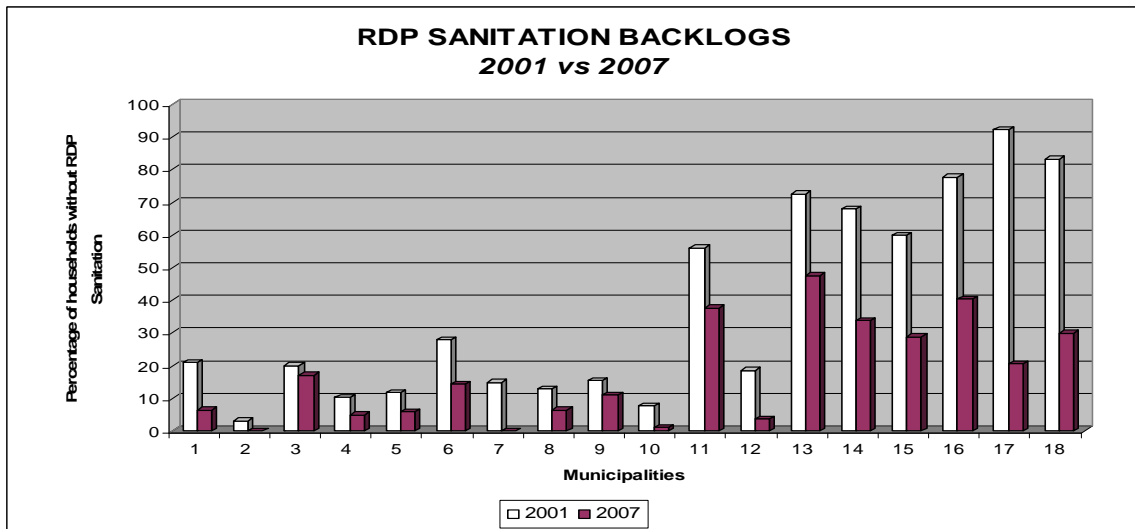
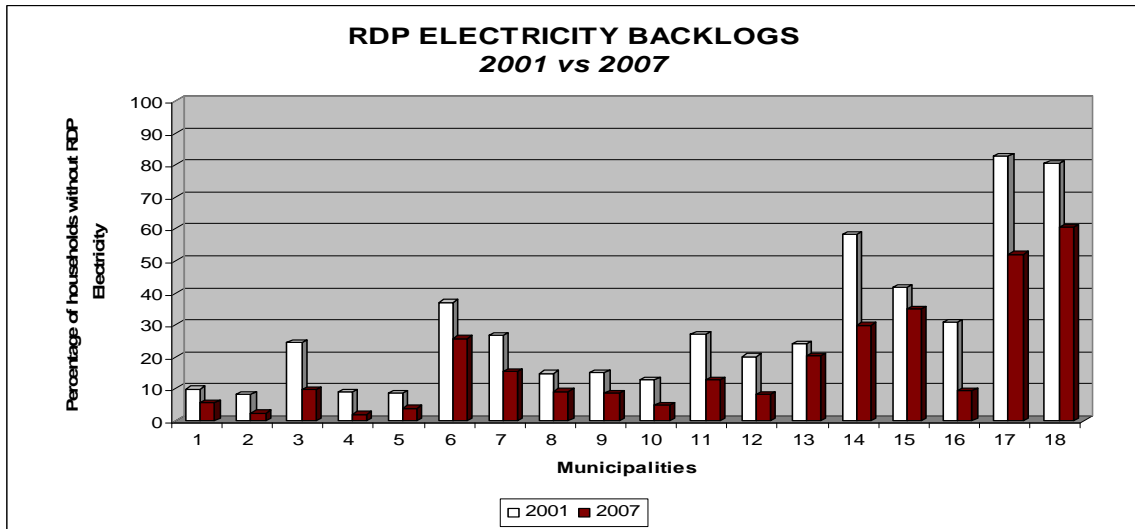
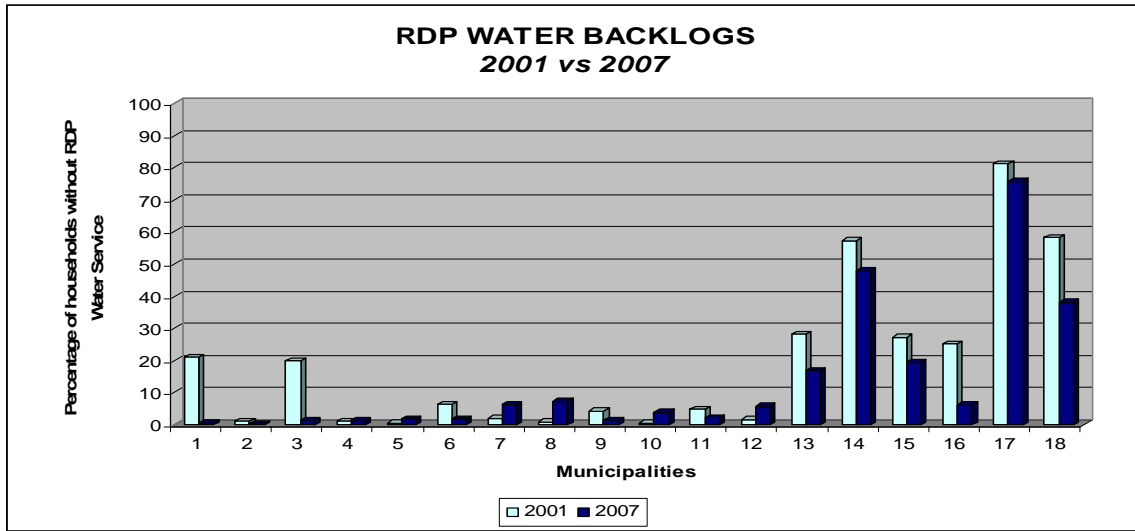
¹⁹ Source: N.S. Makgetla (2007: 150; 164-166) based on figures provided by the Treasury.

Table 2: Population changes (2001-2007²⁰)



²⁰ The population figures for 2007 are obtained from Statistics South Africa's Community Survey 2007.

Table 3: RDP Service Backlogs for Core Functions



RDP REFUSE REMOVAL BACKLOGS 2001 vs 2007

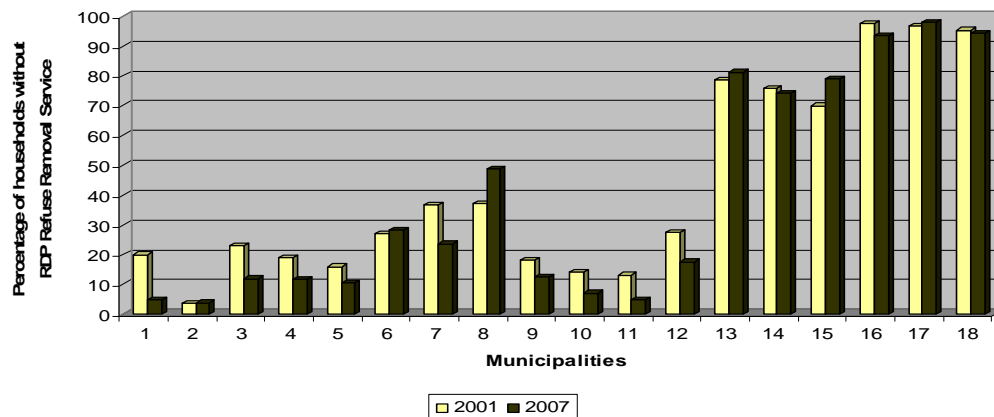


Table 4: Sources of Income to the Municipalities (examples in each quintile)

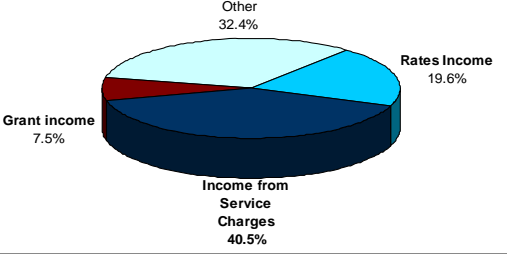
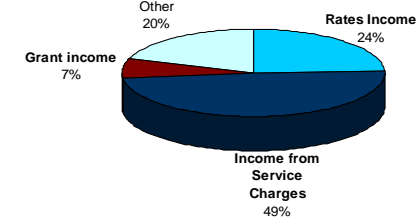
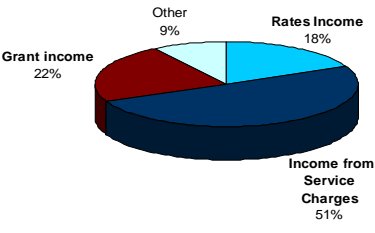
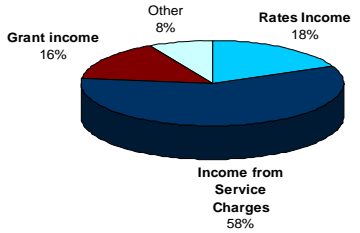
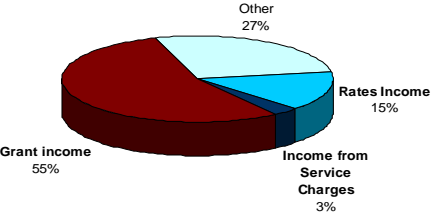
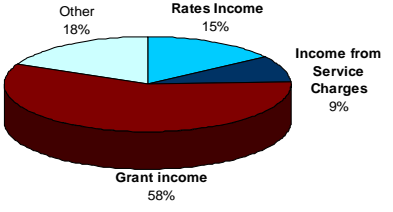
Quintile 1	Quintile 2																				
<p>CITY OF CAPE TOWN METROPOLITAN MUNICIPALITY Broad Income Sources 2006/07 (estimates as % of total operating income)</p>  <table border="1"> <thead> <tr> <th>Source</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>Other</td> <td>32.4%</td> </tr> <tr> <td>Rates Income</td> <td>19.6%</td> </tr> <tr> <td>Income from Service Charges</td> <td>40.5%</td> </tr> <tr> <td>Grant income</td> <td>7.5%</td> </tr> </tbody> </table>	Source	Percentage	Other	32.4%	Rates Income	19.6%	Income from Service Charges	40.5%	Grant income	7.5%	<p>CAPE AGULHAS LOCAL MUNICIPALITY Broad Income Sources 2006/07 (estimates as % of total operating income)</p>  <table border="1"> <thead> <tr> <th>Source</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>Other</td> <td>20%</td> </tr> <tr> <td>Rates Income</td> <td>24%</td> </tr> <tr> <td>Income from Service Charges</td> <td>49%</td> </tr> <tr> <td>Grant income</td> <td>7%</td> </tr> </tbody> </table>	Source	Percentage	Other	20%	Rates Income	24%	Income from Service Charges	49%	Grant income	7%
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Table 5: Frequency of grant payments 2002/03-2004/05

		Quintile 1			Quintile 2		Quintile 3						Quintile 4				Quintile 5		
		City of Cape Town Metro	Nelson Mandela Metro	Saldanha Bay	Stellenbosch	Cape Agulhas	Buffalo City	Laingsburg	Witzenberg	Oudtshoorn	Beaufort West	Makana	Prince Albert	Nkonkobe	King Sabata Dalindyebo	Sakhisizwe	Ngqushwa	Port St. John's	Umzimvubu
Recurrent Allocations	Local Government Financial Management Grant	3	2	0	3	0	3	0	0	0	0	0	0	0	2	0	0	0	0
	Local Government Restructuring Grant	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Municipal Systems Improvement Programme Grant	0	3	0	0	0	3	0	0	0	0	0	0	0	0	0	0	0	0
	Local Government Transition Fund	0	1	0	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
Allocations in-kind/indirect transfers	Community Based Public Works Programme Grant	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Local Government Financial Management Grant	3	3	0	0	0	3	0	0	0	0	0	0	0	0	0	0	0	0
	Water Services Operating Subsidy	0	0	0	0	0	3	0	0	0	0	0	0	0	0	0	0	0	0
	Implementation of Water Services Projects (Capital)	0	0	0	0	0	2	2	0	1	1	2	2	3	2	2	1	2	3
Infrastructure Allocations	Local Economic Development Programme Grant	2	2	0	2	1	1	1	2	1	2	1	0	1	1	0	1	1	1
	Community Based Public Works Programme Grant	0	2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	National Electrification Programme (NEP) Grant	3	3	3	0	3	3	0	3	3	3	2	0	3	3	0	2	0	0
	Urban Transport Fund Grant	0	1	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0
	Building for Sports and Recreation Programme Grant	1	1	0	0	1	0	0	1	1	1	0	1	0	0	0	0	0	0
	Consolidated Municipal Infrastructure Programme Grant	3	3	0	3	0	3	0	0	0	0	0	0	0	0	0	0	0	0
	Integrated Sustainable Rural Development Programme Grant	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

Note: 0 = No grant received between 2002/03 and 2004/05; 1 = One grant received between 2002/03 and 2004/05; 2 = Two grants received between 2002/03 and 2004/05; 3 = Three grants received between 2002/03 and 2004/05

Table 6: Expenditures of the Municipalities

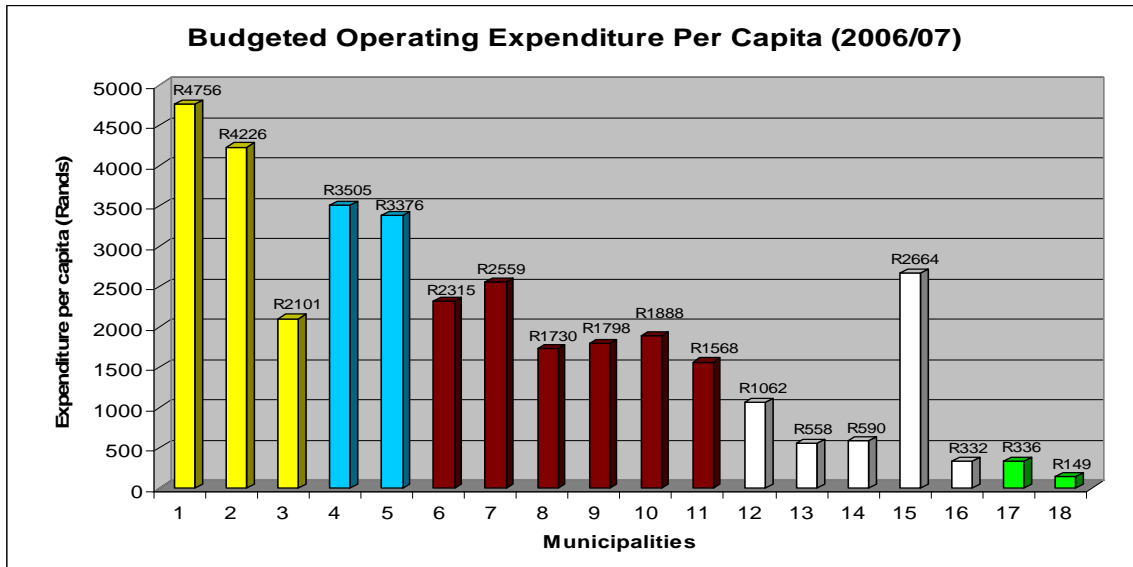


Table 7: Municipal salaries and pay as a percentage of municipal expenditures

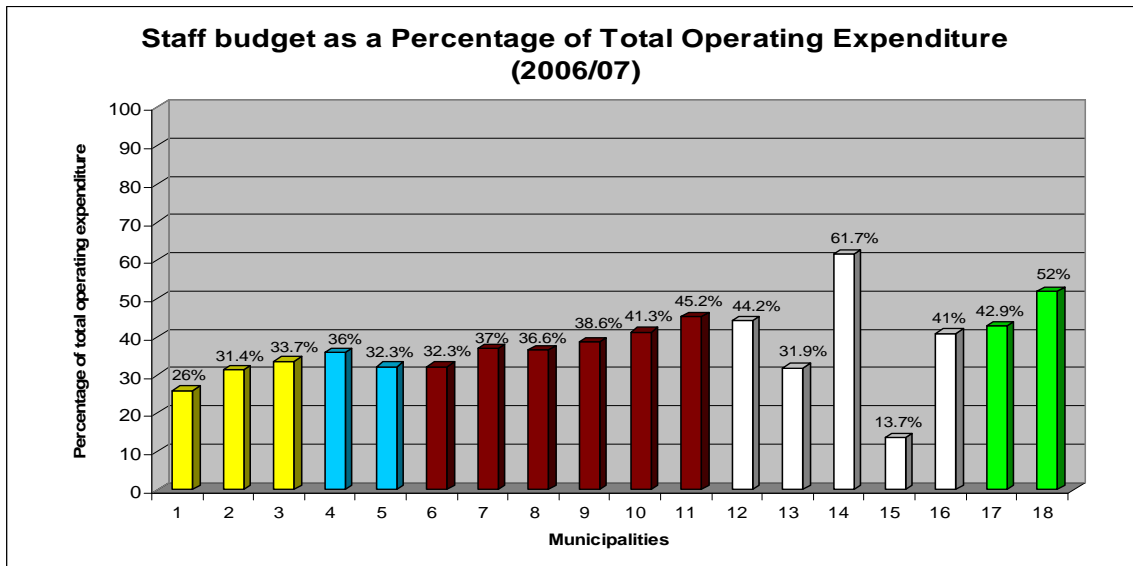


Table 8: Municipal budgets devoted to infrastructural maintenance

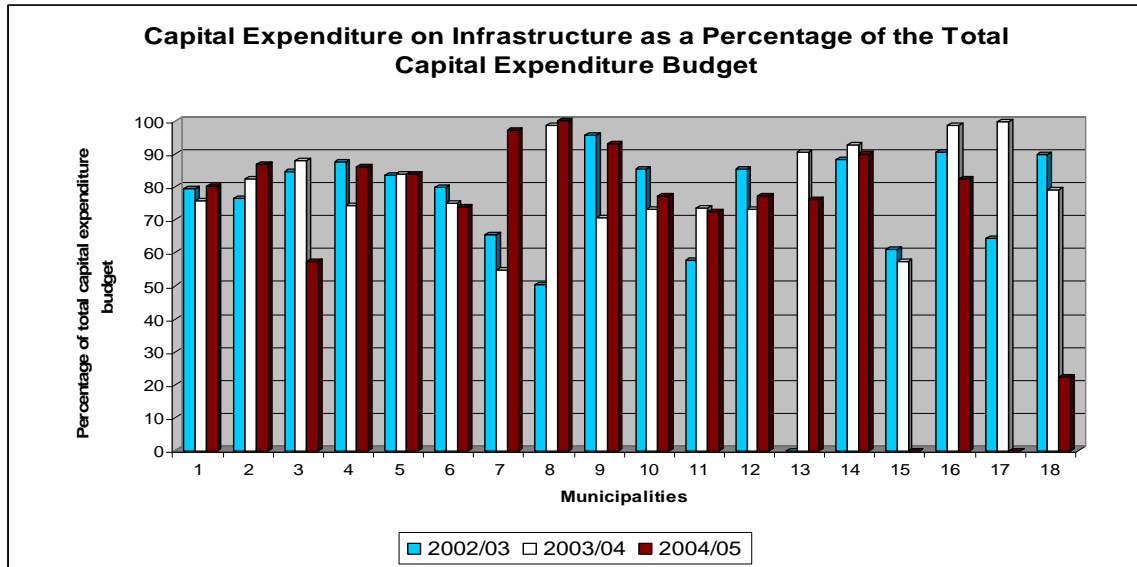


Table 9: Staff per capita ratios in each municipality

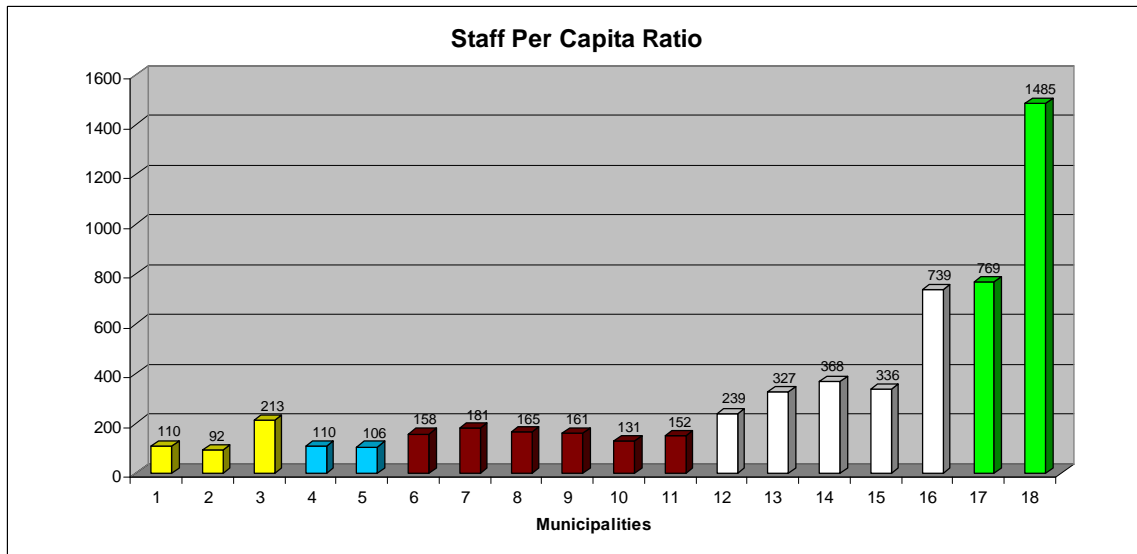
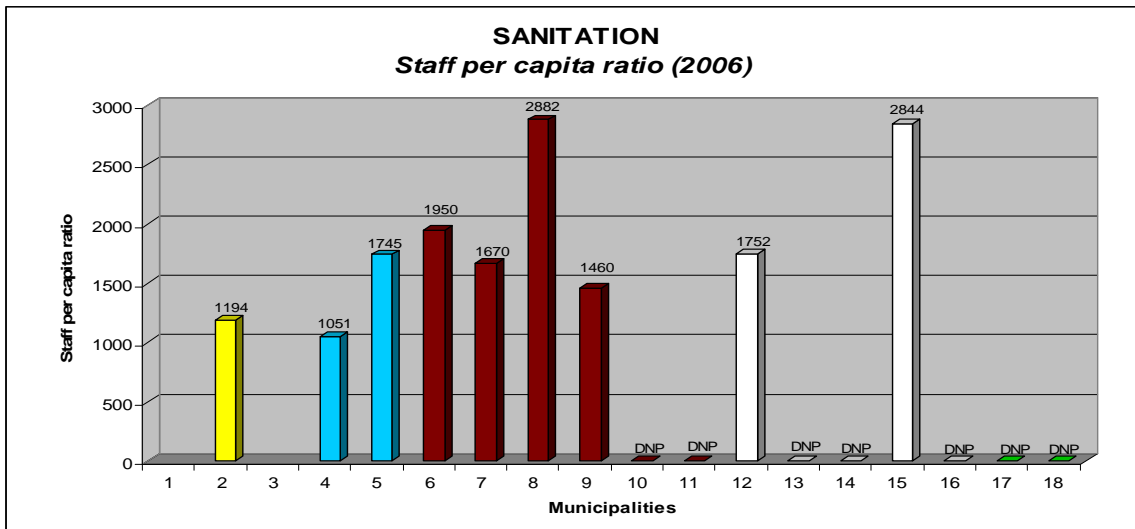
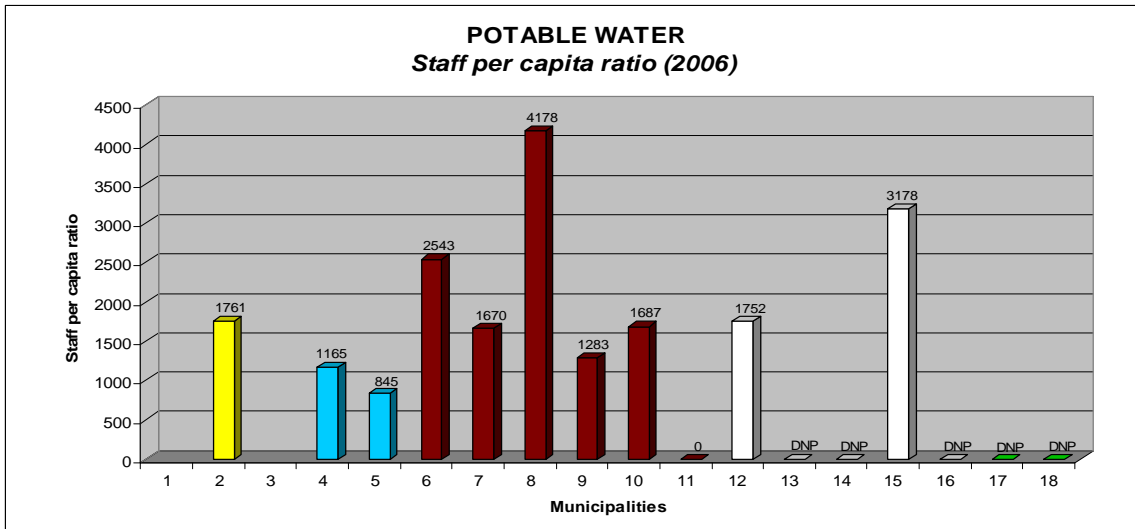
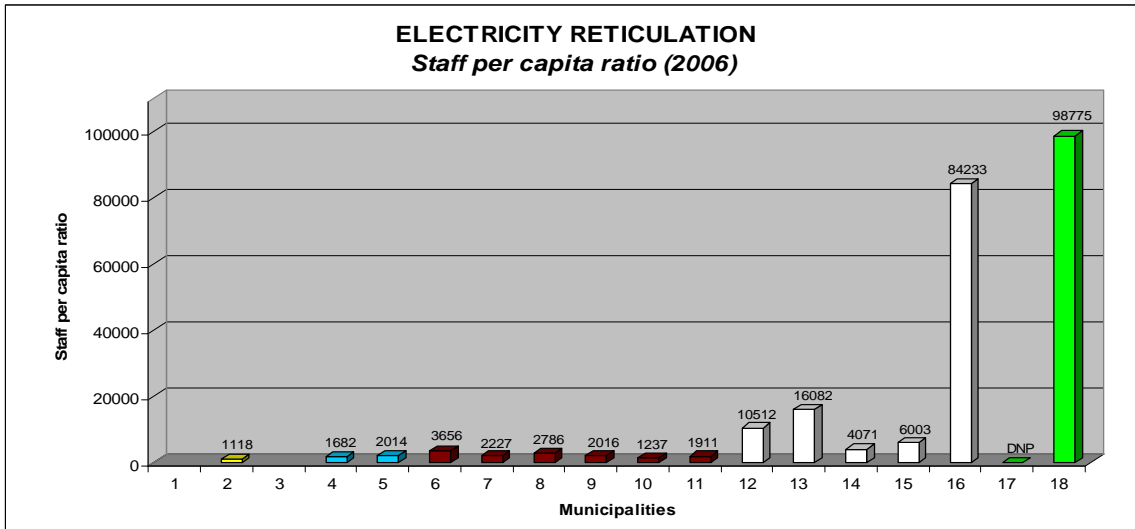


Table 10: Staff per capita ratios in core functions in each municipality



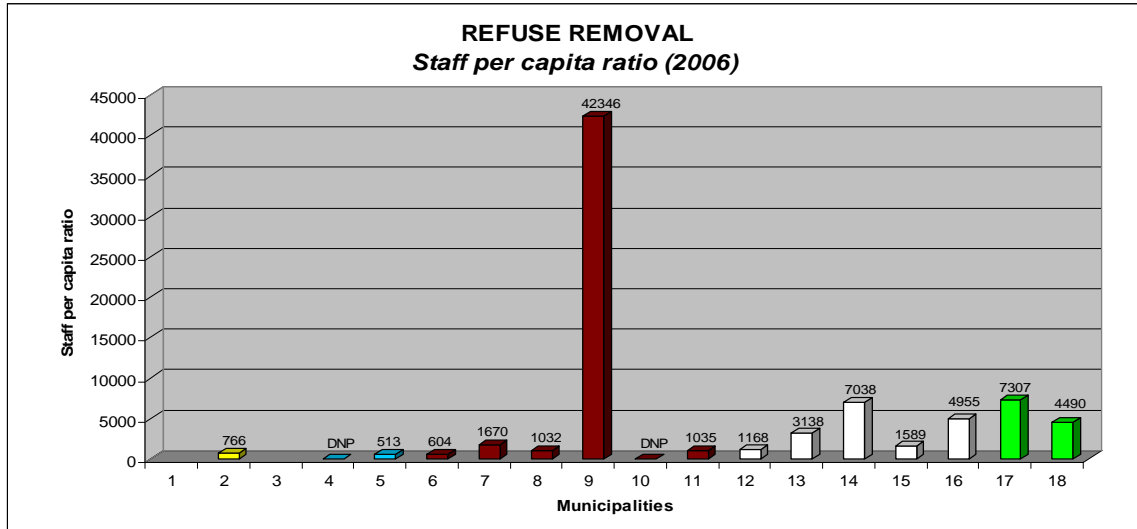


Table 11: Unfilled vacancies in the municipalities

