

Local Government Performance Review

Reflecting on the first five years of Democratic Local
Government in Gauteng (2000 -2005)

Moving towards sustainable local government by 2010

February 2006

TABLE OF CONTENTS

LIST OF FIGURES	ii
LIST OF TABLES	iii
FOREWORD.....	iv
EXECUTIVE SUMMARY	v
Introduction	v
Institutional Development and Transformation.....	vi
Service Delivery and Infrastructure Development.....	vi
Financial Viability and Management	viii
Local Economic Development.....	viii
Democracy and Good Governance.....	ix
Conclusion: Meeting the Challenge of Sustainable Local Government and Universal Access by 2010	x
INTRODUCTION, PURPOSE AND METHODOLOGY OF THE REVIEW	xii
Purpose of the Review	xii
Methodology	xiii
BACKGROUND TO THE TRANSFORMATION OF LOCAL GOVERNMENT	1
Overview	1
South Africa's System of Governance	1
Policy and Legislative Framework in respect of Local Government.....	2
Phases of Local Government Transition	3
Establishment and consolidation of local government	5
Establishment and amalgamation process in Gauteng.....	6
PROVINCIAL OVERVIEW	7
Provincial demographics	7
Economic profile	9
Political Landscape	10
KEY FINDINGS AND RECOMMENDATIONS.....	12
Overview	12
Apartheid/Backlog Legacies & Socio-Economic Challenges	12
Policy and Legislative Environment	13
KPA 1 - Institutional Transformation and Development	16
KPA 2: Financial Viability and Management	25
Conclusion and Recommendations	42
KPA 3: Service Delivery and Infrastructure Development.....	43
Conclusion and Recommendations	55
KPA 4: Local Economic Development	57
Conclusion and recommendations.....	65
KPA 5: Democracy and Good Governance	68
Cross Cutting Issues.....	81
Integrated Development.....	92
OVERALL CONCLUSIONS AND RECOMMENDATIONS.....	103
Institutional Development and Transformation.....	103
Service delivery and infrastructure development	104
Financial Viability and Management	104
Local Economic Development.....	105
Democracy and Good Governance.....	105
Cross Cutting Issues.....	106
Integrated Development.....	107

LIST OF FIGURES

Figure 1: Legislative and Performance Framework for Local Government.....	3
Figure 2: Transition of local government.....	4
Figure 3: Map showing Gauteng municipal boundaries.....	7
Figure 4: Relative size of municipalities by area.....	8
Figure 5: Relative size of municipalities by number of households.....	8
Figure 6: Percentage (%) of top three management levels.....	18
Figure 7: Percentage (%) of municipal posts unfilled from 1 July 2004 to 30 June 2005.....	19
Figure 8: Percentages of skills levy received by municipalities in rebate from SETA.....	21
Figure 9: Percentage (%) of senior management team employed on performance contracts.....	22
Figure 10: Metropolitan sources of revenue.....	26
Figure 11: District sources of revenue.....	26
Figure 12: Local sources of revenue.....	27
Figure 13: Comparison (all categories) of sources of revenue.....	27
Figure 14: Metropolitan sources of operating income.....	28
Figure 15: District sources of operating income.....	29
Figure 16: Local sources of operating income.....	29
Figure 17: Municipal income per category.....	30
Figure 18: Municipal personnel expenditure.....	32
Figure 19: Metropolitan debtor's days.....	33
Figure 20: District debtor's days.....	34
Figure 21: Local debtor's days.....	34
Figure 22: Creditors for metros.....	35
Figure 23: Creditors for districts.....	35
Figure 24: Creditors for locals.....	35
Figure 25: Grant dependency (%) in municipalities.....	36
Figure 26: Ability of municipalities to spend capital budgets (%).....	37
Figure 27: Comparative provincial municipal arrears.....	40
Figure 28: New water connections as compared to backlog measured in 2001 Census.....	44
Figure 29: New sanitation connections as % of backlog measured in 2001 Census.....	45
Figure 30: New electricity connections as % of backlog measured in 2001 Census.....	46
Figure 31: New weekly refuse removal services as % of backlog measured in 2001 Census.....	46
Figure 32: Percentage (%) of households within 2km radius of a primary healthcare facility.....	49
Figure 33: Number of primary health care facilities per 10 000 populationes.....	49
Figure 34: Percentage (%) of households lying within 2km radius of a community hall.....	50
Figure 35: Number of community halls per 10 000 population.....	50
Figure 36: Percentage (%) of households that lie within 2km radius of a sports facility.....	51
Figure 37: Number of sports facilities per 10 000 population.....	51
Figure 38: Percentage (%) of households that lie within 2km radius of a designated park or open space.....	52
Figure 39: Average time taken for an incoming emergency call to be answered by control centre.....	53
Figure 40: Average response time for fire and rescue services.....	53
Figure 41: Use of equitable share for free basic services.....	54
Figure 42: Comparative % increases in RSC Levy for districts.....	59
Figure 43: Percentage Increase in Gross Geographic Product (GGP).....	59
Figure 44: Comparative assessment of district municipalities performance in promoting BEE and SMMEs.....	61
Figure 45: Jobs created through own LED initiatives.....	62
Figure 46: Number of jobs created by municipal LED activities (Type B municipalities).....	63
Figure 47: Jobs created in metros by special group category.....	63
Figure 48: Category A municipalities: Number of participants in public participation forums.....	69
Figure 49: Category C municipalities: participants in public participation forums.....	71
Figure 50: Percentage of stakeholders involved in participation structures.....	72
Figure 51: Category A municipalities: Percentage of wards that had established ward committees.....	75
Figure 52: Category B municipalities: percentage of wards with ward committee structures.....	76
Figure 53: 5-year IDP assessment.....	95
Figure 54: Issues highlighted in terms of priorities to deepen democracy.....	95
Figure 55: Economic growth and development.....	96
Figure 56: Effective government.....	97

LIST OF TABLES

Table 1: Projected household growth – 2001 to 2010	9
Table 2: Provincial 2000 local government elections voter turn out.....	11
Table 3: Establishment phase in municipalities	17
Table 4: Percentage Qualifications – All Municipalities Analysis Per NQF Level	20
Table 5: Qualifications profile of municipal managers	20
Table 6: Engineering professionals employed in local government.....	21
Table 7: Population, Capital Budget and Operating Budget Growth Rates	38
Table 8: Opinions expressed by Auditor-General	39
Table 9: Debt by provincial departments	41
Table 10: Number of hostels that require upgrading.....	47
Table 11: Housing delivery in various Metro and District Councils in Gauteng	48
Table 12: Number of participants per 10 000 population – local municipalities	70

FOREWORD

Building a foundation for sustainable local government

The current municipalities were established following the local government elections on 5 December 2000. When this current system of local government was crafted we had one vision in mind – to make the lives of the citizens of Gauteng better. Guided by this vision, our priority was to mobilise the institutions and capacity of local government to confine the effects and the legacy of apartheid local government and planning to the dustbin of history.

Today, that vision is more relevant than ever, for the work that a democratic and developmental local government has started, has not been completed. The Review that my Department undertook shows that a lot has been achieved over the last five years. A compelling case is made in the Review findings that a solid foundation for developmental local government has been built. The general consensus based on the data we have collected and presented in this report is that performance of municipalities has improved. The municipalities have managed to transform significantly and have provided the necessary administrative systems and political leadership needed to achieve the objective of democratic and accountable local government - meaning that Gauteng local government can be proud of its achievements. However, the Review findings are also emphatic that a lot of work is still required. The Review makes the point that we still have households without access to electricity, sanitation, housing, etc, and that the social and economic challenges left by apartheid planning are still very much with.

This brings us to the next term of local government. The challenge is to build on this solid foundation - use the lessons of the last five years in order to be more effective in dealing with the social and economic ills affecting our communities. In all aspects of government, a solid foundation has been laid, especially in areas like legislation, policy framework and service delivery strategies. Effective use of these instruments will enhance our vision of a better life for all our people, as espoused in the Freedom Charter, and translated into the government policies and strategies in order to make it a living reality.

This Review allows us to reflect on the journey we have undertaken, it is not an end in itself, but rather a tool to create a better understanding of where we come from, and where we are going and how we are going to reach our destination. This Review is my Department's contribution to nurture a local government that is responsive to peoples needs; a local government that is guided by the Principles of Batho Pele; a local government that embraces ethical and good governance as well as imbedded in local participatory democracy. Our journey towards a better life for all, is not complete, as long as all our people are not free from the scourge of the legacy we have inherited.

Dealing with these challenges will require the collective efforts of all stakeholders, all spheres of government, communities, business and other sectors of society. As we rise to these challenges, there is a need to ensure that we identify possible areas for improvement and as far as possible, put people first in all our endeavours. I hope that by sharing the findings of the review, the Department would have made a small, but significant contribution to a better life for all.

Lastly, I wish to express my sincere appreciation to the leadership, management and the entire staff of all the municipalities of Gauteng, for making this review a reality.

Ms Qedani Dorothy Mahlangu, MEC- Local Government

LOCAL GOVERNMENT PERFORMANCE REVIEW

Five years of developmental local government
Towards sustainable municipalities and universal services by 2010

EXECUTIVE SUMMARY

Introduction

1. Five years ago, South Africa inaugurated a new system of local government. For the majority of the population it was the dawn of a new era, in which local government would include them for the first time. Government put in place a vision of municipal structures that would be both democratic and developmental, and which would aim to fulfil local government's constitutional mandate to create and sustain humane, equitable and viable human settlements.
2. While addressing the vast service backlogs that were the legacy of the past, Gauteng's new municipal structures have also faced the challenges posed by rapid urbanization and in-migration, unleashed by the collapse of apartheid's vision of a spatial segregation and the rising expectations of a better life for all South Africans.
3. While significantly expanding their capacity to deliver a range of social services, local government also had to re-create its own structures, capacities and policy frameworks.
4. The Gauteng Department of Local Government is responsible for monitoring and supporting local government in the Province and promoting the development of local government capacity to enable municipalities to perform their functions and manage their own affairs.
5. This Local Government Performance Review is a comprehensive assessment based on detailed empirical research on how Gauteng's local governments have fared in the realization of this vision during their first five years in office.
6. On the basis of empirical studies of the local government's achievements and challenges over the last five years, the Review identifies the strategic challenges that municipalities will face over the next five years. In doing so, five key performance areas have been assessed:
 - I. Institutional Development and Transformation
 - II. Service Delivery and infrastructure development
 - III. Financial management and viability
 - IV. Democracy and good governance
 - V. Local Economic Development and Growth
7. In addition to suggestion broad strategic direction for local government, the Review also identifies a set of key indicators around each one of these capacities. These indicators will be used to monitor the performance of municipalities in the province over their next term of office.

Institutional Development and Transformation

8. Between 1998 and 2000, Parliament enacted a number of statutes which entirely transformed the systems, institutions and processes of local government. Key amongst these were the Municipal Structures Act (1998), the Municipal Demarcation Act (1998), Municipal Systems Act (2000) and the Local Government Elections Act (2000). The Municipal Finance Management Act of 2003 also redefined the financial framework for municipal operations.
9. A key challenge of the first local government term has been to bring the new statutory framework into existence. From 51 municipal structures that existed prior to 2000, 15 new authorities were created with new political arrangements and new organizational systems.
10. While substantial progress has been made, some significant weaknesses remain:
 - In Gauteng, five municipalities have still not completed their establishment process after 5 years in office (Metsweding, West Rand, Emfuleni, Randfontein and Westonaria). This means that these municipalities have not approved their organizational designs. Also the lack of performance contracts for S57 managers in Emfuleni, Kungwini and Midvaal LMs requires immediate attention.
 - A second challenge is the large number of unfilled posts. There is a strong correlation between the level of filled posts and service delivery achievements of municipalities. Ekurhuleni indicated that almost 50% of posts were unfilled in the last municipal financial year; while for Tshwane this was more than 30% and Johanensburg 27%. Ekurhuleni's high level of unfilled posts may be attributed to the recent completion of its establishment process. Randfontein also indicates very high levels of unfilled positions over the last financial year, while Emfuleni, Mogale City and Merafong also have more than 20% of posts being unfilled for the year. In Sedibeng the figure is closer to 30%.
 - Linked to the problem of unfilled posts are deficiencies in the professional and technical skills that municipalities require to effectively execute their capacities. The analysis of skills shortages by occupation for all the municipalities indicates the greatest shortages in the technical and associated professional categories (7,1%) followed by the professional (4,0%).
11. Despite these shortcomings, Local Government in Gauteng has largely succeeded in realising the new institutional framework.
12. In the next five years, our focus must be to improve the quality and effectiveness of those systems, especially in respect of integrated development planning and performance management. These should become useful tools for ongoing municipal management, service delivery and pro-active community development, rather than legislative requirements to be fulfilled.
13. The next term must also address the critical challenge of attracting technically proficient management to work in local government and building a cadre of local government professionals. Related to the challenge of capacity building is the need for ongoing skills development.

Service Delivery and Infrastructure Development

14. In terms of the Constitution, access to basic services is considered a basic human right. Therefore all spheres of government are constitutionally obliged to provide basic services to all citizens. To this end, the government's free basic service programme is targeted towards the poorest of the poor thus ensuring that the benefits of these services are derived by those persons that are most in need.
15. The national government has set targets for the elimination of infrastructure backlog and universal access in respect of basic services; namely: water to all by 2008; sanitation to all by 2010; and electricity to all by 2012. Although these are national targets, obligating various national departments to carry them through, ultimately, municipalities are expected to meet these targets and deliver these services to all citizens.

16. Municipalities in the province were, on inauguration in 2000, faced with huge challenges regarding the provision of basic services and infrastructure development. The Census 2001 recorded that there were 532 046 households with below basic access to electricity, 68 514 households below basic access to water and 164 101 households below basic access to sanitation. The Census 2001, however, does not reflect on the households that had no access at all. It only reflects below basic, intermediate and full access.
17. At the same time, Gauteng's population of 9,3 million people has been rapidly growing. It is estimated by StatsSA that more than half a million people have migrated to the province since 2001.
18. Significant progress has been made in expanding access to basic services in the province. However, this has not occurred at a scale or pace that would ensure the elimination of backlogs.
 - There have been 181 827 new water connections in Gauteng between July 2001 and June 2005. However, in most municipalities the number of new connections in the past five years is less than half of the backlogs estimated in 2001.
 - In respect of sanitation, there were 80 552 new connections in Gauteng between July 2001 and June 2005, but the province recorded a backlog of 164 101 household below basic access to sanitation in 2001 (excluding households with no access at all).
 - The picture in respect of electricity is similar. According to recent data received from municipalities there were 80 238 new legal electricity connections in Gauteng between July 2001 and June 2005.
 - The local government review also quantifies backlogs in respect of community infrastructure such as sports facilities, community halls, clinics, parks and open spaces. Although there still challenges, recent the Review shows that substantial progress has been made.
19. Clearly, municipalities in Gauteng have, collectively, been unsuccessful in reducing 2001 municipal service backlogs by more than half. This is of concern especially with regards to the Metropolitan areas where two thirds of the provincial population resides. To a large extent, this is explained by the extent of in-migration, especially to the Metros.
20. Urgent and significant action is required to change the trajectory of municipal infrastructure roll-out if we are to realize the goal of universal access by 2012. In order to eradicate the current backlog and also cater for the anticipated population growth a substantial acceleration in the current rate of implementation is needed
21. What is clear is that the current rate of investment in municipal infrastructure by government is not adequate, if we are to meet the targets of universal access within the stipulated timeframes.
22. In particular, more resources should be directed towards Metros since this will address the needs of two-thirds of the people in the province.
23. Realizing our goals will not only require additional resources. Other critical constraints will also have to be addressed. These include:
 - Improving the institutional coordination of services, especially for communities that require rapid improvement.
 - Removing institutional constraints to the rapid deployment of new infrastructure.
 - Reviewing the impact of the legal and regulatory framework on timeframes for delivery.
24. District municipalities have a very limited role in terms of service delivery in the province, notwithstanding their allocated responsibilities. Their role is largely limited to supporting local municipalities. From this perspective, it is necessary to rethink the role that should be played by District municipalities to add significant value to local governance in the province.

Financial Viability and Management

25. Effective and efficient financial management is essential if service provision is to be viable and sustainable. For a municipality to be considered financial viable, it has to have quality financial management practices and an ability to manage and maintain its financial resources in a way that fulfils its mandate, now and in future.
26. Gauteng's municipalities have made substantial progress towards efficient and effective financial management and financial viability. Most Gauteng municipalities are not grant dependent, thus giving them some discretion in managing their finances, while the Metros have been able to access debt markets to fund capital expenditure. All Gauteng municipalities have been able to meet commitments to creditors and most have been able to spend their capital budgets.
27. However, data based on financial statements over the last five years show that while Metropolitan municipalities spent against all items within their budget there was under expenditure of 21% for personnel costs, 13% in relation of general expenses, 11% on repairs and maintenance and 4% on other expenditure. The 21% under expenditure for personnel can be attributed to unfilled posts, which affects service delivery and operational efficiency.
28. Also of concern are a number of disclaimers and adverse opinions issued by the Auditor General in respect of local governments, the details of which are provided in the Review.
29. Based on the AG reports, there is also concern that the increasing levels of debtors may undermine the liquidity of municipalities. The underlying cause of this may be capacity to develop and implement viable cash collection and billing system. Trained personal are not available to accurately record the various transactions taking place as well as keep record of various assets.
30. As we begin the next term it will necessary to conduct a capacity and systems audit with regard to the finance departments of the various municipalities.

Local Economic Development

31. Municipalities in South Africa are currently the major role-players in local economic development (LED), through the employment of local people, procurement of goods and services, development of infrastructure and provision of services.
32. LED is about promoting economic development and growth through strategies that create conducive environments for investment: through development of infrastructure; the promotion of small businesses and enterprise development; the promotion of labour-intensive activities through the Expanded Public Works Programme; and Small Medium Micro Enterprise (SMME) initiatives, directing foreign and domestic investment to local areas, increased involvement of local businesses in trade activities, etc
33. Gauteng has a strong economic cluster of advanced producer services, and indications are that the business and financial services sector will continue to show the strongest growth in the Province's economy, and will dominate the metropolitan economies of Johannesburg and Tshwane by 2009.
34. Despite this growth, the Province experiences a number of key challenges, including high levels of unemployment and poverty as well as uneven and skewed growth and development, which have resulted in some geographic areas and some sections of our population benefiting from provincial successes more than others have.
35. The restructuring of the economy has also had contradictory consequences for across Gauteng's municipalities. Recent data reflect that the two mining Districts of Sedibeng and West Rand show drastic decline in economic activities, reflecting the sharp contraction of employment, especially in the gold mining sector on which these areas have been historically reliant. On the other hand, the economies of the metropolitan areas have registered growth in their Gross Geographic Product (GGP), as they benefit from the shift to service sector activities.

36. Municipalities have adopted procurement policies that prefer SMMEs and BEE as one mechanism to influence local economic development. There is a real opportunity for municipalities to perform well in this area considering that they implement capital projects in delivering infrastructure for services. In addition, the Expanded Public Works Programme (EPWP) is being implemented as a national programme to create short-term employment and develop skills of the unemployed.
37. The challenge of successful Local Economic Development requires a much greater degree of integration of provincial local and national strategies.
38. Various pieces of data seem to indicate that a lot has been done and achieved by municipalities. The challenge however, is to build functional monitoring systems that are able to keep track of short-term performance and guide strategies toward achievement of longer-term outcome goals. It is therefore important to set up proper monitoring systems linked to existing initiatives on PMS to improve reporting and accounting on economic development impact objectives.

Democracy and Good Governance

39. A responsive and people-driven municipal agenda can only be realised through the active participation of local residents in the shaping of municipal programmes and projects. Municipalities are therefore required to develop effective community participation strategies to deepen democracy at local level.
40. The ward-based system of getting views of different stakeholders in a community is only one channel for community participation. Imbizos and IDP hearings are also used, not only to assess community views on municipal services, but also to obtain people's inputs into the budget and service delivery targets and priorities.
41. Metropolitan municipalities seem to be performing well in terms of public participation, ward committee establishment and institutional governance. All three have between 95% and 100% ward committees established and all collaborate through the South African Cities Network to share knowledge and learn from one another.
42. Public participation in the affairs of municipal government has also been achieved wherein municipalities have been able to include over 50% of the stakeholders in participatory processes.
43. However, ward committees are not functioning in a uniform manner across the province. Better resourcing and utilization of ward committees must become a key component of our programme in the next term.
44. Also of concern have been the low levels of voter turnout in the last municipal elections. While turnout is generally lower than for national elections, the turnout in Gauteng is particularly low.
45. While municipalities have completed their delegation systems, completed their terms of reference for political structures and office bearers, it is important to note that there are more committees reporting to the Mayor (section 80 committees). The issue for the next term is to establish more section 79 committee as these report to Council and thus could strengthen Council oversight over the executive. The issue of a separation of powers at the local government level needs to be addressed and section 79 committees are one way of doing so.
46. District-local IGR structures exist in some parts of Gauteng. However, they need to entrench collaboration and build the relationship between district and local municipalities. It is believed that the newly promulgated IGR Framework Act will address this concern in the next term.
47. One of the lessons of the Citizen Satisfaction Survey is that there is discrepancy between what citizens expect from councillors and what they actually do. The issue is not so much whether councillors begin to embrace the role expected by the citizenry, but the most important thing is at least communicate the role to the citizenry, so as to avoid confusion and enhance accountability.
48. Another challenge is to begin to think and craft a clear role for PR councillors. The newly defined would have to be understood not only by PR councillors and fellow councillors but also by the citizenry at large.

Conclusion: Meeting the Challenge of Sustainable Local Government and Universal Access by 2010

49. The Local Government Review identified the following key challenges that will face local government over the next five years. This includes:

- Legacy of apartheid planning, fragmented spatial environment;
- Basic services and infrastructure backlogs;
- Stagnant and declining economies (e.g., mining sector);
- Population growth & In-migration;
- High rate of unemployment and poverty;
- The HIV and AIDS pandemic;
- Difficulties of preparing the Integrated Development Plans (IDPs);
- The amalgamation & transformation of local government structures;
- Municipal Debt and Revenue Management

50. Whereas the new pieces of legislation were intended to enable municipalities to more effectively address the above-mentioned developmental challenges, these legislative changes have also resulted, in varying degrees, in additional complexities and demands on municipalities. Consequently, many municipalities are still grappling with legislative compliance issues in the context of some administrative and management capacity limitations. These complexities include:

- Lack of co-ordination and integration where there are common areas of competence functions and programmes;
- Lack of capacity within local government (financial, staff and skills) to perform authorised functions effectively;
- Municipalities' current functions significantly transcends Part B of the Schedules in the Constitution;
- Municipalities performing authorised functions mainly in 'urban' areas, and not in 'rural' areas;
- Policy directives with financial implications exceed fiscal capacity and power, resulting in 'unfunded mandates';
- Interconnectedness of some of the functions listed in Schedules 4 and 5 (Parts A and B) are at times unclear, create confusion and some do not necessarily reflect the 'developmental role' of municipalities.

51. The challenges are of a nature that requires increased co-ordination and co-operative governance between all three spheres of government, both at a political and administrative level. Some of the measures that have already been decided at an inter-governmental level are listed below. These must be taken on board in the development of local government plans for the next term.

- Increased integrated spatial and economic development planning between the three spheres of government;
- Strengthening and improving current IGR mechanisms, and if necessary establishing new ones e.g. appropriate co-governance, signed cooperation agreements and pooling of resources and information between the three spheres of government; ensuring that integrated infrastructure development is discussed at all necessary inter-governmental structures on a regular basis;
- Local government socio-economic targets to be based on those in the Provincial Growth and Development Strategy;
- Joint implementation of the Declaration of the Province's Intergovernmental Infrastructure Summit

- Strengthening coordination and integration between GPG and municipalities at political and administrative/operational level;
- The consolidation and concentration of resource allocations for intervention in poverty-pockets;
- Joint planning for the joint GPG and local government investment of about R50 billion over the next five years for infrastructure development across the Province;
- Facilitate alignment between the provincial and municipalities' infrastructure projects, and of their budgets for these projects;
- Ensure that MIG and EPWP methodology are aligned to each other;
- More clearly defined operational “delegation” and responsibilities in respect of concurrent powers and functions;
- Coherent rationalisation and uniform interpretation of existing policies and legislation to extract clearly defined role and functions;
- Amending of current legislation if required, to address blockages and bottle necks that may be the result of legislation rather than admin systems;
- Political decision required on the need and role of district councils which may require legislative review;
- Clearly define, in terms of the current legislative set-up, what Districts can do to add value to their local municipalities and improve co-ordination between Districts and Locals.

INTRODUCTION, PURPOSE AND METHODOLOGY OF THE REVIEW

The 1 March 2006 symbolizes two important political and governance milestones:

- it is the start of the 2nd term of developmental local government as espoused in the Constitution of the Republic of South Africa, Act 108 of 1996 (the Constitution) and the White Paper on Local Government (1998); and
- it is the end of the first term of a more permanent form of local government, and a term which primarily focuses on creating the necessary enabling environment in terms of policy, legislation, inter-governmental relations, financial and human resource capacity for long-term sustainability and delivery of services at a local level - while at the same time providing those services that would begin to address the dearth of basic services as one of the legacies of Apartheid.

As is the case with any transition process, local government in the past five (5) years has registered some achievements; made breakthroughs in some areas of delivery and encountered blockages and weaknesses in its performance that highlight the key strategic challenges that local government, with the requisite support from national and provincial spheres of government would have to address to deliver on its mandate as outlined in the White Paper on Local Government; namely: "local government has a new constitutional mandate to create and sustain humane, equitable and viable human settlements".

The White Paper goes on to explain that the type of developmental local government described above can only be achieved through the democratisation of local level governance and the fundamental transformation of local government systems that should exist within this framework.

Purpose of the Review

The Gauteng Department of Local Government (the Department) is responsible for monitoring and supporting local government in the Province and promoting the development of local government capacity to enable municipalities to perform their functions and manage their own affairs. Thus, the Department as part the afore-mentioned responsibility embarked on a review of the first term of local government to document its achievements and challenges as part of informing and improving their future support and advise interventions to all local government structures. The Review findings also serve to highlight the key strategic challenges that local government will have to address in its next term of office.

This Review Report is structured into four sections:

- **Section One** provides some background to the transformation of local government over the past decade of democracy and explains the legislative and policy context that has shaped the transformation.
- **Section Two** provides a Provincial Overview in respect of demographic, economic and political profile
- **Section Three** provides overall analysis of local government performance in the Province, a synopsis of the strategic challenges facing local government and identifies key issues that should be considered in the development of local government's priorities and programmes for the next term of office.
- **Section Four** concludes the report with some recommendations in respect of the Review findings with a focus on addressing the pitfalls experienced in the previous term.

Methodology

The Department's approach to this Review entailed:

- ❖ A comprehensive Citizen Satisfaction Survey to gauge the views and perceptions of the citizens of Gauteng on a number of local government-related issues, ranging from governance to service delivery.
- ❖ A performance review study focusing on how municipalities have performed against the five key performance areas (Good Governance; Financial management and viability; Institutional Development; Service Delivery; and Local Economic Development and Growth).
- ❖ A review of long term municipal plans and strategies (City Development Strategies) in order to understand municipal long term planning and how it impacts on the future projections of Gauteng municipalities.
- ❖ A study assessing Municipal Integrated Development Plans in the period under review.
- ❖ A preliminary study focusing on the current challenges in the allocation of Powers and Functions between local government and provincial government and between Local and District municipalities.
- ❖ Through the MEC and senior management, the Department had on various occasions, throughout the term under review, held various sessions with senior local government officials to engage them on the challenges faced by municipalities.
- ❖ Requested relevant sector departments to reflect on their work with municipalities, identify shortcomings, challenges and best practices and issues that they view as critical to the performance of municipalities in the next five years.
- ❖ The responsible directorates within the Department were also requested to reflect on their areas of work and identify the key issues that have emanated in this period and the issues that should inform the Departmental support to local government in the next term.

This report is a synthesis of all these reviews and studies. It becomes the core report that the Department has formally put in the public domain for information, discussion, reflection and learning. The report is a combination of both qualitative and quantitative analysis of Gauteng local government in the last five years. However, findings from these other reviews and studies can be read in detail in separate reports

SECTION ONE

BACKGROUND TO THE TRANSFORMATION OF LOCAL GOVERNMENT

Overview

The onset of democracy and a constitutionally based dispensation in the country, in 1994, was characterised by dealing with the legacy of apartheid from a policy and service delivery perspective by establishing the appropriate policy and legislative framework, structures and systems at the same time as continuing to provide services to the vast majority of poor and mainly black citizens who had been denied these rights under apartheid.

The South African government, which is comprised of three spheres of government (explained below) made significant progress in transforming the socio-economic construct of society from its previous racial base to a non-racial democracy. In the process, the challenge of reducing poverty and unemployment, creating jobs and ensuring that the poor have access to mainstream economic opportunities was highlighted. The current national goal of halving poverty and unemployment by 2014 is Government's response to this critical challenge. The vision and role of local government; past and future must be understood within this context. Thus service delivery, job creation, local economic development, community participation and accountability are some of the key features of local government. Equally important is local government's role of restoring the dignity of all citizens, improving the quality of their lives and contributing to the realisation and entrenching of a democratic, non-racial, non-sexist and free society.

South Africa's System of Governance

South Africa's system of governance and democracy uniquely combines elements of a federal and unitary system of governance that was aimed at effectively dealing with the legacies of apartheid and fundamentally accommodating previously violently opposed political parties through a process of transition and transformation. In terms of local government, the process included the establishment of interim local government structures in the form of Local Transitional Councils.

A federal system comprises of separate spheres or levels of government that together form a united whole even though they retain independence in the governance of their internal affairs that distinguishes the role of central (national) government and that of its other spheres or levels. A unitary system is one where the powers of a government's spheres/levels are vested in a central (national) government.

In terms of the unique combination within which South Africa has developed, The Constitution makes provision for three distinctive but inter-dependent and inter-related spheres of government; namely: national, provincial and local government. While each sphere has exclusive powers and functions, they also share concurrent powers. The powers and functions of municipalities are listed in Section 156, Part B of Schedule 4 and Part B of Schedule 5 of the Constitution.

The system of governance and the powers and functions assigned to each sphere as well as their concurrent powers critically defines the role, responsibility, operational and physical infrastructure and support provided to each sphere of government.

The extent of cooperative governance required for the system to work as a whole is reflected in the fact that the principle of cooperative governance is contained in The Constitution.

Co-operation and good relations between spheres of government are maintained and facilitated through a number of intergovernmental structures. These institutions primarily exist within the executive or implementing branch of the government. As in other provinces, Gauteng established an Inter-Governmental Forum (IGF) chaired by the Premier and attended by the Executive Mayors and Speakers. Co-ordination and integration of government programmes is managed through the IGF. Several other processes have been initiated to address the challenges relating to the practice of intergovernmental relations. One such initiative is to legislate the relations between spheres of government to improve state machinery to deliver on developmental goals. However, what remains critical is how these institutions facilitate the strategic objective of developmental local government. Later sections of this report will highlight some of the key strategic issues with regard to IGR.

The key driving forces that guide local government, within the context of the Constitution, are espoused in various policy and legal prescripts described in greater detail below.

Policy and Legislative Framework in respect of Local Government

The Local Government Transition Act (LGTA), 1993, sets out the framework for the transformation of, and the establishment of an inclusive, democratic and participatory local government “as a distinctive sphere of government...”¹. The LGTA also introduced the notion of integrated development and this was concretised in the Reconstruction and Development Programme, 1995 (RDP). Integrated development was further catered for and legalised in the Constitution. Intergovernmental relations and cooperative governance across all spheres of government was high on the agenda towards achieving integration for change.

The White Paper on Local Government sets out the vision and approach to be adopted for local government. It provides the framework for the development of key legislation to facilitate the developmental duties of local government. These include: cooperative government, institutional systems, political systems and municipal finance towards achieving sustainable economic growth.

The Municipal Structures Act, 1998, gave provincial Member of the Executive Council responsible for Local Government the responsibility to establish municipalities in line with the Municipal Demarcation Act, 1998 that provided the legal framework for demarcating new municipal boundaries.

The Local Government Elections Act, 2000, set norms and standards to govern the first democratic local government elections.

The Municipal Systems Act, 2000, outlines the core principles, mechanisms and processes for developmental local government and monitoring of municipal performance.

The Disaster Management Act, 2002, outlines the need for an integrated and coordinated disaster management policy that focuses on preventing or reducing the risk of disasters, mitigating the severity of disasters, emergency preparedness, and the rapid, effective response to disasters and post-disaster recovery. This Act also makes provision for the establishment of national, provincial and municipal disaster management centres.

¹ DPLG, Local Government Laws, (undated)

The Municipal Finance Management Act, 2003 was promulgated to ensure sound and sustainable management of the financial affairs of municipalities and other institutions in the local sphere of government, and to ensure linkages between municipal IDP processes and budgets.

The Property Rates Act, 2004, to be implemented in July 2006, is intended to assist municipalities in collecting and raising revenues in line with national norms of uniformity, fairness, equity and transparency.

The Division of Revenues Acts, 2000 to 2005, allow for the equitable division of anticipated revenue (to be raised nationally), among the national, provincial and local spheres of government. This legislation also permits the withholding and the delaying of payments in certain circumstances.

The Intergovernmental Relations Act, 2005 (IGR) provides a framework for inter-governmental cooperation, putting in place the mechanisms and procedures necessary to facilitate intergovernmental engagements and the settlement of intergovernmental disputes. Figure 1 below illustrates the linkages of the various pieces of legislation as explained above.

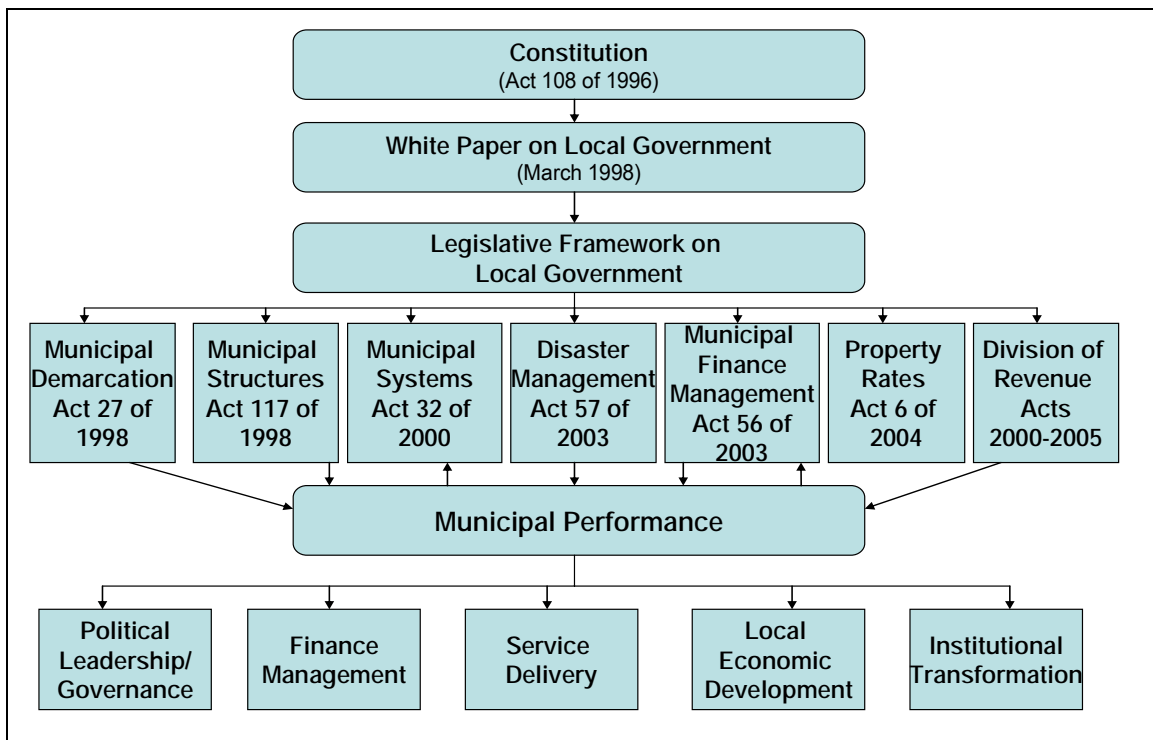


Figure 1: Legislative and Performance Framework for Local Government (Source: Adapted from the DPLG Local Government Laws)

Phases of Local Government Transition

The 1994 to 2000 transition period of local government focused on creating a framework for and establishing local government policies and systems, ranging from institutional systems, structures, fiscal and financial management to democratic accountability to ensure that the vision of developmental local government that creates a better life for all is realised.

Below is a brief summary of the key phases of transition that local government has undergone from 1994 to 2005.

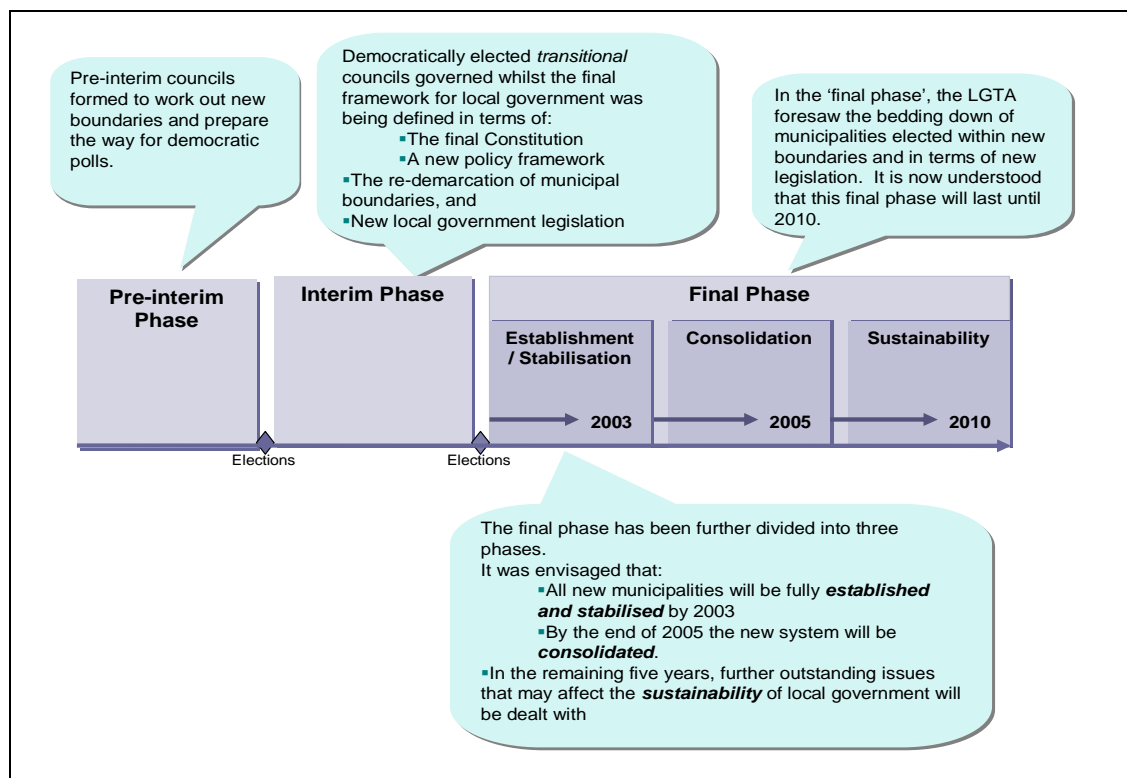


Figure 2: Transition of local government (Source: National capacity Building Framework for Local Government)

The pre-interim phase

As the depicted in Figure 2 above, this phase resulted in the negotiation and appointment of transitional structures of local government that “brought together formerly racially segregated town and cities.”²

The interim phase

This phase marked the first non-racial local government elections, which took place in November 1995. Transformation under the interim phase was characterised by an intensive and consultative Local Government White Paper process, in 1998, that laid the basis for a range of legislation as mentioned above. It is during this phase that pieces of legislation were passed repealing large parts of the LGTA. These pieces of legislation are the:

- Municipal Demarcation Act;
- Municipal Structures Act;
- Municipal Systems Act; and
- Municipal Electoral Act

Final phase

This phase paved the way for the new developmental approach to local government. This was effectively a paradigm shift in the role of local government, which emphasised the democratisation of local government, improved service delivery, integrated development planning and continued community involvement in local governance.

² IDASA, A practical Guide to Local Government in South Africa, 2001.

All these would have to happen within a broad socio-economic role for local government, as compared to mere provision of bulk services. To this effect, the White Paper defines developmental local government as a “local government committed to working with citizens and groups within the community to find sustainable ways to meet their social, economic and material needs and improve the quality of their lives”. The key developmental roles of local government are to:

- Provide community leadership;
- Promote social and economic well-being;
- Co-ordinate and integrate all efforts to develop the municipal area; and
- Promote and build local democracy.

In order to achieve these roles, the White Paper provided for thorough organisational transformation and the more sustainable management of local resources.

The final phase of local government transition is the period between December 2000 and the next local government elections in March 2006. Nationally, the number of municipalities was rationalised from 843 to 284 – 6 metropolitan municipalities, 47 district municipalities and 231 local municipalities.

In Gauteng, this process resulted in the reduction of municipal structures from 51 to 15 municipalities – 3 Metropolitan municipalities, 3 District municipalities and 9 Local municipalities.³ This also created a situation of 4 (Tshwane, Kungwini, Merafong and Ekurhuleni) cross-boundary municipalities in Gauteng, thus posing a challenge of co-operation beyond the provincial boundaries, for these municipalities.

Establishment and consolidation of local government

The Municipal Structures Act gives effect to the provisions of Chapter 7 of the Constitution. It provides for the determination of the categories of municipalities; their establishment; the composition, membership, operation and dissolution of municipal councils; internal structures and functionaries; powers and functions of municipalities; and electoral systems of the different categories of municipalities.

In terms of this Act, three categories of municipalities were determined. These are Metropolitan municipalities (category A), Local municipalities (category B) and District municipalities (category C).

Metropolitan municipalities have exclusive municipal executive and legislative authority in their areas while District and Local municipalities have to share this authority. In addition, these categories of municipalities can politically arrange themselves in terms of one of the following types provided for in the Act:

- ❖ *Mayoral executive system* in which the municipality delegates the executive authority to the executive mayor and is exercised with a mayoral committee that s/he appoints.
- ❖ *Executive committee system* in which council elects an executive core that acts as the cabinet to exercise executive authority on behalf of the municipality.

³ With effect from 01 March 2006, the number of local municipalities will be reduced to 14 as a result of the re-demarcation of Merafong Local municipalities to the North West province.

- ❖ *Plenary executive system* usually best for small municipalities wherein the entire council exercises executive authority.

Furthermore, the Structures Act provides for Metropolitan municipalities to establish sub-councils and/or ward committees and for Local municipalities to establish ward committees.

Establishment and amalgamation process in Gauteng

In Gauteng, the new boundaries amalgamated one or more municipalities when they were rationalised from 51 in the interim phase to 15 in the final phase. Thus most municipalities spent the first two years of the final phase on finalising their establishment processes. The process was referred to as the establishment phase in which the newly amalgamated municipalities were forming “new organisations, systems and operating practices to manage the day-to-day business of local government...aimed at the stabilisation of municipalities within new boundaries.”⁴

The amalgamation process culminated in a number of activities and processes for the newly established municipalities, as they have had to create new structures with new political arrangements and new organisational structures. Key to the processes was the Systems Act that sought to establish and lay down the institutional systems that govern municipalities. This Act provides for municipalities to:

- Establish mechanisms for community participation;
- Develop and adopt integrated development plans;
- Establish, develop and adopt performance management systems; and
- Develop credit control and debt control policies

Currently, all 15 Gauteng municipalities are governed by a Mayoral Executive System, which allows for an accountable yet speedy decision-making process. This decision of the Gauteng Provincial Government is based on their view that the Executive Committee and Plenary Executive systems have a potential to impose unnecessary constraints on mayors and executive committees, thus affecting the pace of change and delivery. In addition, Gauteng opted for a ward committee participatory system to allow for community participation and democratisation of local governance.

This was coupled with provincial government’s resolution to embark on a project to rationalise Gauteng legislation by amending legislation that either does not comply with the Constitution or is inconsistent.

The project also involved the identification of outdated references to defunct institutions and functionaries and recommended solutions for the replacement thereof as well as repeal of legislation that is no longer required. The overall objective was to align the Gauteng local government framework with the Constitution, current policy and dispensation. Most importantly, this resolution sought to enhance the legislative environment in which both the provincial and local government operates. Currently, the legislature is considering the Gauteng Local Government Laws Amendment Bill, which when promulgated will give legal effect to the rationalisation of legislation as described.

⁴ DPLG, Local Government Fact Book – 2003/04.

SECTION TWO

PROVINCIAL OVERVIEW

Provincial demographics

Gauteng's municipal boundaries separate the three Metropolitan municipalities of Johannesburg, Ekurhuleni and Tshwane, and the three districts of Metsweding, Sedibeng and West Rand. The majority of the population (83%) resides within the Metropolitan areas. Figure 3 below shows the boundaries of the municipalities in Gauteng.

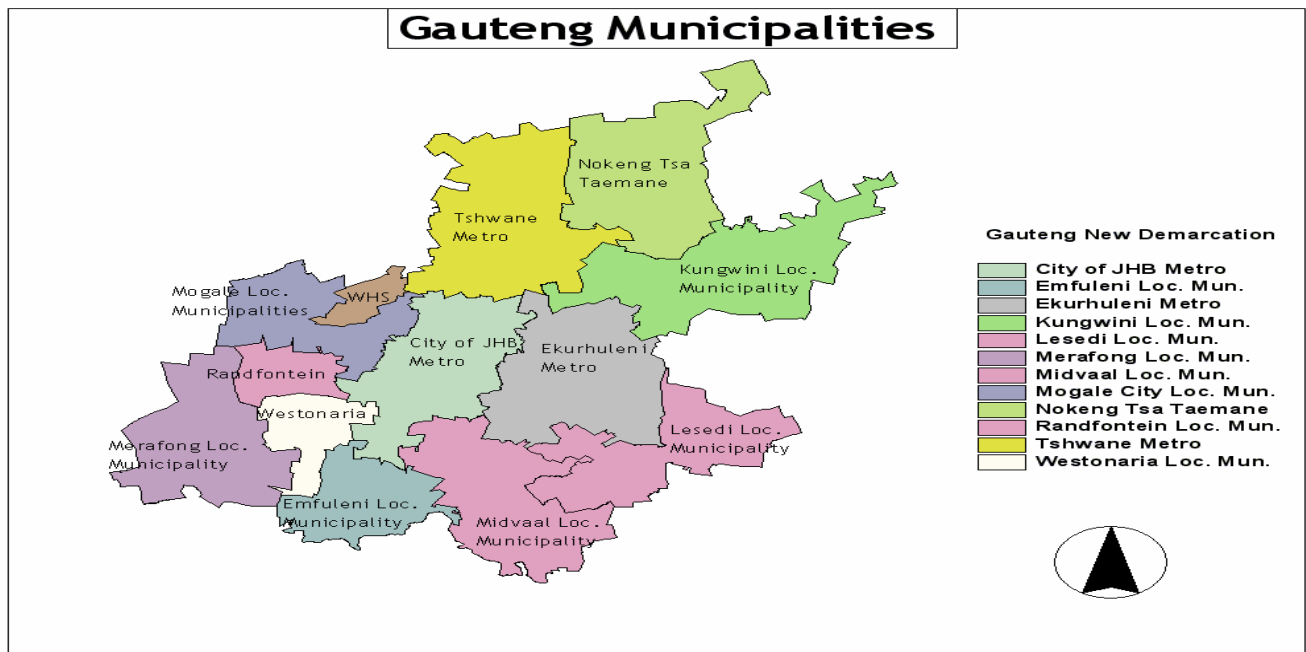


Figure 3: Gauteng municipal demarcation 2000-2005 (Source, Municipal Demarcation Board)

In terms of geographical area, Gauteng is the smallest province in South Africa, with an area of 17 010 km². This constitutes 1.4% of the total land area of South Africa. The current population estimate is just over 9 million, accounting for 19,2% of the country's population of approximately 46.9 million⁵.

According to Stats SA, the total population of Gauteng has grown from 7.3 million in its 1996 Census, 8.8 million in the 2001 Census and approximately 9 million according to the 2005 mid term population estimates.

⁵ Mid-term population estimates, STATSSA, 2005.

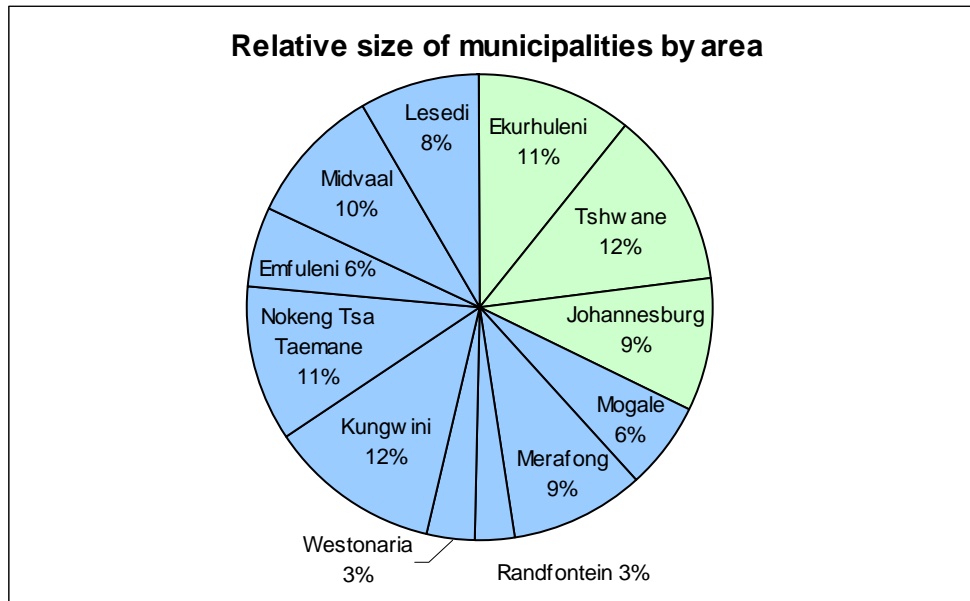


Figure 4: Relative size of municipalities by area (Source, based on analysed data from municipalities)

This (Figure 4) shows that the 3 metros in Gauteng constitute just over a third of the Province in geographic space. The other 2 thirds of geographic space is occupied by the 3 district municipalities and their respective local municipalities. This means that a large part of Gauteng is not a metropolitan area but constituted by secondary towns located in the eastern and southern periphery of the Province.

Despite this being the case, the graph below shows that the households of Gauteng are concentrated in the 3 metros. More than two-thirds of all households in the Province are found in the metropolitan areas, and only the remainder of households are found in the 9 local municipalities.

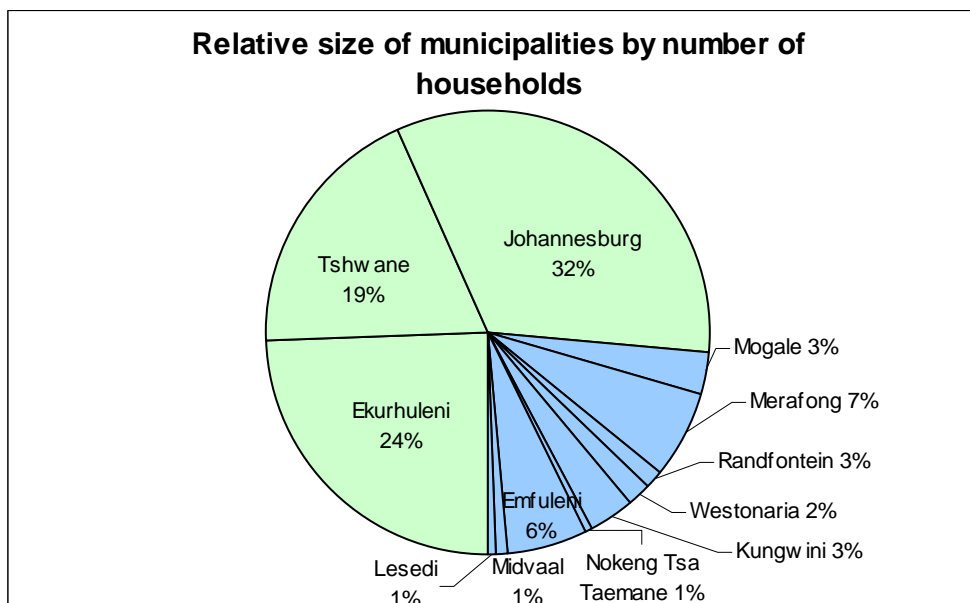


Figure 5: Relative size of municipalities by number of households (Source: based on analysed data from municipalities)

It is projected that the number of households will have grown significantly by 25% between 2001 and 2010. Although the majority of the population resides in the Metropolitan areas, projected household growth rate (see Table 1 below) suggests that Midvaal Local municipality will record the highest (53%) rate in comparison with all other municipalities. Merafong City is projected to have the lowest growth rate (5.9%).

Projected household growth - 2001 to 2010						
MUNICIPALITY	2001	2003	2008	2010	Growth (N)	Growth (%)
City of Johannesburg	1,006,744	1,031,572	1,185,920	1,230,142	223,398	22.2
City of Tshwane	562,556	584,352	695,639	719,940	157,384	28.0
Ekurhuleni	744,106	767,914	895,855	928,722	184,616	24.8
Emfuleni	187,125	186,703	219,863	224,762	37,637	20.1
Kungwini	29,587	29,635	36,095	36,992	7,405	25.0
Merafong City	56,329	55,995	59,408	59,836	3,507	6.2
Midvaal	20,148	20,476	38,599	42,879	22,731	112.8
Mogale City	85,723	86,370	110,952	115,011	29,288	34.2
Nokeng Tsa Taemane	14,430	14,386	21,443	22,493	8,063	55.9
Randfontein	35,566	35,711	43,056	44,389	8,823	24.8
Westonaria	29,988	29,532	35,297	43,337	13,349	44.5
TOTAL	2,790,754	2,861,194	3,368,660	3,495,953	705,199	25.3

Table 1: Projected household growth – 2001 to 2010 (Source: Department of Public Transport, Roads and Works)

Economic profile

Gauteng is the economic hub of South Africa and the subcontinent. The economic infrastructure of the Province is the backbone of its industrial development and comprises all structures and systems that facilitate economic activity, such as transport, water, electricity and telecommunications. The Province features well-developed infrastructure, including a comprehensive road and railway system, an international airport, telecommunications network and a sophisticated financial and business support infrastructure.

The contribution of the Province to South Africa's GDP grew from 32% in 1995 to 34% in 2000. The sectors that contributed to this growth are transport, storage and communication, which increased its own sectoral growth from about 7% to 9%, and finance, insurance, real estate and business services sector which increased its own sectoral growth from around 14% to 21%.⁶

⁶ Office of the Premier, A Decade of Change: Celebrating 10 years of Democracy in Gauteng, 2004.

Although the province experienced healthy economic growth over the last 5 years, and there was a reduction in the unemployment rate from 27% in September 2003 to 22.7% in March 2005, poverty and unemployment remain a major challenge.⁷

Political Landscape

Thirteen (13) municipalities in the Province are under the leadership of the African National Congress (ANC). The other 2 [Midvaal and Nokeng Tsa Taemane local municipalities] are controlled by the Democratic Alliance (DA).

According to the ANC's 2000 Local Government Election Manifesto, municipalities were expected to focus on the following priorities:

- Creating strong, democratic and accountable local government;
- Improving service delivery to all communities;
- Providing free basic services to every household;
- Fighting poverty, creating work and supporting the growth and development of local economies;
- Building safe and secure communities; and
- Fighting corruption and nepotism.

The DA's 2004 General Elections Manifesto, lists the following as priorities for local government:

- Develop a nationally agreed framework on rates increases, to ensure that increases are transparent and fair;
- Set up an independent Valuation Appeals Board to adjudicate in cases of excessive rates increases;
- Place rates service charges in the same position as income tax;
- Using the Executive Committee System to govern cities, not Executive Mayors. This will ensure that power is not centralised in one person, and that all residents are represented in the key decision-making bodies;
- Adopt a number of progressive policies to benefit the poorest of the poor; and
- Local governments need to recognise traditional leadership structures without compromising the principle of democratic representation.

⁷ Speech by Gauteng MEC for Finance and Economic Affairs, at tabling of Medium Term Budget Policy Statement, Nov 2005.

Voter turn out

According to the Independent Elections Commission, voter turnout for the 2000 municipal elections was disappointing (Table 2) compared to the 1999 elections, which was very high (89%)⁸. Only 8 882 734 voters cast their ballots in the 2000 municipal elections. This is on a par with the 1995/96 municipal elections, with the voter turnout in both 1995/96 and 2000 standing at 48%. This is in line with international norm, with lower levels of interest in municipal than in other elections. As can be seen from the table below, Gauteng had the second lowest voter turn out after Limpopo, falling below the national average.

Province	Registered voters	Total Votes Cast		Voter Turnout
		Ward	PR	Total voter turnout (%)
Eastern Cape	2 552 287	1 354 360	1 427 678	55.96
Free State	1 227 578	601 295	602 526	49.09
Gauteng	4 375 372	1 888 734	1 891 213	43.23
KwaZulu-Natal	3 508 154	1 623 504	1 635 207	46.67
Mpumalanga	1 419 315	625 486	635 371	44.77
Northern Cape	452 218	252 411	255 060	57.61
Limpompo	1 758 593	730 405	745 441	42.46
North West	1 263 004	559 516	565 760	44.79
Western Cape	1 955 454	1 116 512	1 124 478	57.87
Total	18 511 975	8 752 223	8 882 734	48.06

Table 2: Provincial 2000 local government elections voter turn out (Source: IEC)

⁸ 2000 Municipal Elections Report, IEC, undated. Source: www.elections.org.za

SECTION THREE

KEY FINDINGS AND RECOMMENDATIONS

Overview

This section of the report details the key findings and recommendations pertaining to the achievements and challenges. A consolidated summary of the findings is reflected in Section Four below.

In undertaking this review, the Department was guided by the GPG priorities set in 2000, i.e. building a better life for all, improving service delivery and creating a strong, democratic and accountable local government. It is also worth mentioning that there are a number of legislative and policy directives that were promulgated in order to facilitate and assist municipalities in dealing with these enormous challenges. Most prominently, in August 2001, the Minister of Provincial and Local Government promulgated the Municipal Planning and Performance Management Regulations. These regulations put forward five Key Performance Areas (KPA) for municipalities. These are:

- Institutional and Transformational Development;
- Financial Viability;
- Service Delivery and Infrastructure Development;
- Local Economic Development; and
- Democracy and Good Governance.

Related to these KPAs is a list of general Key Performance Indicators (KPIs), which the regulations and the Municipal Systems Act (2000) against which all the municipalities are required to measure their performance and report thereon. Furthermore, in 2004, the Vuna Awards for municipal performance excellence considered a wider set of performance indicators in assessing the performance of municipalities.

Thus, these performance areas and indicators were used for this Review to measure and assess the performance of all municipalities in Gauteng.

Apartheid/Backlog Legacies & Socio-Economic Challenges

Findings

Below is a summarised list of the key political and socio-economic challenges that municipalities have begun to address in the last term but that requires much more focused attention in the next term. The following can be regarded as the main challenges:

- Legacy of apartheid planning, fragmented spatial and social environment;
- Basic services and infrastructure backlogs;
- Stagnant and declining economies (e.g., mining sector);
- Population growth & In-migration;
- High rate of unemployment and poverty;
- The HIV and AIDS pandemic;
- Difficulties of preparing the Integrated Development Plans (IDPs);
- The amalgamation & transformation of local government structures;
- Municipal Debt and weak Revenue Management.

Recommendations

The challenges are of a nature that requires increased co-ordination and co-operative governance between all three spheres of government, both at a political and administrative level. Some of the measures that have already been decided at an inter-governmental level are listed below. These must be taken on board in the development of local government plans for the next term.

- Increased integrated spatial and economic development planning between the three spheres of government;
- Strengthening and improving current IGR mechanisms, and if necessary establishing new ones e.g. appropriate co-governance, signed cooperation agreements and pooling of resources and information between the three spheres of government; ensuring that integrated infrastructure development is discussed at all necessary inter-governmental structures on a regular basis;
- Local government socio-economic targets to be based on those in the Provincial Growth and Development Strategy;
- Joint implementation of the Declaration of the Province's Intergovernmental Infrastructure Summit;
- Strengthening coordination and integration between Gauteng Provincial Government (GPG) and municipalities at political and administrative/operational level;
- The consolidation and concentration of resource allocations for intervention in poverty-pockets;
- Joint planning for the joint GPG and local government investment of about R50 billion over the next five years for infrastructure development across the Province;
- Facilitate alignment between the provincial and municipalities' infrastructure projects, and of their budgets for these projects;
- Ensure that Municipal Infrastructure Grant (MIG) and Expanded Public Works Programme (EPWP) methodology are aligned to each other.

Policy and Legislative Environment

Findings

Whereas the new pieces of legislation were intended to enable municipalities to more effectively address the above-mentioned developmental challenges, these legislative changes have also resulted, in varying degrees, in additional complexities and demands on municipalities. Consequently, many municipalities are still grappling with legislative compliance issues in the context of some administrative and management capacity limitations.⁹

These complexities include:

- Lack of co-ordination and integration where there are common areas of competence functions and programmes;
- Lack of capacity within local government (financial, staff and skills) to perform authorised functions effectively;
- Municipalities' current functions significantly transcends Part B of the Schedules in the Constitution;
- Municipalities performing authorised functions mainly in 'urban' areas, and not in 'rural' areas;

⁹ SALGA, Accelerating Service Delivery

- Policy directives with financial implications exceed fiscal capacity and power, resulting in ‘unfunded mandates’;
- Interconnectedness of some of the functions listed in Schedules 4 and 5 (Parts A and B) are at times unclear, create confusion and some do not necessarily reflect the ‘developmental role’ of municipalities.

These problems point to the need to conceptualise the developmental principles of municipal functions and powers, and thereafter to deduce the appropriate policy-making, support, and supervisory roles of provincial and national government. Where there are common areas of competence between functions and programmes, these functions should be rationalised. Specific to Gauteng, the following issues need further attention:

In the Province, the following specific challenges were identified:

- ◆ All District Municipalities need to develop their IGR structures with local municipalities to ensure that effective planning and service delivery is executed district wide. The IGR Act allows for the creation of such a forum.
- ◆ Local municipalities have also raised concern about their relationship with their District Council – a relationship that is largely characterised by hierarchical attitudes and duplication of efforts. For instance, in one of the Districts it was found that during the IDP community consultation process, there were two separate community participation processes, one led by the District and other by the Local municipality, even though common sense would suggest that a combined effort might be more productive.
- ◆ Districts appear to have historically developed some capacity for the management and delivery of infrastructure projects. This ability, however, appears to be on the decline and, in many cases, resources for capital projects are transferred to the local level. In this respect, there is growing sense that, in the absence of the relevant levies and transferred resources, the District would be an unnecessary administrative centre for municipalities.

It seems that some of these complexities are a result of the misinterpretation of the division of powers and functions between District and Local municipalities. Section 83 (30) of the Structures Act describes the developmental mandate of District Municipalities in terms of ensuring district-wide IDPs; providing district-wide bulk services; building the capacity of Local municipalities; and promoting equitable distribution of resources between Local municipalities. In terms of specific powers and functions, the Minister responsible for Local Government can authorise Local municipalities to perform District functions and vice versa, that is, if the municipality in which that power resided does not have the capacity to perform it.

However, the current set-up remains a contentious issue. As described above, current legislation gives powers to the Minister and/or MEC responsible for Local Government to adjust the division of responsibilities between District and Local councils and to assign expenditure responsibilities between these two categories on a case-by-case basis.¹⁰ The division of responsibilities, with some exceptions is currently based on the assessed capacity of each district and local municipality to determine where the functions should be assigned. It is argued¹¹ that the strength of this arrangement is that it is flexible enough to accommodate significant differences in capacity.

¹⁰ Schroeder, L. Municipal Powers and Functions: The Assignment Question. In *Restructuring Local Government Finance in Developing Countries: Lessons from South Africa*, Bahl, R. & Smoke, P. (eds), 2003.

¹¹ Fast, H. & Kallis, D. Local Government Asymmetry and the Intergovernmental Fiscal Relations in South Africa. Paper presented at the Financial and Fiscal Commission Tenth Anniversary Conference on IGFR in South, 2004.

The drawback, however, is that it is not very clear whether this would change once capacity is developed. Thus, to ascertain the division of responsibilities between category B and C municipalities, one has to study each case on its merits.

The fundamental difficulty though is that the logic of District and Local municipality functions remains unresolved. Municipal leadership has raised this issue as a problem, which tends to lead to contestation of terrain and inability to work cohesively.

This situation is, of course, complicated by the general failure of District municipalities to play a more effective co-ordination role. All these complexities have led to serious constraints in how districts have come to articulate and execute their role, in a way that adds value to the work of their locals municipalities and communities.

The inevitable conclusion is that despite the work that has gone through, in trying to define the role of Districts in legislation, the system has not worked as expected. A lot of work is required to build a better understanding and workable role for the districts. Some aspects may require legislative review, but there are things that can be done, that do not require changes in legislation, e.g. in the current legislative set-up what is it that districts can do to add value to their locals; more work can be done to improve the workings of intergovernmental interaction. But this should not deviate from the fact that to resolve most of the grey areas, legislative review is required.

The situation of the district and some local municipalities and their relationship compares sharply with that of the metropolitan municipalities. It appears that despite some challenges, opting for the metropolitan form of local government has provided a solid foundation for a local government that has been able to do a host of things, ranging from local economic development, creating a conducive atmosphere for economic investment and use of its capacity in both personnel and financial terms to extend services to most of its communities. For instance, in the later sections, it will show that all the metros have had a growing economy, and have been able to maintain high standards in spending their capital budgets.

The metropolitan form of government has also provided a space for the metros to show leadership and provide the required stability in major Gauteng cities. This contrasts sharply with the district areas where there is a seemingly contest for influence and space, thus compromising the kind of decisive and visionary leadership that is required.

Recommendations

The recommendations proposed below all require in principle political decision-making e.g. is there a need for District Councils, and if so what should their role be. While the process can be managed administratively, this can only realistically be started once strategic political direction has been provided.

- More clearly defined operational “delegation” and responsibilities in respect of concurrent powers and functions;
- Coherent rationalisation and uniform interpretation of existing policies and legislation to extract clearly defined role and functions;
- Amending of current legislation if required, to address blockages and bottle necks that may be the result of legislation rather than admin systems;
- Political decision required on the need and role of district councils which may require legislative review;
- Clearly define, in terms of the current legislative set-up, what Districts can do to add value to their local municipalities and improve co-ordination between Districts and Locals.

KPA 1 - Institutional Transformation and Development

The establishment and amalgamation processes of municipalities in the Province marked the beginning of the period under review. In this period, municipalities had to establish and transform their institutions to reflect democratic ideals, in order to effect change, govern and deliver services to the people. This institutional transformation had to be done against targets and milestones set for the establishment and stabilisation phase of local government transformation.

They also had to ensure that they established the necessary administrative capacity, systems and political leadership to deliver on their goals and objectives and were legally required to comply with numerous local government legislative directives applicable to them. In measuring performance of the municipality in this regard, the following indicators were used:

- Organisational Design;
- Municipal Employee Profile;
- Employment Equity and Top - Middle Management Profile;
- Municipal Staff Vacancies;
- Skills Development; and
- Performance Management Systems.

Findings

Organisational Design

Developing an organisational structure and adopting it was one of the key activities to establishing a new institution, as most municipalities did not have formal and agreed organograms in place. The establishment phase was meant to take the first 2 years of the period under review. The table below reflects how Gauteng municipalities performed in this regard. Completing the establishment phase within the set period and appointing staff (with appropriate skills) meant that a municipality could function and proceed with its developmental mandate. However, it should be noted that in reality different municipalities had to deal with unique situations in this regard. For example, Ekurhuleni had to amalgamate 11 East Rand authorities, while Joburg had 5 institutions that were in a fairly good state. In reading Table 3 below, which shows the time it has taken the municipalities in Gauteng to complete this phase, these factors should be considered so as to get a holistic perspective.

Municipality	Date of approving organogram	Date of completing placement process	Total time of establishment process
City of Johannesburg	December 2000	June 2001	6 months
Ekurhuleni	August 2002	June 2004	4 Years
City of Tshwane	May 2002	April 2004	3.5 years
Sedibeng	July 2002	September 2002	2 years
Metsweding	Not finalised	Incomplete	5 years/incomplete
West Rand	June 2003	95 % complete	5 years/incomplete
Emfuleni	August 2001	95 % complete	5 years/incomplete
Kungwini	August 2003	August 2003	2.75 Years
Lesedi	January 2001	January 2004	3 Years
Merafong	April 2005	June 2005	4.5 Years
Midvaal	December 2001	January 2002	1 Year
Mogale City	December 2003	January 2005	13 months
Nokeng Tsa Taemane	November 2004	December 2004	3 Years
Randfontein	November 2003	80% complete	5 years/incomplete
Westonaria	April 2004	Not yet complete	5 years/Incomplete

Table 3: Establishment phase in municipalities (Source: Analysed data from municipalities)

As can be seen in the table above, the establishment phase took some municipalities a shorter period and others have yet to complete it 5 years later. The establishment of municipalities posed varying challenges, depending on the number of previous municipalities being amalgamated. A case in point is Johannesburg, which completed placement processes within 6 months. This speedy process can be ascribed to the substantive work, which was done prior to the 2000 elections. Ekurhuleni on the other hand had to merge 11 institutions. Some like Metsweding had to contend with approving only the 'critical' posts, given their limited financial resources, thus explaining the failure to have an approved organogram and incomplete placement process. It is also noted that Randfontein intends to complete this process only in 2006 after the new term of office has commenced.

While 1 year was the original time period for establishment, this study has treated 2 years as acceptable. It is important to note that only three municipalities completed their establishment in the acceptable time period of 2 years.

Employment Equity and Top & Middle Management Profile

Employment Equity is regulated by the Employment Equity Act 55 of 1998. The purpose of this Act is to achieve equity in the workplace by

- (a) promoting equal opportunity and fair treatment in employment through the elimination of unfair discrimination; and
- (b) implementing affirmative action measures to redress the disadvantages in employment experienced by designated groups, in order to ensure their equitable representation in all occupational categories and levels in the workforce.

In terms of Section 13 of this Act, every designated employer must implement affirmative action measures for people from designated groups in order to achieve employment equity. The definition of a designated employer includes an organ of state and the designated groups include black people, women and people with disabilities. Affirmative action measures are measures designed to ensure that suitably qualified people from designated groups have equal employment opportunities and are equitably represented in all occupational categories and levels in the workforce of a designated employer.

In this Review municipalities were asked to report on the percentage of black people in the top 3 levels of management positions. The graphs below show how the municipalities of Gauteng fared in terms of employment equity.

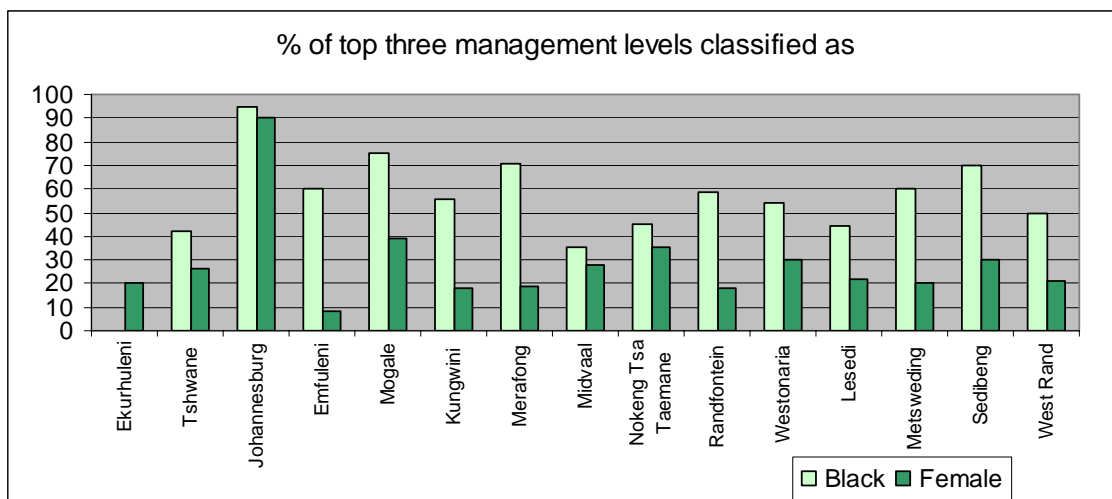


Figure 6: Percentage (%) of top three management levels (Source: Based on raw data from municipalities)

Race

The graph above indicates that most municipalities have managed to ensure that their top three levels of management have crossed the important threshold of being 50% black. However the following municipalities have yet to achieve this threshold:

- Tshwane
- Midvaal
- Nokeng Tsa Taemane
- Lesedi

Gender

According to available data Joburg, Mogale, Tshwane, Midvaal, Nokeng Tsa Taemane and Lesedi have performed well in terms of employment equity with respect to gender. This is notable as they, except for Joburg and Mogale, were poorest performers in terms of race. This could be attributed to the significant recruitment of white women.

Disability

In general municipalities have negligible levels of disabled staff, with only the following exceeding the national target of 2% for employment of disabled persons:

- Tshwane
- Johannesburg
- Randfontein
- Lesedi

Municipal Staff Vacancies

The number of posts that have been filled in municipalities indicates capacity in a municipality to perform its functions. The following graphs show percentages of posts unfilled.

Similarly, the number of posts that have been filled in municipalities is at least one indicator of capacity in a municipality to perform its functions. In terms of this indicator, the following graphs show how the different categories of municipalities have performed.

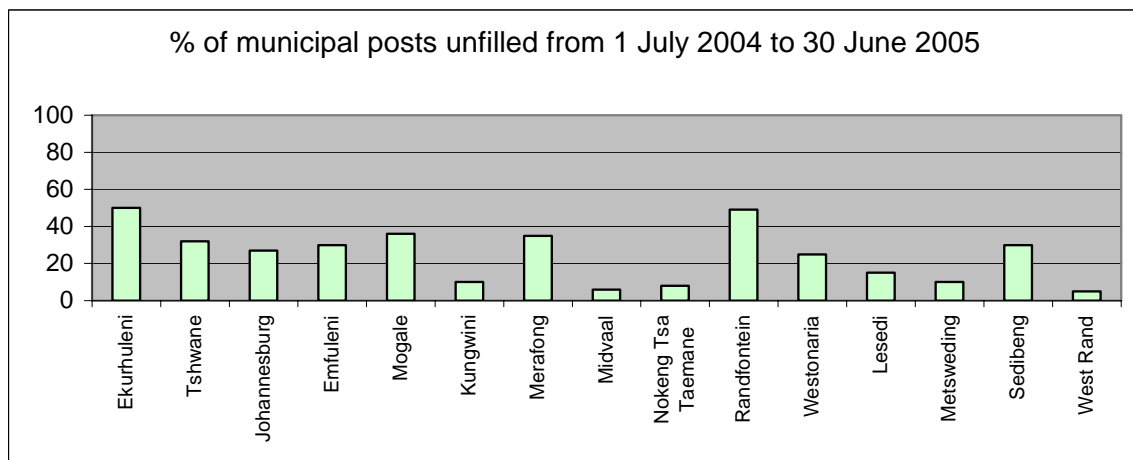


Figure 7: Percentage (%) of municipal posts unfilled from 1 July 2004 to 30 June 2005 (Source: based on raw data from municipalities)

Regarding Metros, Ekurhuleni indicated that almost 50% of posts were unfilled in the last municipal financial year; while for Tshwane this was more than 30% and JHB 27%. Ekurhuleni's high level of unfilled posts may be attributed to the recent completion of establishment. Randfontein also indicates very high levels of unfilled positions over the last financial year, while Emfuleni, Mogale City and Meratong also demonstrate high levels (>20%) of posts being unfilled for the year.

Sedibeng also shows significant levels of unfilled posts over the last financial year, in the order of 30%. There is a strong correlation between the level of filled posts and service delivery achievements of municipalities.

Skills Shortages by Occupation

The analysis of skills shortages by occupation for all the municipalities indicates the greatest shortages in the technical and associated professional categories (7,1%) followed by the professional (4,0%), and skilled workers (1.1%) categories. The proportion of workers in 'elementary occupations' is relatively high (39%).

Almost 62% of them are African, which clearly indicates that the majority of African employees in municipalities are still in elementary positions. At the same time Africans seem to be dominating in the leadership of municipalities.

Occupation	NQF1	NQF2	NQF3	NQF4	NQF5	NQF6	NQF7	NQF8	Total
All Municipalities									
Leadership & governance	0.6	2.7	4.2	8.8	13.3	10.0	12.1	7.2	5.0
Senior officials and managers	0.02	0.0	0.4	1.6	6.2	26.9	41.1	64.9	4.2
Professionals	0.05	0.3	0.1	2.4	8.8	28.8	21.9	20.6	4.0
Technicians/associated professionals	0.5	5.1	5.3	8.8	22.6	20.4	9.8	7.2	7.1
Skilled agric & fishery workers	0.2	1.1	1.3	3.2	1.1	0.4	0.4	0.0	1.1
Clerks	3.7	20.9	21.3	31.0	27.7	9.1	4.0	0.0	15.4
Service workers	8.0	16.1	30.9	21.9	11.6	3.1	2.7	0.0	13.3
Craft & related workers	3.9	8.3	8.8	6.7	4.7	0.6	7.1	0.0	5.3
Plant, machine operators	9.0	6.2	4.5	2.7	0.9	0.0	0.0	0.0	5.4
Elementary occupations	74.0	39.3	23.0	12.9	3.0	0.6	0.9	0.0	39.3
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Table 4: Percentage Qualifications – All Municipalities Analysis Per NQF Level (LGSETA: Sector Skills Plan 2005-2010)

The figures indicate that between 20% and 29% of professionals have, either a degree, or a diploma. Senior officials and managers with NQF level 6 up to NQF level 8 ranges from 27% to 65%. This reflects a high number of qualified managers, however, a shortage of professionals. The majority (90%) of employees in leadership and governance have neither a basic degree nor diploma.

Skills Assessment of Municipal Managers

The qualifications profile of municipal managers, as per Work Skills Programme (WSP) submissions is listed below:

Up to NQF 1	NQF 2	NQF 3	NQF 4	NQF 5	NQF 6	NQF 7	NQF 8
0.2%	0%	0.7%	6.7%	17%	40.8%	20.5%	14.1%

Table 5: Qualifications profile of municipal managers (Source: LGSETA: Sector Skills Plan 2005-2010)

The statistics of the Demarcation Board indicate that less than 50% of municipal managers have NQF level 6. However, the Demarcation Board review with its added focus on years of local government experience is more textured than any analysis currently possible of the WSPs as years of experience is not explored in the WSP template. In addition, the WSP focuses on qualification by NQF band, not particularly on type of qualification. Due to the limited data available on the type of qualification surveyed it is not possible to draw conclusions on the perceived lack of skills among municipal managers.

Engineering Professionals

Smaller municipalities have found it difficult to attract and retain skilled and experienced staff due to financial constraints. Because of the salary packages qualified professionals migrate to metropolitan councils and private sector for lucrative financial offers.

	Engineers	Technologists	Technicians	Total
District	43	43	154	240
Local	98	100	377	575
Metro	240	226	253	719
Total	381	369	784	1534

Table 6: Engineering professionals employed in local government (Source: LGSETA: Sector Skills Plan 2005- 2010)

The shortage of engineering and technical expertise had a considerable negative impact on service delivery and infrastructure development in municipalities.

Another contributing factor is the lack of career planning and progression. Many local and district municipalities still face the challenge of addressing issues arising from the consolidation of the dis-established local government structures including matters such as:

- Separate administration policies;
- Salary scales and
- Conditions of service.

Municipalities, except Kungwini, indicated that they had updated skills development strategies and plans in place. Employers that invest in the development of skills of their employees pay an annual levy to the sector education and training authority (SETA) and receive a rebate on the amount of levy paid. It has been the practice of the relevant SETA to refund 15% of the skills levy based on the submission of a Skills Development Plan, and a further 50% based on the submission of an annual skills development report. Based on the quality of skills development taking place a municipality can have as much as 65% of its skills levy received in rebate. It is for this reason that the % skills levy received in rebate is used as a proxy indicator for skills development. The graph below shows the percentage of the skills levy received in rebate by municipalities.

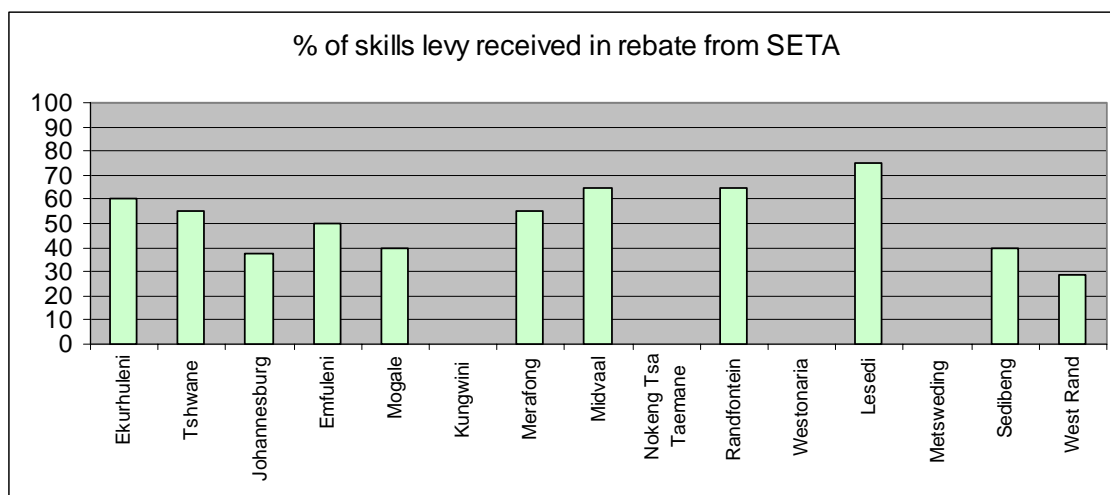


Figure 8: Percentages of skills levy received by municipalities in rebate from SETA (Source: analysed data from municipalities)

The percentage of skills levy received in rebate shows that it is likely that apart from Emfuleni, Lesedi, Ekurhuleni, Tshwane, Merafong, Midvaal, Randfontein and Sedibeng, other municipalities have performed poorly in terms of skills development requirements of the SETA.

One of the major challenges for the next term of office will be to ensure that our municipalities have the necessary capacity and skills to perform their functions

In order to address the skills shortage, stronger partnerships need to be established between FET colleges, technikons and the local government sector, both through the SETA and through organisations such as the municipal training centres.

In addition to graduate public administration studies, several institutions have tailor made short courses and certificates linked in to local government at management and councillor level. University of Pretoria has an ongoing relationship with the City of Tshwane in relation to management development and training. However, there is currently little standardisation around the outcomes of such training.

Performance Management Systems

The Municipal Systems Act and its regulations provides for the development of a performance management system that should entail a framework that describes and represents how the municipality’s cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted. Section 57 of the Act provides that the municipal manager and the managers reporting directly to him or her are employed on performance contracts. This is to ensure that the municipality performs as an institution led by highly capable administrators. The graphs below show the percentage of the section 57 employees that have been employed on performance contracts in the different categories of municipalities in Gauteng.

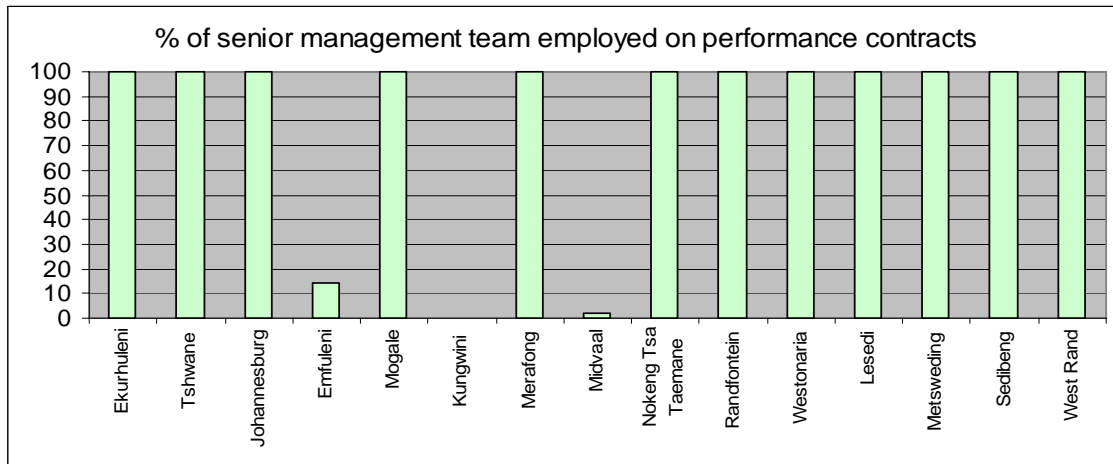


Figure 9: Percentage (%) of senior management team employed on performance contracts (Source: based on raw data from municipalities)

The graph above indicates that all municipalities except for Emfuleni, Kungwini and Midvaal have all their senior management on performance contracts. In fact Kungwini has indicated that it does not have an organisational performance management system in place. This has serious implications on performance and accountability.

As part of the reviews done by the Province it was identified that Ekurhuleni and West Rand District Municipality had a good performance management system. What would remain a challenge however, is a vigorous and systematic management of such a system.

According to the Act, municipalities are required to submit an annual performance report to the Provincial Department of Local Government.

To this effect in the 2002/03 financial year all municipalities submitted their reports but only 35% submitted reports in the 2003/04 period. The decrease in the number of reports submitted have been attributed to the following:

- ◆ Lack of councils' commitment to execute PMS and to be accountable in terms of section 39 of the Act.
- ◆ Lack of accountability and commitment of managers to implement PMS according to guidelines and regulations provided.
- ◆ Lack of capacity to implement. For instance, inability of municipalities to align IDP objectives, PMS, KPIs, budget, service delivery plans and performance targets within municipalities.
- ◆ Different time frames for submission of reports by municipalities to various provincial and national departments in terms of different legislation, this has an impact on the capacity of municipalities and consolidation of provincial quarterly and annual reports.

Conclusion and Recommendations

There is an emerging consensus that within the context of local government, a lack of capacity is often demonstrated by a large number of vacancies, both on budgeted posts and on their organograms as well as by skills shortages.

Councillor development is critical particularly after the local government elections to ensure that councillors have the competencies required to carry out their political mandate. The above statistics indicate that most of the senior officials in municipalities have the necessary qualifications to perform their jobs, however, expertise on a broader level in local government remains a challenge. The skills shortage point to the need for an increase in the role of SETA's in developing and assisting Local Government service providers to be accredited in terms of NQF towards ensuring that training provided to municipalities are of the highest quality. The training programmes offered by institutions of higher learning need to be integrated through a uniform system to ensure that all the learners receive training of the same quality.

Organisational Design

According to the data provided by municipalities, 5 municipalities have still not completed their establishment process after 5 years in office. The negative impact being that these municipalities' do not have the necessary structure and capacity to deliver services.

Municipal Employee Profile, including Top and Middle Management

The representation of targeted groups, especially women and people with disabilities, remains a challenge. On a political level, the issue of representation of women is addressed by the setting of the quota of 50% female representation.

Employment Equity in top management positions shows some progress in respect of race but very little progress with regard to gender and people with disabilities. Employment Equity strategies and plans must be developed and implemented within a defined timeframe over the next term of governance.

Municipal Staff Vacancies

Human capacity remains an issue, with most municipalities having an average of 30% vacancies. This is mostly identified in technical and key strategic positions such as engineering; policy formulation and project management. In some municipalities this problem comes to light when assessing the level of service delivery and their ability to spend their budgets.

Capacity Building and Skill Development

Municipalities continue to experience difficulties in attracting, affording and retaining scarce yet critical skills for municipal functionality and improved performance. Consideration should be given to increasing the employment period of municipal managers beyond the five-year time horizon as a means of ensuring consistency. Where municipalities are unable to afford scarce skills on a full-time basis, shared services options should be explored amongst groups of municipalities particularly at a district level. This could involve skills in engineering, planning, finance, internal audit, human resources and other areas of corporate services. Related to the challenge of capacity building is the need for ongoing skills development of all municipal employees. The next five years of consolidating and making local government sustainable needs to emphasise the development of local government professionals in terms of leadership, management and technical competencies.

Performance Management

There is a need to ensure the rollout of the systems specified in the Municipal Systems Act, but to focus on the quality and effectiveness of the systems of integrated development planning and performance management. These should become useful tools for ongoing municipal management and not just be legislative requirements to be fulfilled. Capacity building and support, in the next five years, by the Department would also be required.

KPA 2: Financial Viability and Management

This section of the Report provides an assessment of the financial viability of the 15 municipalities in the Gauteng Province. The outcome indicators under this KPA are:

- good financial management;
- financial viability; and
- financial independence of municipalities.

For purposes of comparison the following grouping of municipalities was used; metropolitan municipalities, district municipalities and local municipalities. The financial viability was determined by analysing a set of indicators and financial data received from the municipalities, National Treasury and the Department of Provincial and Local Government. This section begins by providing an overview of the indicators used as well as an assessment of these indicators. This is followed by challenges and recommendations.

The indicators used to assess the financial viability of the municipalities in the Gauteng Province are divided into indicators used to directly assess the financial viability and those used to assess grant expenditure and management. The combination of these gives an indication of the financial sustainability of the municipalities. The liquidity of the municipality is assessed in terms of cash collection, outstanding customer debt, payment of creditors and debt coverage. These indicators provide an indication of the cash flow position of the municipality as well as the ability of the municipality to match current liabilities with current assets. In respect of grant expenditure and management an important indicator is whether the grants allocated have been spent, in particular capital grants such as MIG. If a significant proportion is unspent this indicates an inability, in terms of capacity, to utilise these funds and is traditionally symptomatic of institutional problems.

Effective and efficient financial management is essential if service provision is to be viable and sustainable. In terms of the Medium Term Expenditure Framework a municipality is considered financially viable and sustainable, if –

- ◆ Total external loans are limited to less than 50% of total income;
- ◆ The level of equitable share allocations is maintained;
- ◆ Personnel cost is reduced to more acceptable levels (40 – 45% of total expenditure);
- ◆ A 90% rate of payment is maintained; and
- ◆ There are no major deviations in income and expenditure patterns for the various services.

This implies that for a municipality to be considered financial viable, it has to have quality financial management practices and an ability to manage and maintain its financial resources in a way that fulfils its mandate. ¹² Literature also points out certain conditions that can assist in maintaining financial viability and sustainability, these include:

- ◆ Clear division of functions among spheres of government;
- ◆ Proper and stable intergovernmental funding arrangement;
- ◆ Balance between resources and functions;
- ◆ Sound and prudent financial management; and
- ◆ Local government power to impose local taxes, fees and charges.

The combined effect of all these elements will increase the revenue of municipalities thereby having the financial means to provide and maintain quality municipal services to all its residents.

¹² V. Kanenickova, Local Government Financial Viability, Regional Paper, undated. Sourced from www.logincee.org, on 08.02.2006

Sources of funding for capital projects

The capital budget of all municipalities is financed from, either grants; loans; and/or own revenue. The extent of this split varies from municipality to municipality. The fluctuations exhibited by the local municipalities are more evident than the metros and districts. The long-term sustainability of these funding sources is based on the performance of the municipalities. According to the auditor general's reports it is apparent that the metros are in a stronger position regarding future financial sustainability. The sustainability of the districts and the local municipalities is negatively impacted on due to their capacity issues, which contributes to financial non-performance.

For the financial years under review, the major sources of funding for the capital budgets are shown in Figure 10 - Figure 13.

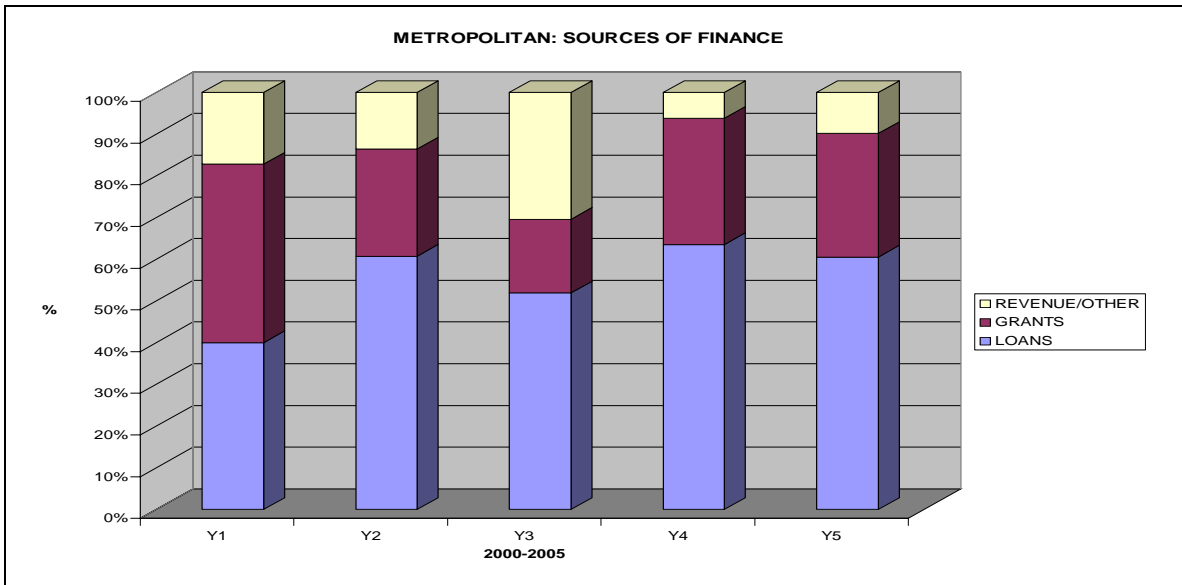


Figure 10: Metropolitan sources of revenue (Source: based on raw data from municipal financial statements)

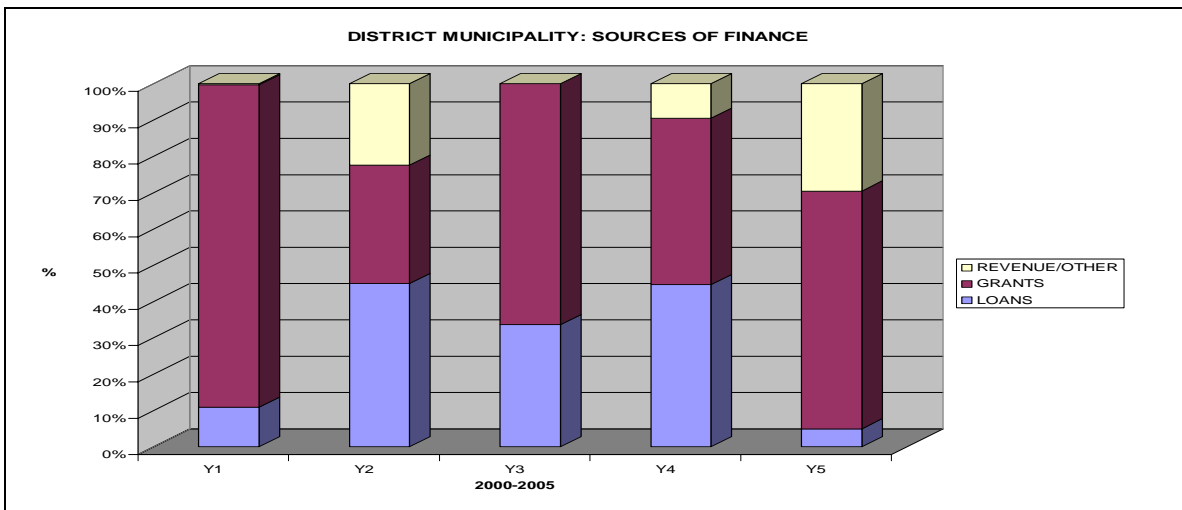


Figure 11: District sources of revenue (Source: based on raw data from municipal financial statements)

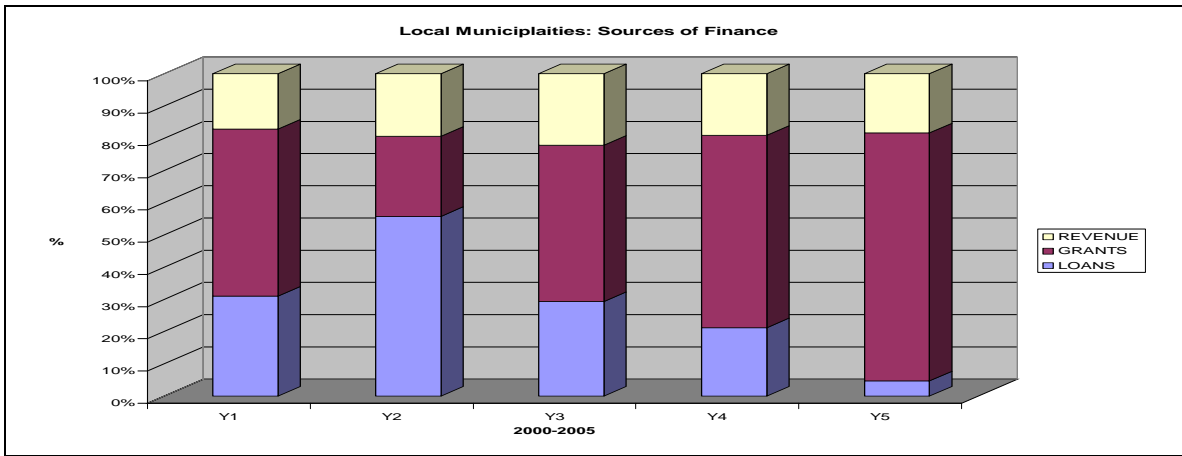


Figure 12: Local sources of revenue (Source: based on raw data from municipal financial statements)

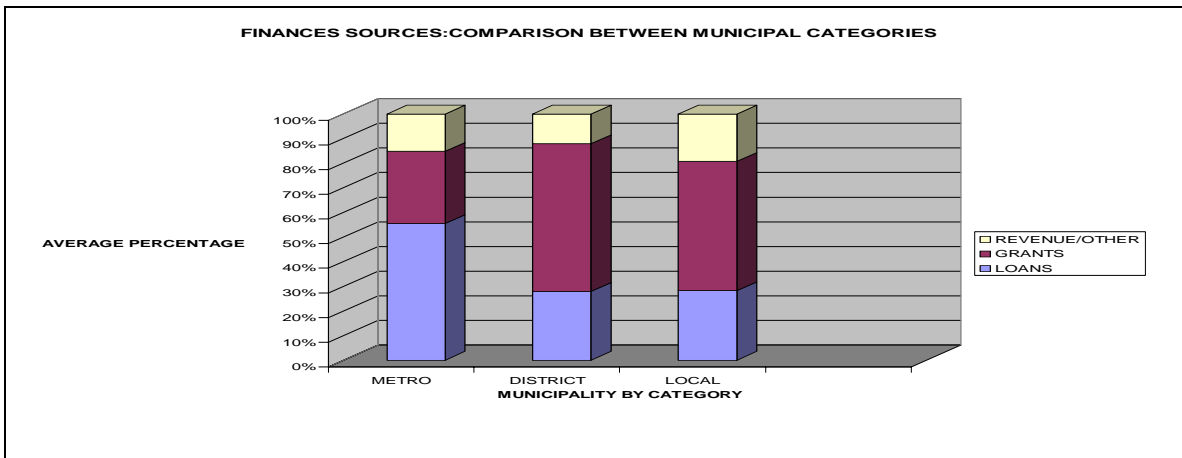


Figure 13: Comparison (all categories) of sources of revenue (Source: based on raw data from municipal financial statements)

Metropolitan Municipalities

The data above shows that the funding of capital projects in respect of Metropolitan Municipalities and their spending thereof differed from those of District and Local Municipalities. It also illustrates the contrast between Metropolitan loan portfolios and those of District and Local Municipalities. The figures also reflect a general reliance on external loans by the Metropolitan municipalities, and a pronounced use of internal loan funds, from their generally well-established revenue stream or other accumulated funds. The metros show a significant increase of external loans from 40% in 2001/02 to 61% in 2005/06. It is evident that metros are credit worthy and are able to access capital funding.

Local Municipalities

For local municipalities the findings show an increased reliance on grant funding, and a significant use of contributions from current revenue. Local municipalities' current revenue contributions to capital projects are maintained at an average of 19% in the last 5 years. Grant funding increased from 52% in 2001/02 to 77% in 2005/06. External loans decreased by a significant margin of 5% between 2001/02 and 2005/06. Capital sources were based primarily on grants, subsidies and loans. Both budgeting and spending patterns indicate that municipalities adopted a modest approach to spending and keeping within budget resulting in important trade offs. The long-term consequence of this phenomenon will be a decline in service delivery.

Districts

The capital project portfolio of Districts shows the same pattern of capital financing as for Locals. The limited use of external loans reflects several factors: the high cost conditions in the capital market, the process of transformation which has forced lenders to start from scratch in the risk assessments of local government borrowers, the withdrawal of central government guarantees for municipal debt.

Figure 13 shows an average comparison between the three categories of municipalities and illustrates that municipalities are in a position to maintain consistent ratios of capital financing using their current revenue grants and loans. Metros are in a position to serve as good practice models for change e.g. the JHB municipal bond. Although Districts and Locals are not as advanced as the Metros, districts and local municipalities are becoming both competitive and compatible to metros. The ratios in Figure 13 show that there is capability and potential to grow the locals at a rate similar to that of metros.

Sources of funding for Operations

The major sources of income for operations in municipalities are property rates and user charges. The biggest challenge in this regard is the ability of municipalities to bill and collect the revenue due to them.

Figure 14 below shows the composition of revenue for the Metropolitan municipalities. Analysis of operating income budgeted for in the last five years indicates that local taxes including property taxes and regional service levies constitute an average of 38% of total gross revenue. User charges on bulk water, sanitation and electricity, refuse and sewage usually does not exceed 10% of total collections. Subsidies and transfers make up 5% and other sources 10% of the total gross revenue.

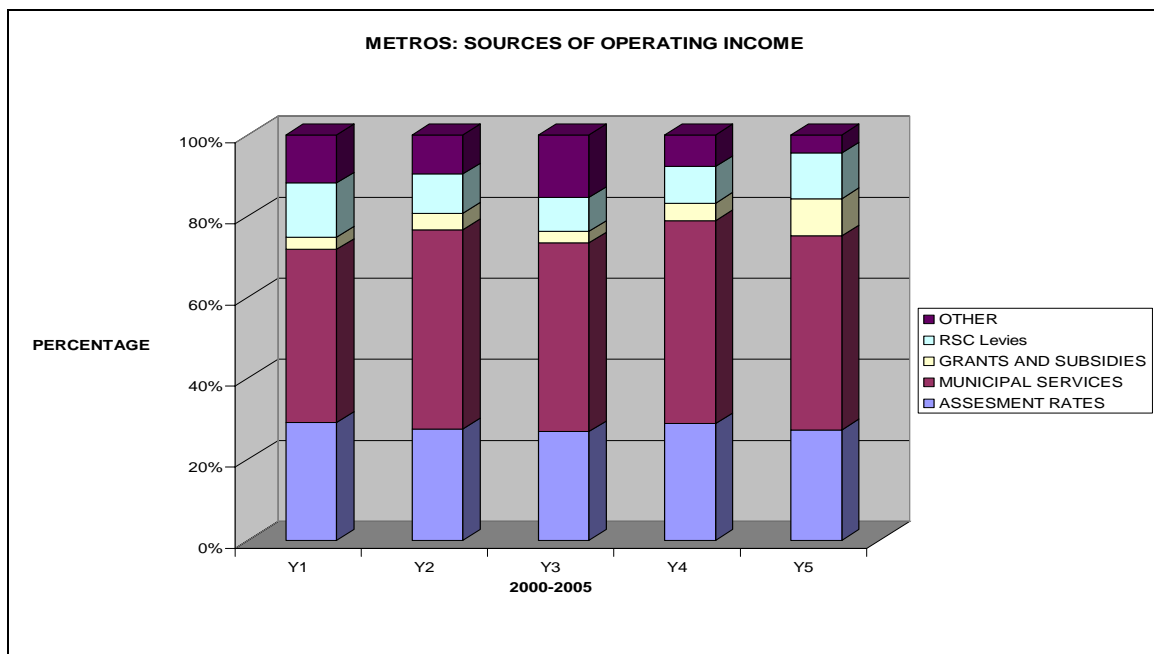


Figure 14: Metropolitan sources of operating income (Source: Based on raw data from municipal financial statements)

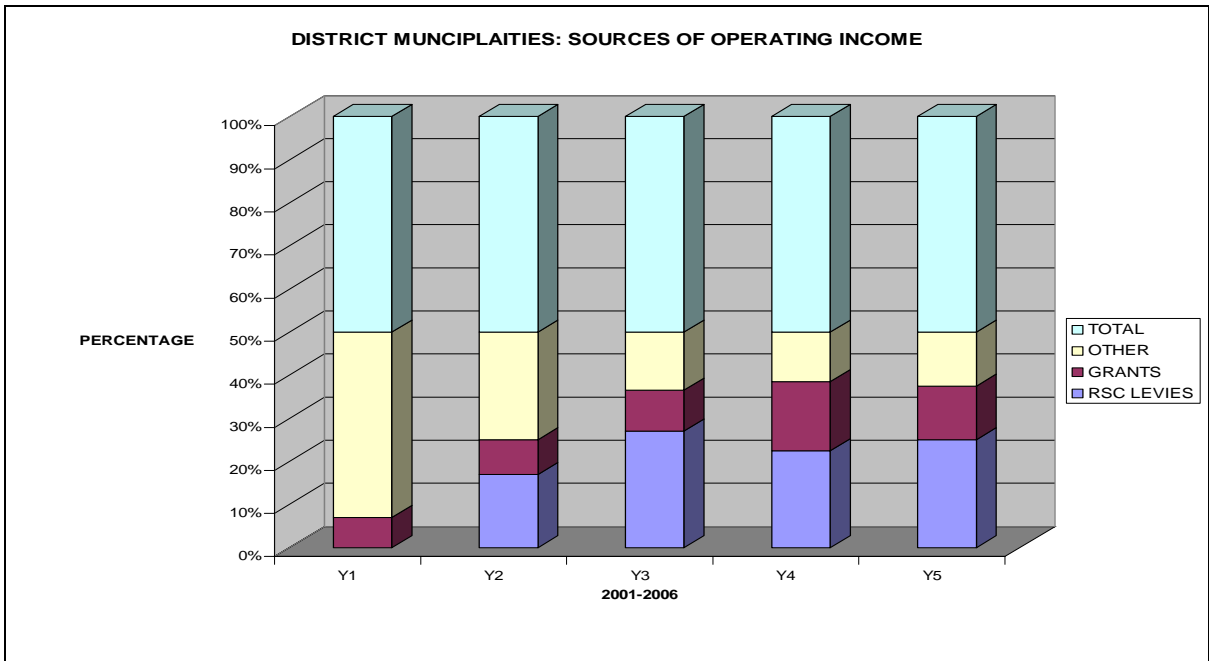


Figure 15: District sources of operating income (Source: based on raw data from municipal financial statements)

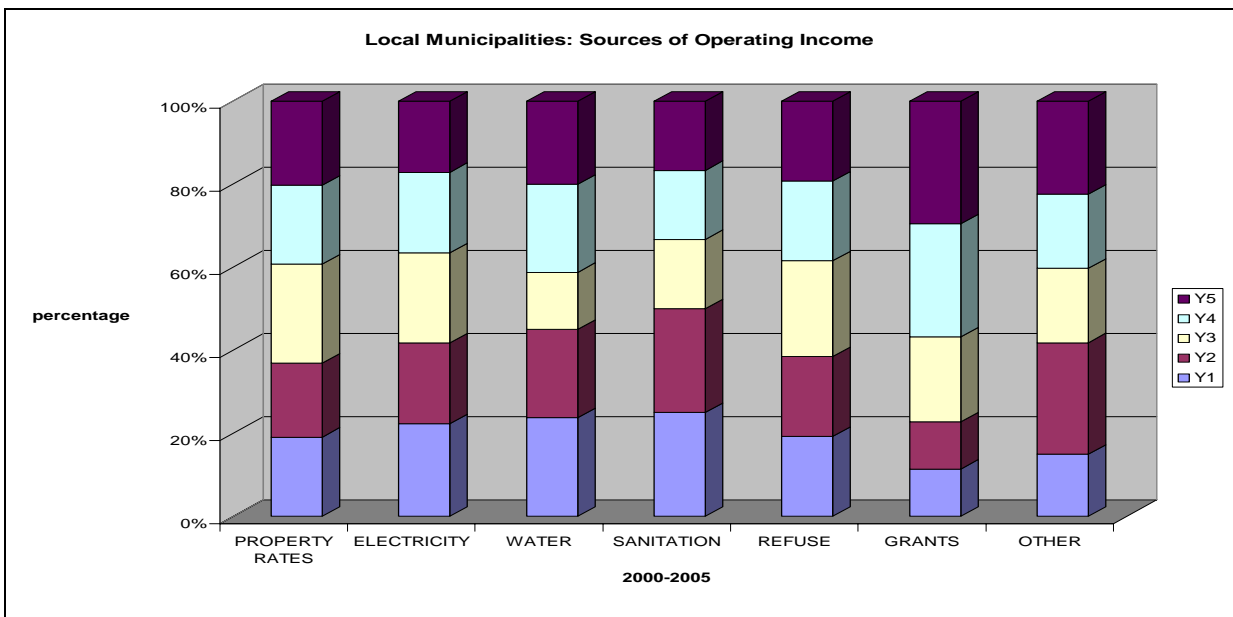


Figure 16: Local sources of operating income (Source: Based on raw data from municipal financial statements)

The graph in Figure 16 shows that municipal services contribute a significant average of 57% of the total gross revenue. As indicated above there is usually a 10% retention of this revenue after payment of bulk services. In reality municipalities net revenue is much lower resulting in a reliance of Metro areas on taxes as a source of revenue that is above the national average reliance of 26%; and is above other categories which are all between 18% - 20%.

Budget Performance: Income

During the financial years 2001/02 to 2003/04 municipalities in Gauteng performed as follows in terms of their income budgets against actual income received:

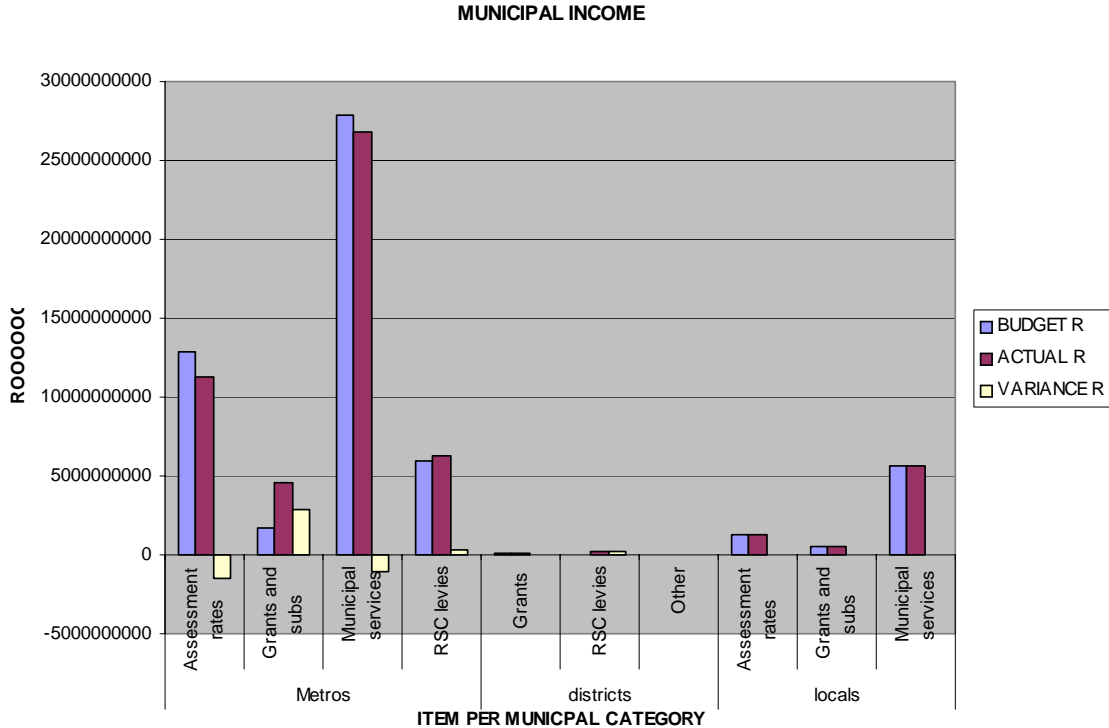


Figure 17: Municipal income per category (Source: based on raw data from municipal financial statements)

With reference to Figure 15 - 18 above, all the categories of municipalities are generally performing well according to expected budget items such as Municipal Services, Assessment rates, RSC levies and Grants. Metropolitan municipality's income stream for Municipal Services shows a 96% success rate. While a 96% performance against budget is good it must be noted that this rate does not include an analysis of total collections or consumer debt.

In terms of Assessment rates Metros collected 88% of their budget at the end of the 2003/04 financial year. While RSC levies for Metros shows a 5% increase in expected collections. The flow of grant funding increased considerably during the review period demonstrating an increase in infrastructure development and provision for services to indigents.

District Municipalities collected less than expected according to actual income, by 8% of the total budget for this period of review. Local municipalities performed according to total budget expectations and raised income in excess of 2%.

Despite some challenges, it is evident that municipalities engaged in a comprehensive financial management engineering process. The close to expected actual and budget performance demonstrates a fiscal discipline shift during the period under review.

Budget Performance: Expenditure

During the financial years 2001/02 to 2003/04 municipalities in Gauteng showed the following expenditure patterns, against actual amounts paid, in terms of their budgets.

Data based on financial statements over the last five years show that while Metropolitan municipalities spent against all items within their budget there was under expenditure of 21% for personnel costs, 13% in relation of general expenses, 11% on repairs and maintenance and 4% on other expenditure. The 21% under expenditure for personnel can be attributed to staff vacancies or unfilled posts, which affects service delivery and operational efficiency.

Districts overspent on personnel costs by 8% with 36% of their total expenditure being used for salaries and allowances. Districts general expenditure reflects an over-spend of 68%, and an under-spend on repairs and maintenance by 42%. The under-spend on repairs and maintenance could imply under performance on Asset maintenance. There are imminent consequences as a result of not maintaining assets as this could escalate future costs.

Local municipalities generally under-spent by 4% on personnel costs, 1% on general expenditure, 18% on repairs and maintenance and 14% on other expenditure. On average municipalities are not spending according to expectations on repairs and maintenance. Similar to districts, local municipalities show a serious lack of maintaining assets such as infrastructure assets relating to water, sanitation and electricity. Although this varies from municipality to municipality, it indicates inadequate service delivery from municipalities to intended beneficiaries.

Personnel Cost as a Percentage of Expenditure

Conventional practice and norm for salaries, wages and allowances is approximately 35% of the total expenditure for the operational budget. The various municipalities budgeted personnel cost for the period under review is depicted in Figure 18 below:

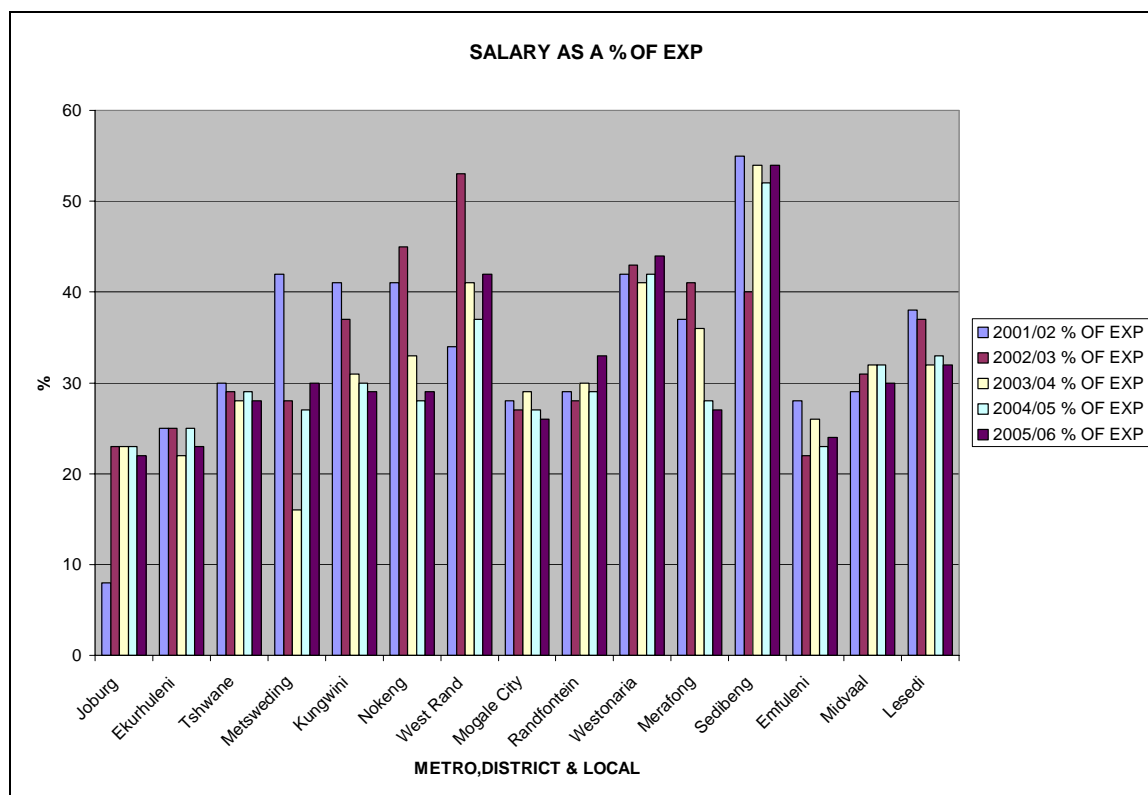


Figure 18: Municipal personnel expenditure (Source: Based on raw data from municipalities)

The salary percentages of municipalities vary considerably with Metropolitan municipalities managing to maintain their costs under 35%. In the 2005/6 financial year, Johannesburg spent 22% of its budget on salaries, Ekurhuleni spent 23% and Tshwane spent 28%.

Districts vary significantly in their salary expenditure. Metsweding dropped from 42% in 2001/02 to 30% in 2005/06. West Rand district's salary budget was 34% in 2001/02 but it increased to 53% in 2003/04 before decreasing again to 42%. Sedibeng's expenditure is the highest at 55% in 2001/02 and 54% in 2005/06. This anomaly is the result of, amongst other things, suspensions and the same posts not being filled due to legal constraints regarding the matter of suspensions etc.

Local municipalities in general reflect personnel expenditure under 35% with the exception of Westonaria, which budgeted 44% in 2005/06.

Municipal Consumer Debt Profile

Outstanding customer debt in debtors days

Debtor's days are calculated by dividing the outstanding customer debt by the bills sent out and then multiplying the result by 365 to get the indicator in days. Debtor's days below 90 days are considered reasonable for most business operations. Once the debtor's days start increasing above this there is a risk of running into non-payment.

Municipalities' average debtor's days, for the period under review, was between 44 and 394 days. The large variation is possibly due to the manner in which municipalities record and manage their debtors. For example, some municipalities do not 'write-off' debtors who will never pay, such as poor households with no income. This results in debtors' days in excess of 90 days, which could indicate a cash flow problem. However if a portion of this were viewed as bad debt, a different picture would emerge.

The debtors' days for the three metros varies between 92 and 342 days as shown in the figure below. The high debtors' days shown for Ekurhuleni is a consequence of bad debt not being written off. This initially provides a negative financial picture but in actual fact is just a matter of incorrect reporting. The debtors days of 92 days for Johannesburg Metro indicates that of the three metros Johannesburg is in the best position from a cash collection perspective.

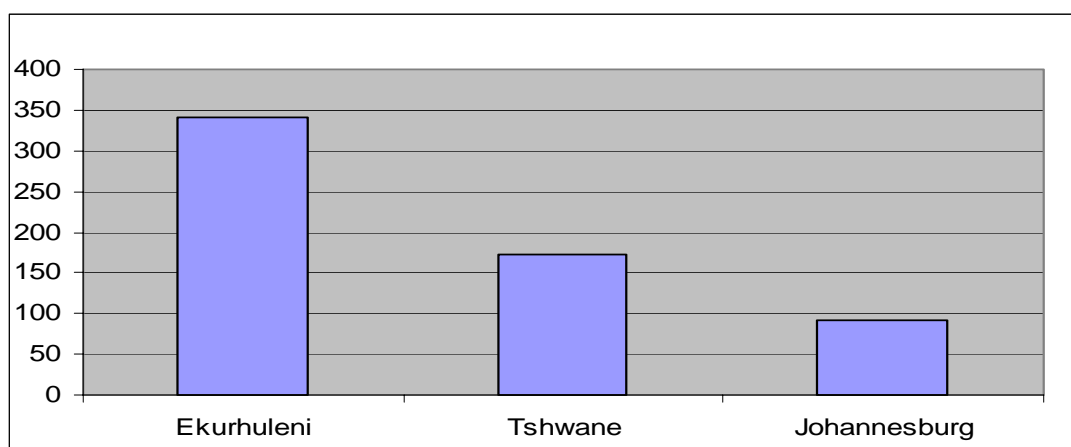


Figure 19: Metropolitan debtor's days (Source: Based on raw data from municipalities)

As can be seen in the figure below, debtor days for all three districts are below 95 days indicating that they are in a position to collect outstanding debt efficiently resulting in a good cash flow with stronger possibilities of long term financial viability.

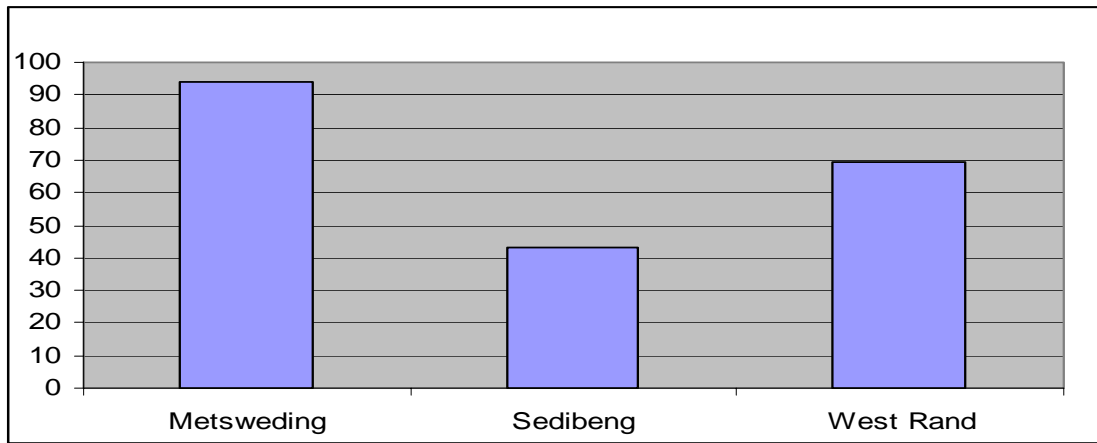


Figure 20: District debtor's days (Source: Based on raw data from municipalities)

The debtor days in respect of Local Municipalities vary between 53 and 394 days. Merafong's debtor's days are 53. All the other locals are all above 100 days. This could be the result of collection problems and/or not writing of bad debts.

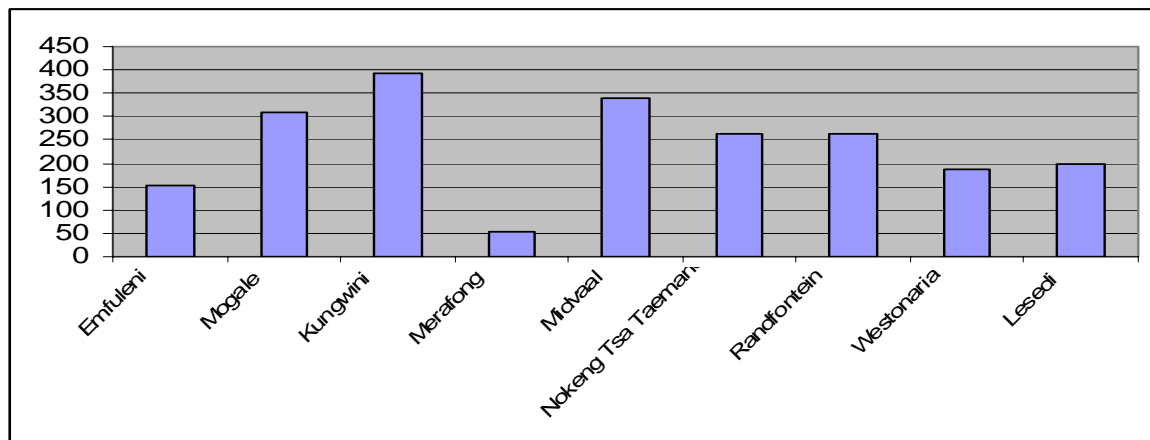


Figure 21: Local debtor's days (Source: Based on raw data from municipalities)

Payment of creditors

From a technical perspective the inability to pay creditors implies cash flow problems ultimately impacting on the liquidity of a municipality. However as an indicator, payment of creditors cannot be used independently of the cash flow and debtor's day's indicators. In many instances the non-payment of creditors is a result of a lack of 'follow through' by staff and not a lack of cash.

The ability of the metros to pay their creditors is all close to 100 % (see Figure 22 below). This indicates that all bills received are paid timorously. The indicators, due to the fact that invoices received in the previous financial period, were paid in the period cover the reason that Johannesburg has a ratio above 100%.

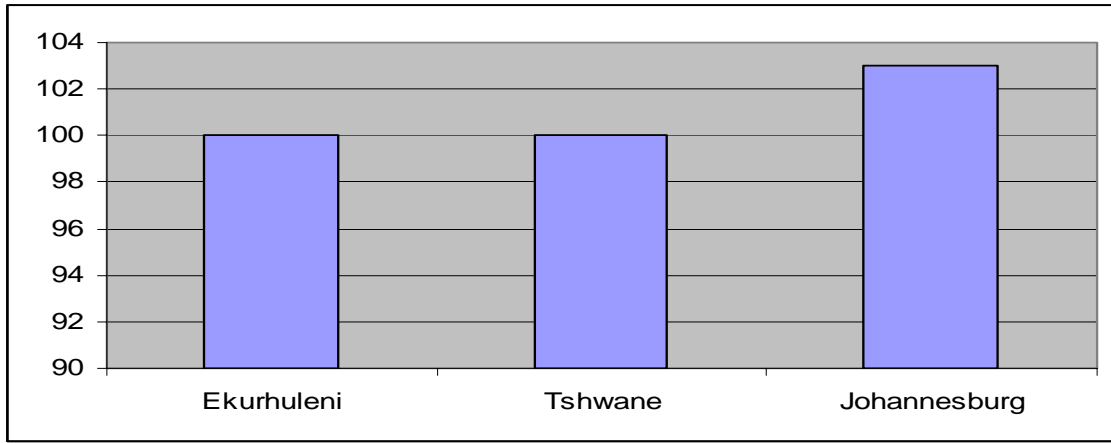


Figure 22: Creditors for metros (Source: based on raw data from municipalities)

As shown in the figure below, all the districts were able to pay their creditors indicating that they have sufficient funds and that the system to pay creditors is in place.

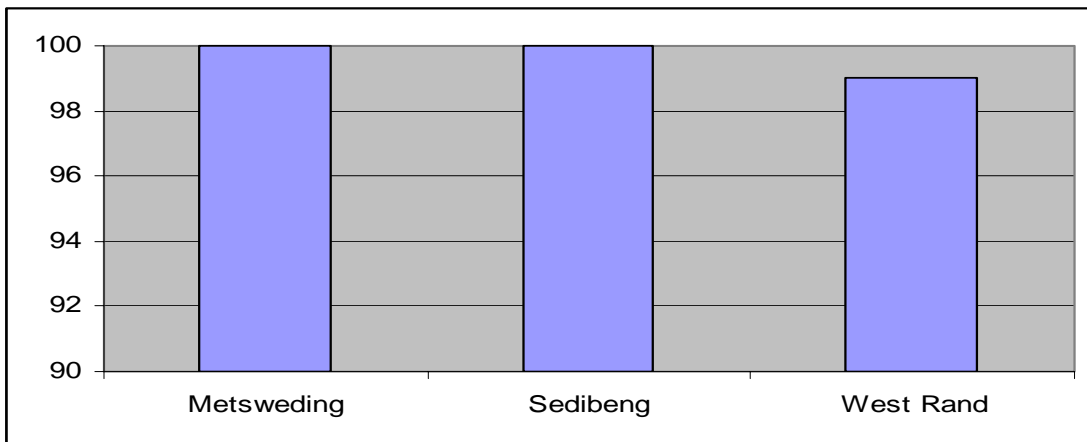


Figure 23: Creditors for districts (Source: Based on raw data from municipalities)

In terms of local municipalities, the general ability to pay creditors varies from municipality to municipality. No conclusions can be drawn as the low percentages observed for Kungwini, Merafong and Randfontein could be due to reporting procedures or the inability to follow through on accounts received. This indicator as it stands cannot differentiate between the two factors.

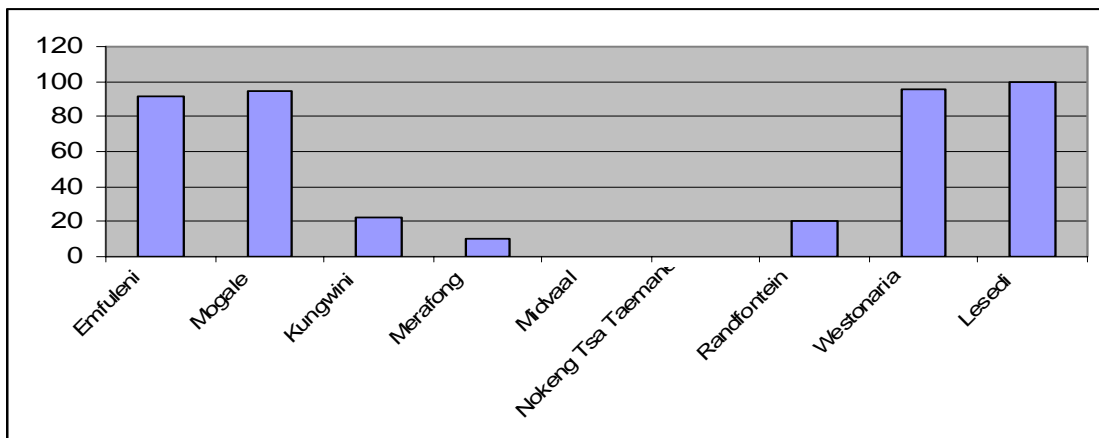


Figure 24: Creditors for locals (Source: based on raw data from municipalities)

Grant dependency

The grant dependency indicator assesses whether a municipality can function on a day-to-day basis, independently of outside funding sources. Grant dependency is the proportion of operating grants and subsidies received to the total operating budget. The higher the value of this indicator the more dependent the municipality is on grants and subsidies resulting in a decline in the control they have over their funds. All municipalities are by law entitled to receive grant. In the form of the Equitable Share from National Government, however the amount varies but it is unlikely to decrease year on year.

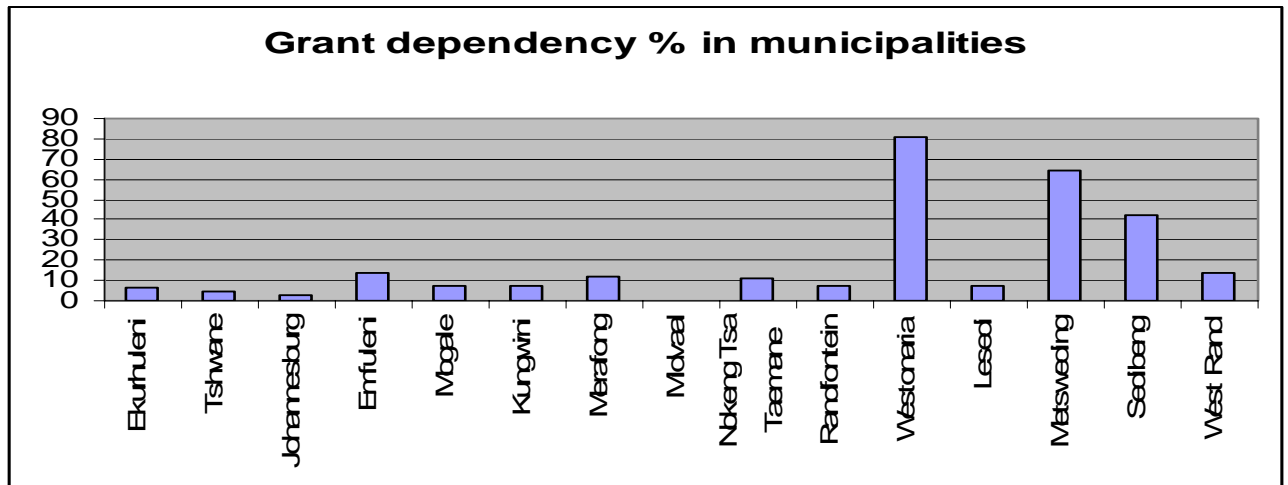


Figure 25: Grant dependency (%) in municipalities

From Figure 25 above, it is clear that metros are not heavily dependent on grants to fund their operating expenses, indicating that they are relatively free to control their funds. Of the three Metros, Johannesburg is the least dependent on grants, followed by Tshwane and then Ekurhuleni. Metros generate their own revenue through property tax, licensing and trading services.

Grant dependency in relation of districts varies between 14% and 64%. This indicator is based on the operating income, indicating that the ability of districts to control their funding varies from being very independent as in the case of West Rand, to being relatively dependent as in the case of Matsweding.

In terms of Local municipalities grant dependency varies between 0.14% and 81%, with the majority of the local municipalities being around 10%. This indicates that their operating expenses are funded primarily from own sources leaving them to control the bulk of their budget.

Ability to spend capital budget

Generally, a municipality's failure to spend its full allocation of capital budget indicates lack of technical capacity to utilise this funds. This ultimately leads to infrastructure backlog, deterioration and a decline in service delivery. *This indicator is calculated by proportioning the capital budget spent to the allocated capital.* In an ideal situation one would want this indicator to be 100 %. However above 75 % indicates that the municipality is in a position to deliver on infrastructure requirements.

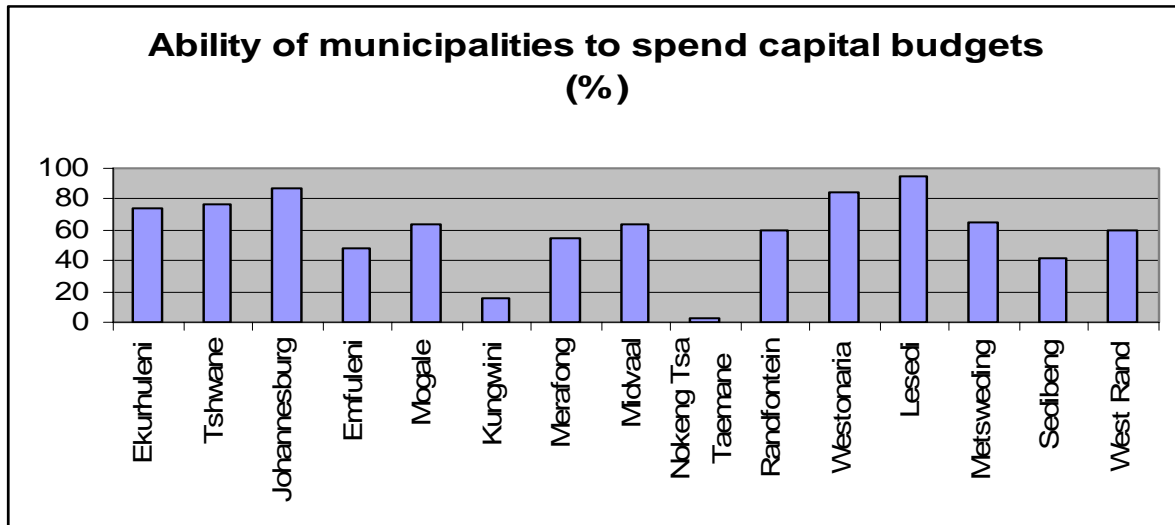


Figure 26: Ability of municipalities to spend capital budgets (%)

Metros ability to spend the capital budget allocated to them varied between 75 and 88%, as seen in Figure 26 above. This implies a reasonable effort to meet service delivery targets, however the inability to spend the entire capital budget could point to capacity problems and/or the fact that certain projects for which capital budget was allocated have since become redundant.

From the figure above, it can be seen that the districts have only been able to spend between 42% and 65%. Again, this could be a reporting issue or an indication of capacity problems. This indicator cannot provide clarity on the reason for the values received.

The ability of the local municipalities to spend their capital budgets varies between 2% and 89% with the average being around 45%. This inability to spend the capital budget poses problems in terms of the financial viability and sustainability of the municipality and as mentioned previously highlights capacity and service delivery problems.

Financial Viability

This section assesses the financial viability of the various municipalities within the Gauteng Province, by looking at historic and forecasted trends. The following issues are explored with regard to the financial viability of municipalities:

1. Whether the fiscal base of municipalities has grown in line with population growth.
2. Likely impact of the abolition of RSC levies.
3. Sources of funding and their long-term sustainability.
4. Review of the AG's reports on municipalities.

Based on the data received the municipalities are analysed as metros, districts and local municipalities or individually. The spread of financial data, with a bias towards the metros, minimises the value of analysing the data as a sum of the various municipalities representing the Gauteng Province.

Fiscal base

For purposes of this study the fiscal base has been defined as both the capital and operating budget. The population figures used are based on the Census 2001 figures and updated using the DWAF database as a source. Population numbers were only available for the metros and districts; consequently this analysis is limited to the 3 metros and 3 districts. The growth in capital and operating budget is measured in terms of both value and percentage and similarly for population numbers. The growth rates for the budgets and populations are shown in Table 7 below. The total growth rate is the percentage increase for the five years and the average is over the five years.

In summary the results indicate that the operating budgets of all the municipalities' increases as their population increases. The capital budget does not display the same trend as capital expenditure, which is typically used when infrastructure is expanded or replaced.

	<i>Population Growth Rate (%)</i>		<i>Capital Budget Growth Rate (%)</i>		<i>Operating Budget Growth Rate (%)</i>	
	Average	Total	Average	Total	Average	Total
Johannesburg Metro	8	16	95	732	56	311
Ekurhuleni	8	16	1	-15	13	52
Tshwane	5	10	19	99	12	58
Metsweding DM	9	19	-27	-97	74	675
Sedibeng DM	7	14	79	-65	11	18
West Rand DM	7	14	8	-92	20	92
Gauteng Province	6	13	21	110	23	117

Table 7: Population, Capital Budget and Operating Budget Growth Rates

Table 7 above, reflects data relating to increase in population growth rate, capital budget growth rate and operating budget growth rate. Apart from Metsweding, the average growth rate increased, with the operating budget displaying the highest growth rate. The average capital budget increase for Johannesburg Metro and Sedibeng DM were 95 and 79 % respectively, representing the highest growth rates in capital budget. For Johannesburg this increase occurred in the 2002/3 financial year and for Sedibeng DM in the 2003/2004 financial year. Thereafter capital expenditure declined. This increase can be attributed to the redressing of backlogs and the infrastructure requirements that are associated with this, requiring an initial outlay of capital. Once the backlogs have been addressed, the capital budgets can be spent on new service provision and upgrading. In most cases the operating budget increased from one financial year to the next, which is consistent with providing services to an increasing population. However, the increase was not proportional to the increase in population growth. For example, Johannesburg Metro had an average population growth rate of 8 % and an average operating budget growth rate of 56 %, whereas for the same average population growth rate Ekurhuleni had an operating budget growth rate of 13 %. In summary it is clear that the fiscal basis has increased with increasing population. This is more apparent for the operating budget as one would expect.

The significance of this is that it shows that Gauteng municipalities have to a large extent, kept up levels of service provision in line with population growth. Secondly, this is also consistent with the statistics showing the levels of economic growth, especially in the major cities, which in turn results in the need to expand municipal budgets in order to maintain the required levels of service. Incidentally, economic growth also results in increased municipal income.

Abolition of RSC levies

Regional Service Levies (RSC levies) has traditionally been a component of the operating income of metros and districts. The degree to which the RSC levy forms part of the operating budget varies with both time and across metros and districts. In summary, it is clear that the districts will be greatly impacted on by the abolition of RSC levies. Although metros will also be impacted, they might be in a position to absorb this loss.

However, this is based on the assumption that the RSC will be lost and not replaced, which is not the case. Current decision is that RSC levies will be replaced by a national grant.

Review of the Auditor General's reports

The Auditor General's (AG) reports give a reliable indication of how municipal finances are being managed, or at least reflect the challenges that municipalities are facing, in so far as their management of finances is concerned. The opinion expressed by the AG with regards to the financial statements of the various municipalities is shown in Table 8 below.

Municipality	Financial Year		
	2001/02	2002/03	2003/04
Joburg Metro	●	●	●
Ekurhuleni Metro	●	●	●
City of Tshwane Metro	●	●	●
Metsweding DM	●	●	●
Kungwini LM	●	●	●
Nokeng Tsa Taemane LM	●	●	●
West Rand DM	●	●	●
Mogale LM	●	●	Not out yet
Randfontein LM	●	●	●
Westonaria LM	●	●	●
Merafong LM	●	●	●
Sedibeng DM	●	●	●
Emfuleni LM	●	●	●
Midvaal LM	●	●	●
Lesedi LM	●	●	●

Legend	
●	Unqualified
●	Disclaimers
●	Qualified
●	Adverse

Table 8: Opinions expressed by Auditor-General (Source A-G Reports 2001/02-2003/04)

The number of disclaimer opinions has increased from four (27%) in 2001/02 to eight (54%) in 2002/03. This number decreased to three (20%) in 2003/4 with five reports outstanding. The main reasons for these disclaimer opinions are the following:

- Lack of supporting documents.
- Incomplete fixed asset registers.
- Inability to verify completeness of revenue.
- Contingent liabilities

Adverse opinions were expressed for the first time during the review period in 2003/04 in respect of three municipalities that amount to (26%) of the reports issued. The main reasons for these opinions are the following:

- Unrecorded fixed assets.

- Un-reconciled difference between fixed asset register and amounts disclosed in the financial statements.
- Un-cleared suspense accounts.
- Funds overstated and not represented by cash.
- Creditors' amounts not fairly stated.
- High outstanding consumer debtors.

The number of unqualified opinions decreased from five (33%) in 2001/02 to three (20%) of the reports issued in 2003/04.

Overall municipal debt

The overall municipal arrears show a dramatic increase from R12.5 billion in 2002 to R15.8 billion in 2005. Clearly this constitutes a concern and a major challenge for local government in Gauteng. A comparison with other provinces shows that Gauteng constitutes the largest bulk of municipal arrears (Figure 27 below). This state of affairs raises serious concerns about municipal arrears.

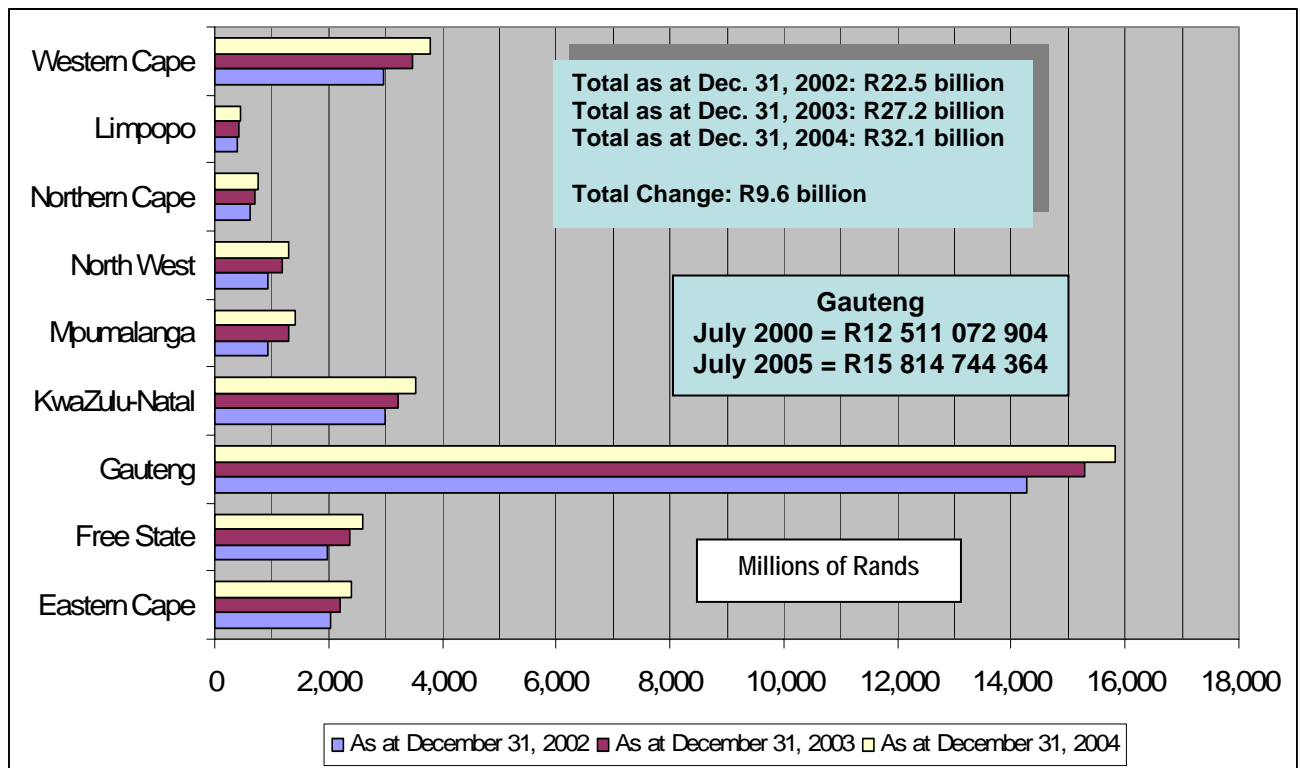


Figure 27: Comparative provincial municipal arrears (Source: DPLG Presentation to the Local Government Portfolio Committee, in the National Assembly)

Collection from provincial government departments

The position of the collection of rates and service charges owed to municipalities by government departments and reported by municipalities are as follows:

MUNICIPALITY	BALANCE AT 31 MAR 03	BALANCE AT 31 DEC 04	BALANCE AT 30 JUN 05	INCREASE/ DECREASE (-)
	R	R	R	R
Johannesburg	212, 377 725	149,336 312	231,794 161	19, 416 436
Ekurhuleni	24, 084 325	64,229 481	129,453 453	105, 369 128
Tshwane	14,021 005	2,255 351	33,000 000	18, 978 995
Kungwini	12,229 200	16,282 376	70 175	(12, 159 025)
Nokeng Tsa Taemane	2,502 066	627 865	6,075 312	3, 573 246
Mogale	2,555 531	4,785 550	6,051 520	3, 495 985
Randfontein	189 823	772 710	61,146 638	59, 956 815
Westonaria	383 185	200 045	1,100 000	716 815
Merafong	631 955	640 299	6,536 165	6, 472 970
Emfuleni	25,095 665	21,456 909	19,918 231	(25, 095 665)
Midvaal	2,568 000	2,688 605	2,704 804	136 804
Lesedi	3,107 977	2,359 910	0	(3, 107 977)
TOTAL	276,762 132	265, 635 413	497,850 459	177, 754 527

Table 9: Debt by provincial departments (Source: raw data from municipal reports)

The total debt has decreased by R11 million from R 277 million in 2003 to R266 million in 2004. However, it then increased to R498 million in 2005. The biggest increase was in Ekurhuleni in 2004, from R64 million to R129 million. Johannesburg has a total debt owed of about R232 million, constituting 47% of the total debt owed to Gauteng municipalities.

Councillor Arrears

In terms of the Municipal Systems Act, Schedule One councillors are not allowed to be in arrears, in respect of rates and services charges, to a municipality for more that three months. In cases of such an occurrence a councillor is considered to be in breach of the councillor' code of conduct as governed by the Act and council is obliged to act in accordance with the set rules. In October 2005 councillors were in arrears of R814 076 - this is a decrease from R1 371 803 in 2004.

Conclusion and Recommendations

Phasing out of Regional Service Levies

From 2006/07 financial year the RSC levies will be replaced by a national grant until such time that an appropriate replacement has been found. The main challenge however, is to ensure that the replacement source for RSC levies will be more or less equal or even more than the current and future RSC levy collections. Anything less will have adverse financial implications for municipalities, especially the districts, given their rather limited fiscal base.

Unfunded mandates

Within the intergovernmental fiscal relations system there are indications that there are a number of functions that can be described as unfunded mandates. Municipalities have, for instance, raised the fiscal effects of Free Basic Services. This function is funded through Equitable Share, but evidence from municipalities suggests that the funding is not adequate. For instance, a national study by DPLG shows that 50% of respondents indicated they did not have sufficient finances to support FBS¹³. A second example is related to housing delivery - the responsibilities expected of municipalities, in the provision of new housing, go beyond the allocations, resulting in unfunded mandates¹⁴.

Review of the Auditor's General Reports

As mentioned above, the Auditor General's (AG) reports give a reliable indication of how municipal finances are being managed. The key challenge raised by these reports is two-fold: (1) most of the municipalities were considered to have their liquidity in question, as a result of the increasing level of outstanding debtors; and (2) the inability of certain municipalities to report their financial statements accurately, perhaps due to capacity problems. A third and resultant challenge in future, is a need for concerted efforts by municipalities and stakeholders like the Department to deal, in a more consistent manner, with the issues raised by the AG reports over the last period. This process may take time, but it is the only practical and realistic way to change the situation.

Ability to spend capital budget

The point has already been made that failure to spend capital budget may be an indication of the lack of technical and institutional capacity to utilise the budgeted funds and that this will ultimately leads to infrastructure deterioration and a decline in service delivery. A key challenge remains that capital expenditure patterns need closer scrutiny and monitoring almost on a quarterly basis to ensure that where there are bottlenecks or difficulties, these are dealt with early.

Municipal arrears/cash collection

This is something that has to be dealt with urgently, in the next term of local government.

¹³ Executive Summary: Study to determine progress with and challenges faced by municipalities in the provision of FBS and supporting those municipalities struggling with implementation, DPLG, undated.

¹⁴ Annual Submission for the Division of Revenue 2006/07, FFC, 2005.

KPA 3: Service Delivery and Infrastructure Development

This Review uses this KPA, in conjunction with other instruments available, to assess municipalities' performance in dealing with issues of service delivery and infrastructure development. In assessing the municipalities (on this KPA), a distinction was drawn between free basic and household services and community services. Household services refer to water services, sanitation services, electricity services and solid waste removal, while community services refer to clinics, halls, sports facilities, and parks and designated open spaces, roads and emergency services (fire and ambulance services).

In terms of the Constitution, access to basic services is considered a basic human right. Therefore all spheres of government are constitutionally obliged to provide basic services to all citizens. To this end, the government's free basic service programme is targeted towards the poorest of the poor thus ensuring that the benefits of these services are derived by those persons that are most in need.¹⁵

However, serious backlogs in the provision of these services to all households have a hindering effect towards meeting this constitutional obligation. The national government has set targets for the elimination of infrastructure backlog and universal access in relation of basic services; namely: water to all by 2008; sanitation to all by 2010; and electricity to all by 2012. Although these are national targets, obligating various national departments to carry them through, ultimately, municipalities are expected to meet these targets and deliver these services to all citizens.

In terms of this Review it is important to note that these targets were not part of local government's mandate. However, infrastructure investment was a priority for local government as it has always been clear that access to basic services for the poor can only be achieved with the extension of infrastructure to all areas.

Municipalities in the province were, on inauguration in 2000, faced with some challenges regarding the provision of basic services and infrastructure development. The Census 2001 recorded that out of a total household population of 2 836 336 there were 532 046 households with below basic access to electricity, 68 514 households below basic access to water and 164 101 households below basic access to sanitation¹⁶. The Census 2001, however, does not reflect on the households that had no access at all. It only reflects below basic, intermediate and full access. According to these figures, Gauteng compared well with other provinces. In addition to the above challenges, recent data from StatsSA¹⁷ shows that since 2001, Gauteng is expected to have gained approximately 520 000 persons (compared to 430 000 between 1996 and 2001). This net migration impacts on providing access to infrastructure, as new households grow. There were also a number of macro level, cross cutting challenges¹⁸ that impacted on their delivery of basic services to all households. The following constitutes some of the challenges that confronted the municipalities:

- Achieving sustainability while ensuring delivery of services;
- Tackling poverty;
- Meeting targets for basic household infrastructure;
- Institutional capacity and financial resources;

¹⁵ Development of sanitation policy and practice in South Africa, DWAF, 2002.

¹⁶ Municipal Statistical Infrastructure Review – 1996 and 2001. DBSA, 2004.

¹⁷ Mid year population estimates, STATSSA, 2005.

¹⁸ Accelerating Service Delivery, SALGA Report ,2005.

- The Municipal Infrastructure Grant and related challenges such as lack of internal capacity to manage the capital funds and projects; and
- Challenges of complying with inter-sphere legislation

Water Supply

As already mentioned, in order to expand and sustain water services and thus meet the service delivery obligations, considerable ongoing investment in infrastructure is required. According to the findings of this review, there were 181 827 new water connections in Gauteng between July 2001 and June 2005. However, the information around new connections seems to record little progress on the attempt to address the water backlogs in the province. As can be seen in Figure 28 below, Johannesburg and Ekurhuleni had huge backlogs and they have not been able to come close to eradicating the backlogs. The figure also shows that with the exception of Tshwane, Emfuleni, Lesedi, Kungwini and Mogale, in most municipalities, the number of new connections in the past five years is less than half of the 2001 backlogs. For instance, JHB City has quantified its backlogs as 18 980 households without access to water, 71 880 without access to sanitation services and acknowledges that despite its effort in the last five years, these backlogs are huge and likely to grow¹⁹. Therefore, in addition to half of the households that made up the backlogs in 2001 that could not be connected, population, household growth and influx of people from different provinces, it has meant that, there are also new households that need water connections.

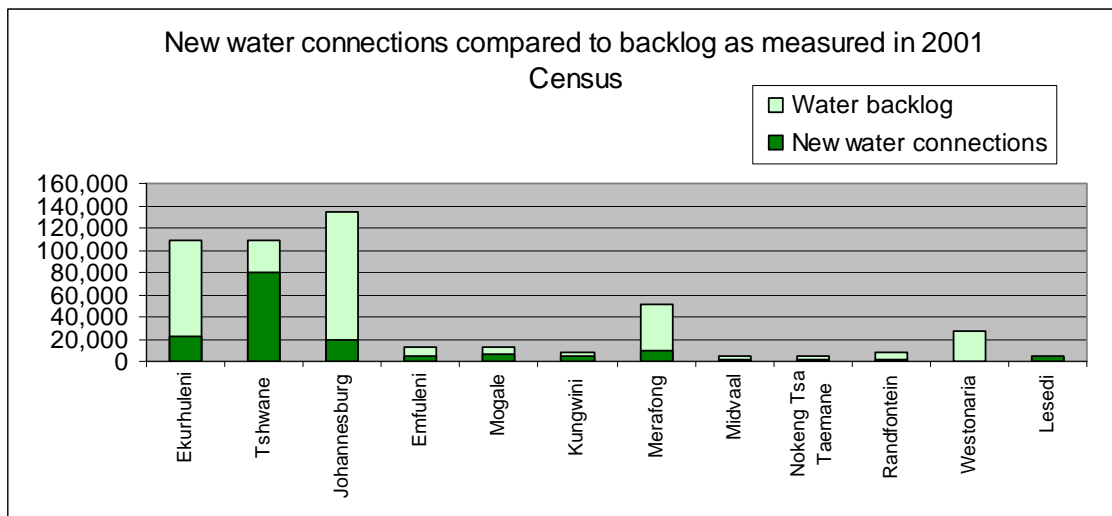


Figure 28: New water connections as compared to backlog measured in 2001 Census (Source: raw data from municipalities)

Sanitation services

There were 80 552 new sanitation connections in Gauteng between July 2001 and June 2005, and the province recorded a backlog of 164 101 household below basic access to sanitation in 2001 (excluding households with no access at all). Figures provided by the Department Water Affairs and Forestry (DWA, 2005), show the current sanitation backlog to be 747 600.

This suggests that the situation with regard to sanitation services backlogs is far worse than the water supply situation. This must be seen in context, since there are more than 400 new informal settlements in Gauteng today.

¹⁹ Reflecting on a solid foundation, JHB 2000-2005 Report, 2005.

With the exception of Emfuleni and Lesedi municipalities, the number of new connections in municipalities in the past five years is less than half of the 2001 backlogs. The situation is worse in metropolitan municipalities which reflect less than 10% elimination of backlogs in their areas and where most of these new informal settlements are found.

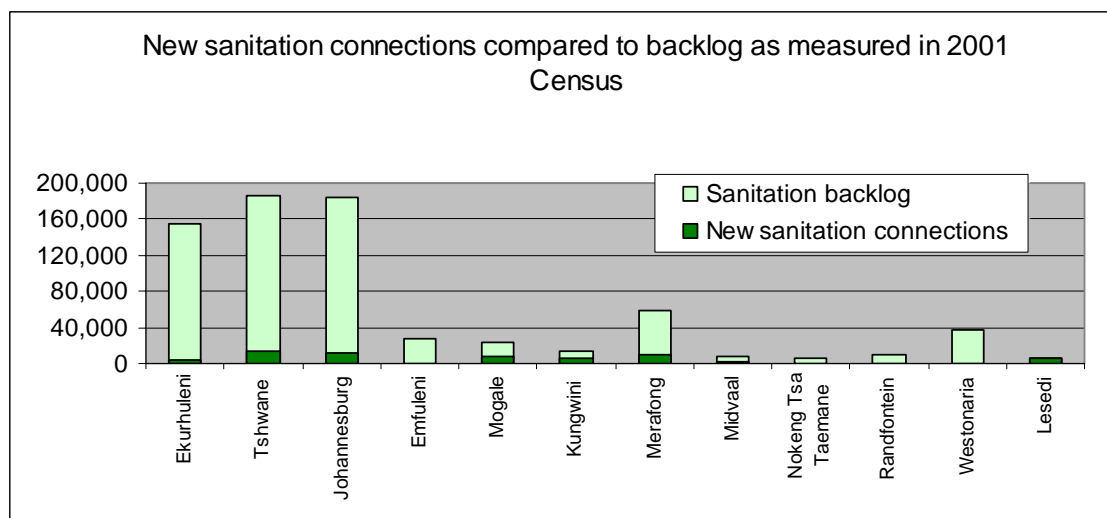


Figure 29: New sanitation connections as % of backlog measured in 2001 Census (Source: Raw data from municipalities)

The available data does not indicate the types of connections made but it is possible that those municipalities that recorded higher percentages of new “connections” may have mainly provided on-site sanitation options, which are relatively easier to provide than water-borne sanitation.

Electricity services

According to recent data received from municipalities there were 80 238 new legal electricity connections in Gauteng between July 2001 and June 2005. This is far below the province’s 2001 backlog of 532 046 for below basic access. As shown in the following figure, the general provincial trend is that most of the municipalities have only managed to clear less than half of the 2001 backlogs over the past four years. The extent, to which Eskom provides electricity supply and not the municipalities themselves, may be part of the explanation for the picture presented here. There tends to be very poor coordination between municipal plans and Eskom’s plans even though municipalities are supposed to be service authorities. Municipalities have very little control, if any, over Eskom’s electrification programmes.

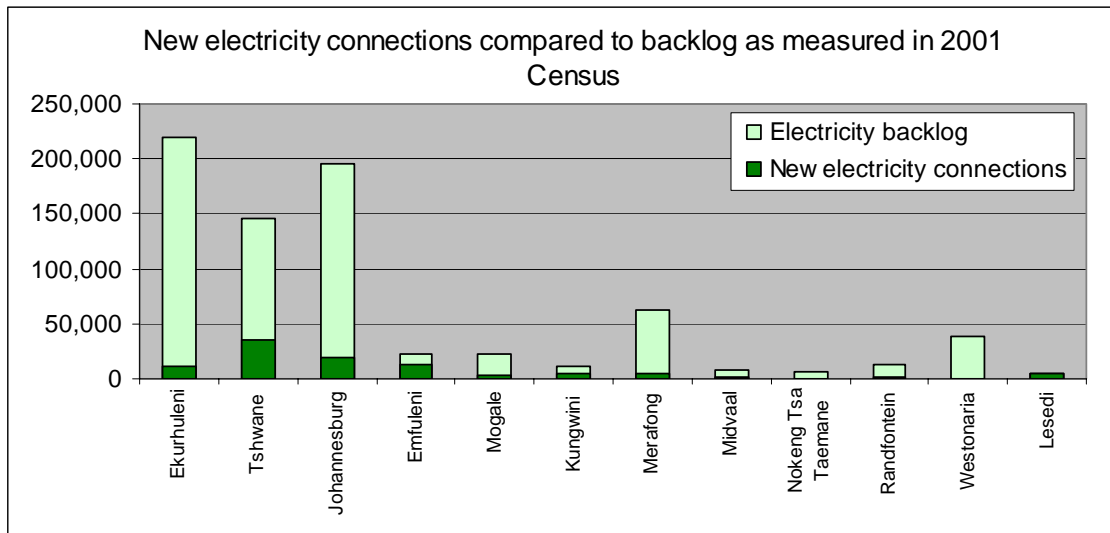


Figure 30: New electricity connections as % of backlog measured in 2001 Census (Source: raw data from municipalities)

Solid waste removal services

According to the 2001 census, 334 785 households had below basic access to a weekly refuse removal service. In an attempt to deal with this backlog municipalities in the Province collectively introduced 94 121 new solid waste service points between July 2001 and June 2005. Municipalities such as Johannesburg, Lesedi and Randfontein appear to have performed very well in addressing the 2001 backlogs in relation of solid waste removal services.

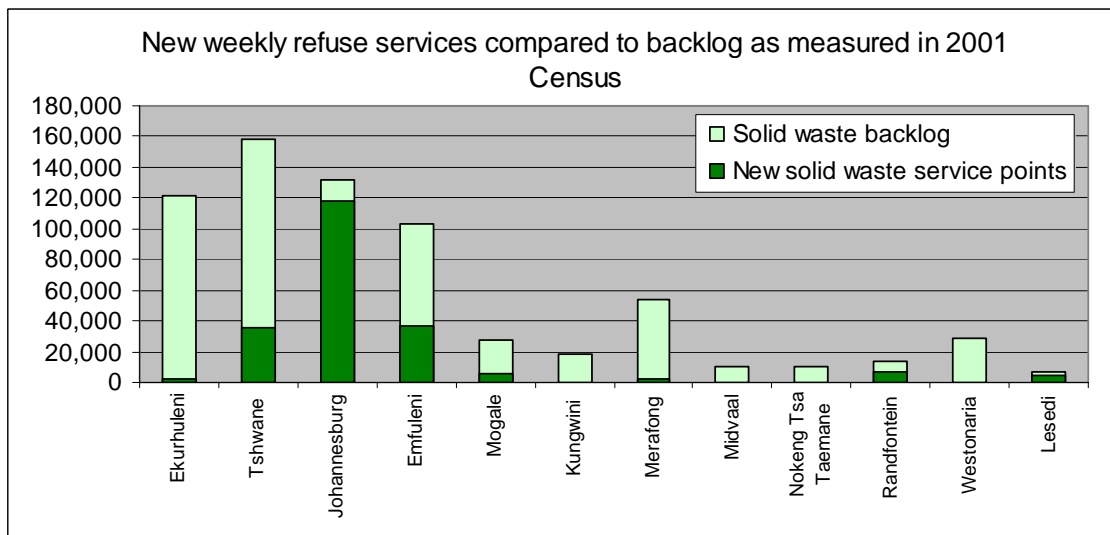


Figure 31: New weekly refuse removal services as % of backlog measured in 2001 Census (Source: raw data from municipalities)

Although there have been some achievements made by municipalities in the Province, the challenge of extending the provision of these services to all households remains a challenge for all municipalities

Housing

The provision of new housing, in the last five years, posed a major challenge for local government. Some of these can be illustrated as follows:

- ◆ Historically, local government had no direct role in the provision of housing, other than through availing land, zoning, etc. Therefore recently it had to acquire new skills and expertise in the provision of housing;
- ◆ The legacy of apartheid planning, meaning a displaced poor population, away from the places of work and recreation;
- ◆ The hostel system with all its related social and health problems;
- ◆ Providing housing to a predominantly poor citizenry, most of whom cannot afford to pay for services or even maintenance thereof;
- ◆ Increase in the size of the population, high rate of unemployment, increasing the demand for new low-income housing.

The Housing Act, 1997, as well as the Housing Code defines the role of local government in housing delivery. An amendment to the Housing Code as approved by MINMEC determined that from 1 April 2002 only a local authority or a Provincial Housing Department might act as an implementing agent of housing projects except in the case of social housing projects. This was introduced to ensure that housing projects are only allocated to service providers once a procurement process as defined by the Constitution has been followed²⁰.

There are currently more than 392 informal settlements identified in Gauteng, 50% of which are viable for formalisation²¹. The Housing Department revealed that 450 000 people live in the Province's informal settlements and about 387 112 are still on the housing waiting list²². As seen in the table below, there are 50 hostels in the Province requiring require upgrading.

Municipality	Number of Hostels	Number of Beds
Johannesburg	16	62 621
Ekurhuleni	17	54 415
Tshwane	3	19 396
Metsweding	2	1 294
Sedibeng	5	13 821
West Rand	7	7 856
TOTAL	50	159 403

Table 10: Number of hostels that require upgrading (Source: Department of Housing, 2005).

²⁰ Extracted from a draft report written by Willem Odendaal, Chief Operations Officer in the Gauteng Housing Department, 2005.

²¹ Ibid

²² Ibid

The following table indicates the status of housing delivery in the various metros and district councils in Gauteng.

Municipality	Expenditure	Stands	Houses	Hostel Beds	Total Housing Opportunity
	R'000 000				
Johannesburg	1820,5	108 593	51 904	40 162	200 659
Tshwane	791,1	72 776	15 902	2 944	91 622
Ekurhuleni	1799,7	97 557	66 459	29 281	193 297
Metsweding	53,8	3 924	2 315	1 732	7 971
Sedibeng	701,0	34 682	26 212	10 908	71 802
West Rand	372,1	16 204	10 043	1 767	28 014
*Unallocated	2733,1	69 635	61 237	-	130 872
Total	8271,3	403 371	234 072	86 794	1 156 193

Table 11: Housing delivery in various Metro and District Councils in Gauteng (Source: Department of Housing, 2005)

* Denoting that the Housing Department's records do not reflect the municipality in which the beneficiary resides.

Access to community services

Local government's constitutional mandate includes overall social development. However, this responsibility has not been clearly defined in the context of local government and none of the functions listed in Parts B Schedules 4 and 5 falls under social development. Some of the larger municipalities do have Social Development Departments, but the terms of reference and scope of operation for these departments differ from municipality to municipality. Generally though, these departments in municipalities include functions over community services. For the purposes of this study, community facilities and services such as emergency services, and primary health care are considered social development services.

The Guidelines for Human Settlement Design (CSIR, 2000) recommend a maximum walking distance of 2 km to facilities such as clinics. Alternatively, the facility should be easily reached via public transport with a maximum 5 minutes walk from the public transport stop to the facility. The maximum travel time to reach the facility should be 30 minutes. Data collection focused on the walking distance given the complications of establishing the extent of proximity of these facilities to public transport routes. However, it has to be taken into account that some areas, e.g. the metros are more densely populated compared to the outlying municipalities with dispersed populations. Thus, meeting the recommended distance can have serious financial implications for both scenarios.

Primary health care facilities

About 80.2% of households in the province lie within a 2km radius of a primary health care facility. The distribution of the level of access across the Province is shown in the graph below.

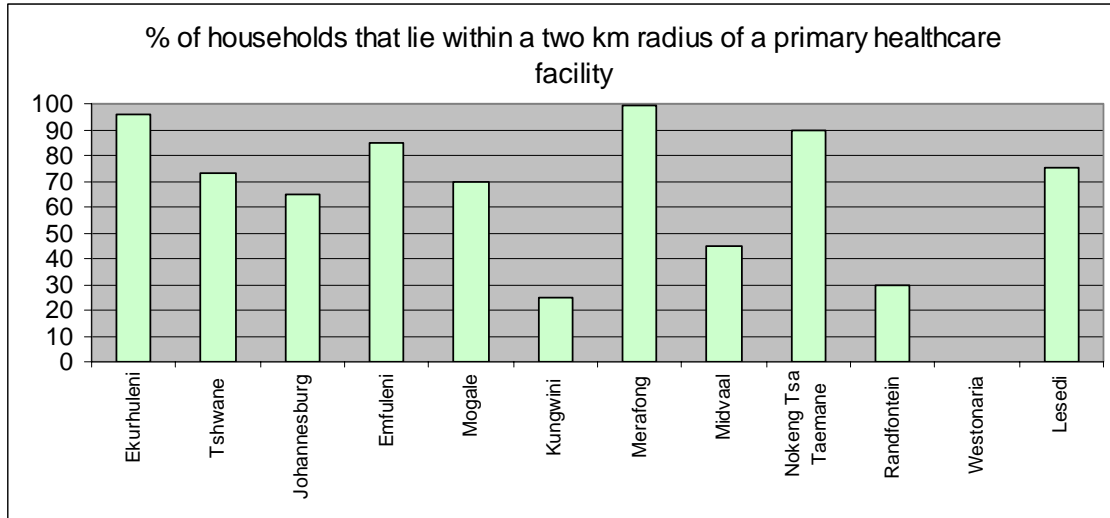


Figure 32: Percentage (%) of households within 2km radius of a primary healthcare facility (Source: raw data from municipalities)

While Westonaria did not report on this section, Kungwini has disproportionately few households who are within 2 km to a primary health care facility. It could be that some of these facilities are located in places that require 30 minutes travel time to these facilities, if one uses the public transport. Merafong reports that almost 100% of its households are within a 2km radius of a primary health care facility.

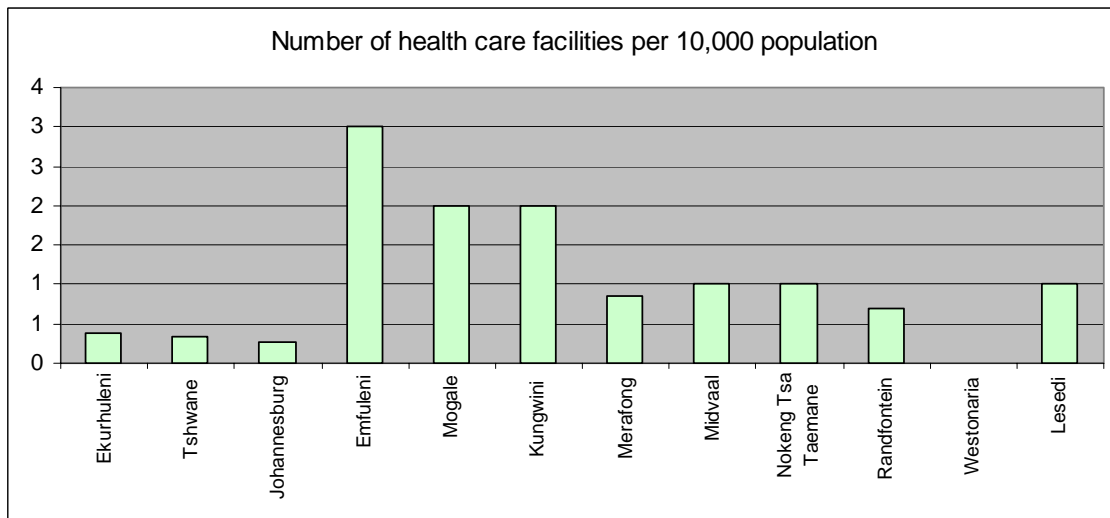


Figure 33: Number of primary health care facilities per 10 000 population (Source: raw data from municipalities)

There are notably few primary health care facilities per 10 000 population in all the metros areas. The relatively low numbers of primary health care facilities per 10 000 population in these areas is of concern given the fact that metropolitan areas tend to have relatively higher population growth rates which may result in the situation getting worse in the future. All the local municipalities have recorded more facilities per 10 000 population.

Halls

About 6.5% of households in the Province lie within a 2km radius of a community hall. The percentage of households that are with a 2km radius from a community hall in Randfontein is puzzling (see graph below) given that it has reported the highest number of community halls per population by far as shown in the next graph. This number needs to be verified because it might mean that there are many community halls in the municipal area that are not being adequately utilised because of their distance from communities. Of the 3 metros, Johannesburg reports that over 80% of its households are within a 2km radius of a community hall.

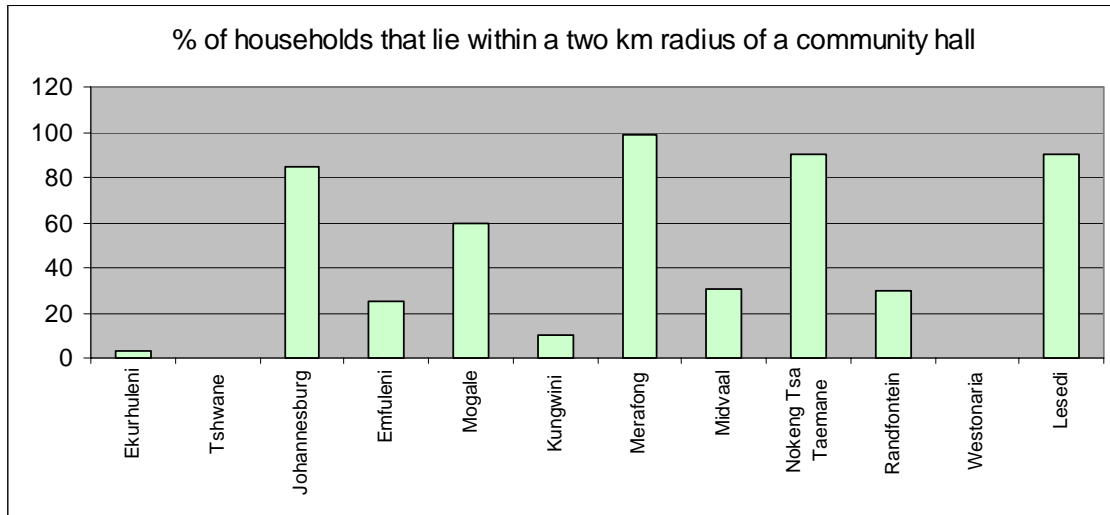


Figure 34: Percentage (%) of households lying within 2km radius of a community hall (Source: raw data from municipalities)

As shown in the following graph, there is generally one community hall per 10 000 people in the Province with the exception of Midvaal and Randfontein where the ratio is slightly higher. Again the Metros are of concern e.g. Tshwane's reported number of community halls make up less than 1 per 10 000 given the population in the metro. It should be pointed out that Tshwane incorporates some of the less developed areas of the North West Province, which could explain this low figure.

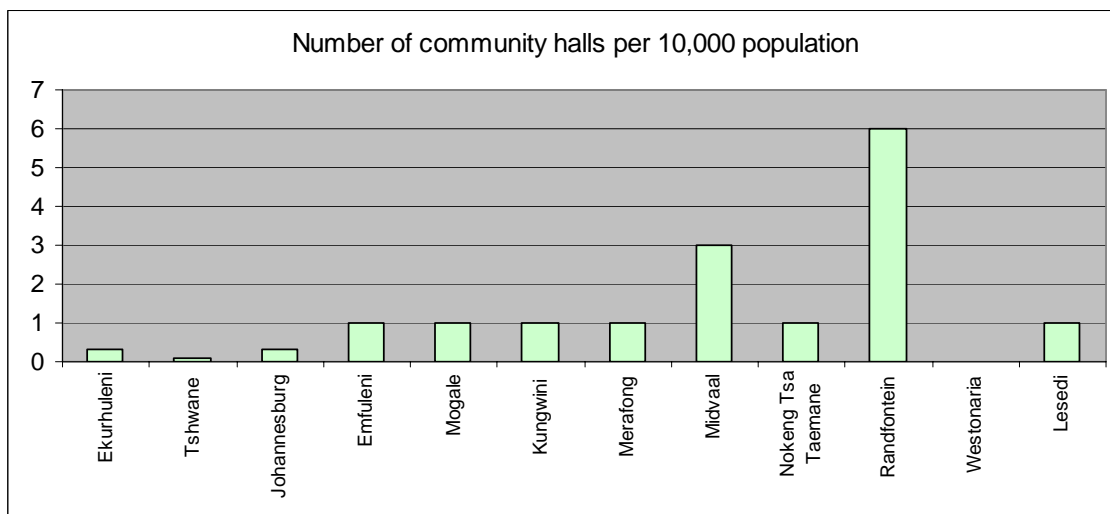


Figure 35: Number of community halls per 10 000 population (Source: raw data from municipalities)

Sports facilities

About 87% of households in the Province lie within a 2km radius of a sports facility. It should be noted though that as shown in the following graph, Joburg and Tshwane metros did not report on this. Ekurhuleni reports that almost all its households are within a 2km radius of a sports facility and Johannesburg also reports a commendable 85%.

Again Merafong reports the highest number, over 90% of its households with the 2km distance, followed by Nokeng Tsa Taemane and Lesedi with 90% and 80% respectively.

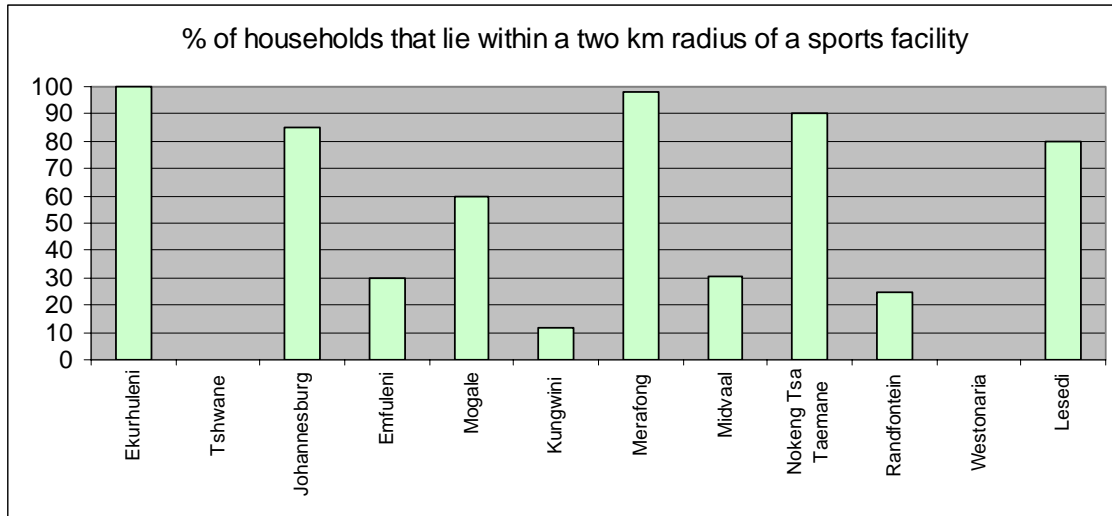


Figure 36: Percentage (%) of households that lie within 2km radius of a sports facility (Source: raw data from municipalities)

As is the case with community halls, there is generally one community sports facility per 10 000 people in the Province with the exception of Midvaal and Randfontein.

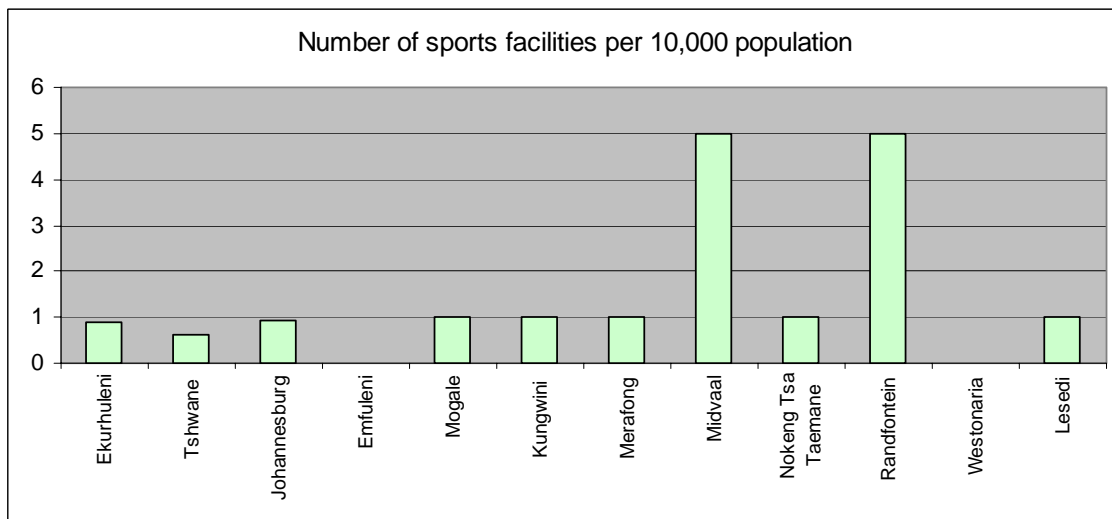


Figure 37: Number of sports facilities per 10 000 population (Source: raw data from municipalities)

In general communities in the Sedibeng, Metsweding and Tshwane municipal areas have relatively fewer community services facilities relative to their population sizes. This may have a negative impact of adequate provision of, and access to services, which in turn may undermine the development of sustainable settlements. Tshwane is of particular concern given the fact that metropolitan areas tend to have relatively higher population growth rates, which may result in their situation getting worse in the future.

Parks and designated open spaces

The section considers both hard and soft public open spaces in terms of the definitions used in the Guidelines for Human Settlement Design (CSIR, 2000), as long as the soft public open spaces are designated as such.

Accordingly, about 67% of households in the non-metropolitan areas of the Province lie within a 2km radius of parks and/ or designated open space. None of the metropolitan municipalities reported on this and have not been taken into account when calculating the Provincial access levels. It is expected that this percentage would be lower if metropolitan municipal areas were taken into account given their higher population densities.

As shown in the following diagram, even though Westonaria did not report on this, it may be safe to conclude that the southwestern area of the Province has more designated open spaces per population compared to other areas. This area also has relatively large numbers of square kilometres of land per household (low density) and is relatively closer to a water resource in the form of the Vaal River. This should be seen as a potential area for future growth opportunities in the Province.

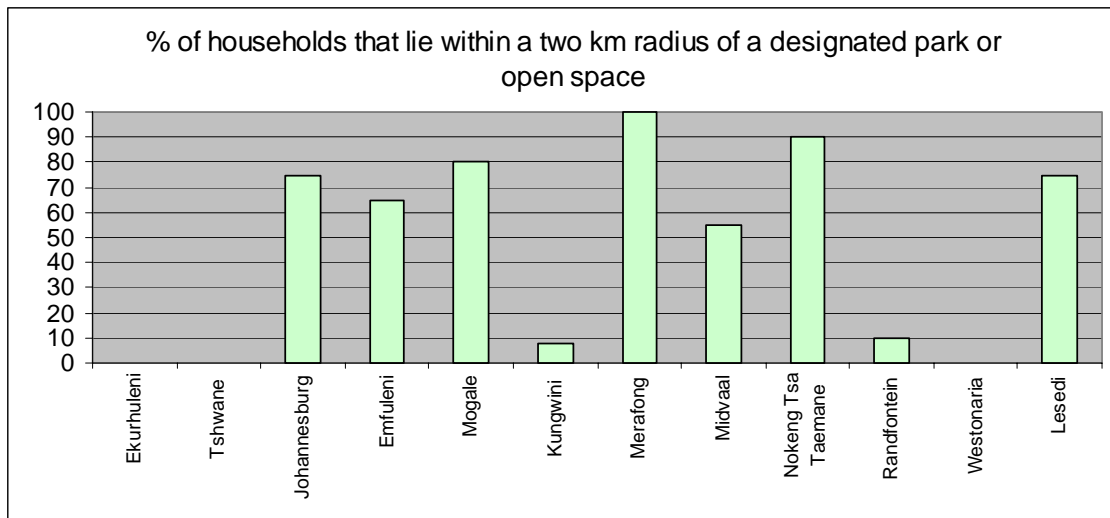


Figure 38: Percentage (%) of households that lie within 2km radius of a designated park or open space (Source: raw data from municipalities)

Access to emergency services

Access to emergency services is an important indicator impacting on life and the quality thereof. The more access the community has on emergency services the higher its quality of life. The provincial weighted average time taken for an incoming emergency call to be answered by the control centre is 12.2 seconds. Among the municipalities who provided information on response time, Emfuleni had the longest response time (3 minutes) compared to Joburg and Nokeng Tsa Tamane's reported 1 second.

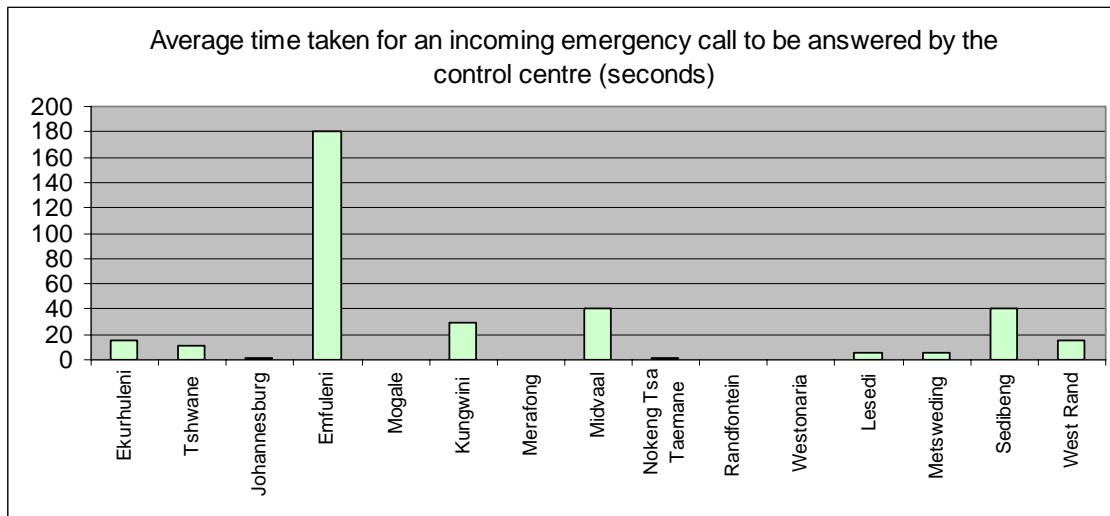


Figure 39: Average time taken for an incoming emergency call to be answered by control centre (Source: raw data from municipalities)

Also important in relation of emergency services is the response time for fire, rescue and ambulance services. This was measured in terms of how long it takes for municipalities to respond to a fire and rescue emergency as well as for ambulance services. The provincial weighted average response time for fire & rescue services (statistical average of time recorded between each call and arrival on site) is 12.9 minutes. The South African Bureau of Standards (SABS) standard time is 7 minutes while 14 minutes is still acceptable. As shown in the following graph Kungwini reported an unbelievably short response time of 1 minute. Most municipalities reported response times that are within a range of 7 and 15 minutes.

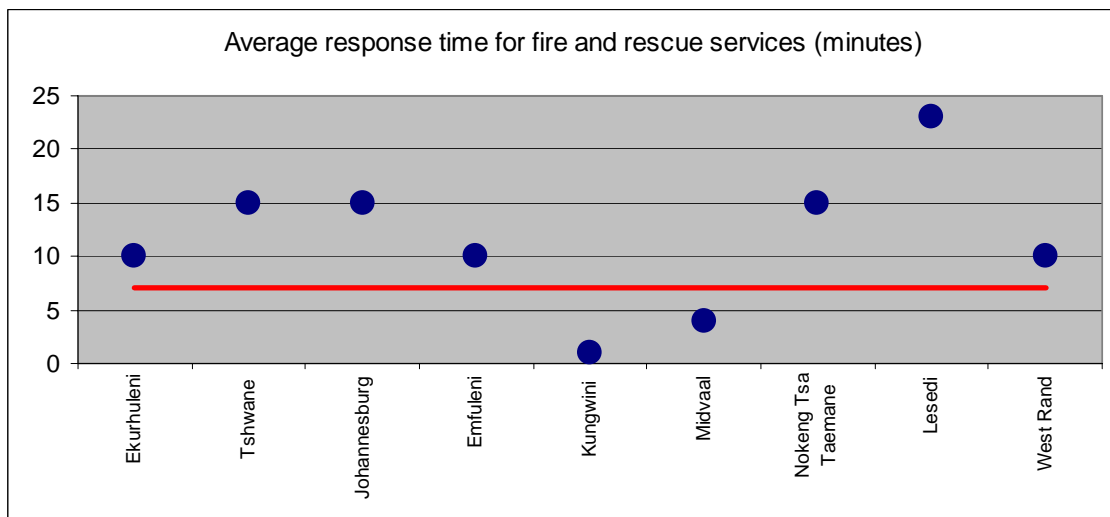


Figure 40: Average response time for fire and rescue services (Source: raw data from municipalities)

Poverty Alleviation

Municipalities are expected to play a critical role in the fight against poverty. It is found that the majority of Gauteng municipalities have over the past four years embraced this as part of their core mandate and actively engaged in implementing a wide range of social development programmes.

Indigent Policy

One of the mechanisms utilised across municipalities of different categories to fight poverty is the indigent policy. Thus, the adoption of an indigent policy can be used as an indicator of commitment to fighting poverty. This policy is translated into programmes through the provision of free basic water, sanitation and electricity services and in some cases discounts or exemptions in tariffs.

Although the threshold varies from municipality to municipality (R800 – R1560 range), on average households earning less than R1,100 pm qualify to receive free basic services. Accordingly, all municipalities have reported that they provide free basic services to households falling within their threshold. The data gathered through the survey shows that there are discrepancies in the performance of municipalities across the Province.

Extent to which Equitable share is used to provide free basic services

All municipalities receive an equitable share of the nationally collected revenue annually. This is meant to assist towards provision of free basic services in their areas of jurisdiction. However, equitable share is an unconditional grant that allows council to independently use their discretion in allocating it to competing needs in their budget.

Figure 41 below is illustrating the extent to which Gauteng municipalities have spent their equitable share on providing free basic services.

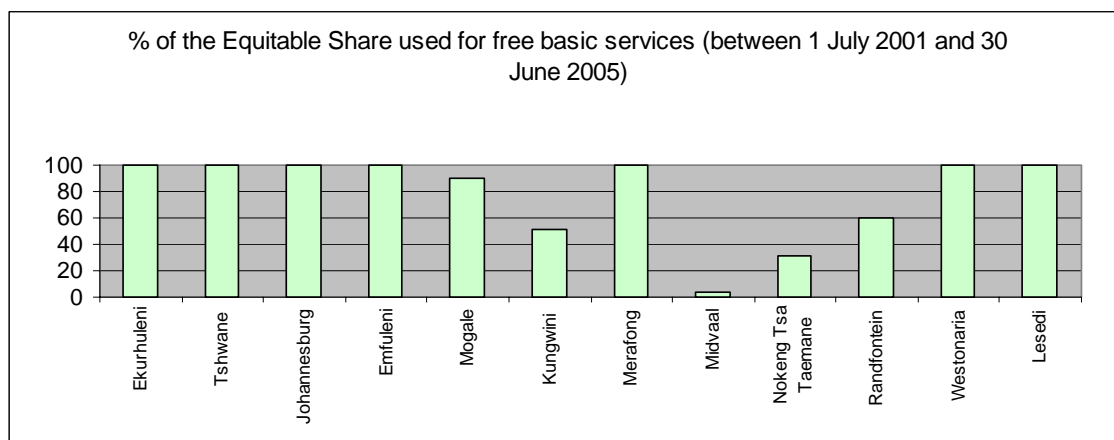


Figure 41: Use of equitable share for free basic services (Source: raw data from municipalities)

The above figure shows that 63, 6% of municipalities in Gauteng utilise 100% of their equitable share allocation towards meeting costs of providing free basic services. Off these 57% are category “B” municipalities and the remainder are metros.

Off the municipalities that do not use all their equitable share allocations for free basic services, Randfontein and Kungwini utilise at least more than 50% while Midvaal and Nokeng Tsa Taemane utilises no more than 30%. In fact, Midvaal utilised just about 4% of its entire allocation.

This is a cause for concern especially considering that backlogs in these municipalities are as high as 26% for water, 43% for electricity in Nokeng and 20% for water and 40% for electricity in Midvaal. According to an analysis of census statistics Nokeng Tsa Taemane has 19% of its households earning a gross monthly income of R1600, while Midvaal stands at 21%.

Conclusion and Recommendations

Infrastructure Investment

Municipalities in Gauteng have, collectively, been unsuccessful in reducing 2001 municipal service backlogs by more than half. With projected population growth, and the lack of success in addressing backlogs, it is very possible that municipalities will not show significant developments in the future, towards improving levels of access to services. However, it is hoped that the recently adopted overall government plan to eradicate these backlogs, with its targets and funding through the MIG will go a long way in assisting municipalities to address this issue. The failure to eradicate backlogs can also be explained against the backdrop of increasing population growth, mainly fuelled by migration from other Provinces. This means that the rate at which metros are addressing the backlogs is likely to be complicated by the fact that population growth rates in these areas tend to be relatively higher.

Compared to the overall municipal current rate of investment of R1 billion, the required expenditure, i.e. in order to eradicate the backlogs, is close to two and a half times as much as the current rate of investment²³. It is evident that in order to eradicate the current backlog and simultaneously cater for the anticipated population growth will require a substantial acceleration in the current rate of implementation, i.e. 2.5 times current levels.

It is also important to note that whilst financial constraints are a major hindrance to infrastructure investment, there are also other critical constraints, such as:

- ◆ Institutionally, it appears that services are not yet co-ordinated sufficiently, especially in the case of areas requiring rapid service delivery. This is coupled with bottlenecks in current processes that hamper the rapid deployment of new infrastructure.
- ◆ It has also been noted that a multitude of legal requirements impact on the process, which seems to increase the delivery times in some areas.
- ◆ In some areas, high expectations of service levels by the users of the service tend to impact on technical requirements, i.e. users expect a higher level of service that is beyond the means of the available technology in that particular area.

It is critical to note that lack of access to services mainly affects the poor, and that those who can afford to simply move to areas that are well serviced. As a result, the non-serviced areas become “reserves” for the poor. It becomes increasingly unviable to service these areas as very little or no revenue can be raised from the poor. This, in addition to reinforcing the apartheid settlement patterns, the economic growth potential of these areas is also undermined, leading to increased unemployment and poverty. This could develop into a structural problem for the Province, whereby areas dominated by the poor will “reproduce” themselves and be further marginalized. Although this problem is common throughout the province, it is likely to develop faster in the metropolitan areas. They therefore need to be prioritised while the economies of the non-metropolitan areas are rejuvenated so as to reduce the influx of people from non-metropolitan areas to metropolitan areas.

²³ DLG Infrastructure Backlog Study done by the Infrastructure Backlog Consortium, 2005.

It is clear that eradicating infrastructure backlogs and extending services to all citizens and communities is not a challenge that will be met overnight. Although a good foundation has been laid, judging from the current investment trends, it is unlikely that the national targets will be met. Even if the targets were to be met, say electrification by 2012, it effectively means that between now and 2012, there will still be poor households that would not have access to basic services, including the free basic services, due to lack of access. If such a situation is not managed sensitively, it has a potential to have serious political and social ramifications.

Solid waste removal services

Although progress has been made by a few municipalities with regard to weekly refuse removal, it appears that only 14% of the 2001 Census backlogs have been dealt with.

Poverty alleviation and free basic services

The majority of municipalities in the Province are providing free basic water, sanitation and electricity to their indigent people. However, the major challenge lies in addressing the discrepancies of how municipalities provide the FBS - some use a targeted approach, i.e. targeting poor communities, while other municipalities provide FBS to all households (broad based approach) regardless of their economic and social status. This makes it difficult to compare trends and progress to date.

Housing delivery

The terrain of housing delivery was articulated as being the most complex area of intergovernmental relations. Municipalities have demonstrated the ability to deliver housing in a context where there are complex and multiple relationships to be managed. In some cases, these relationships are seen as the major reason for non-delivery. Success is more evident where the focus has been on delivery, rather than on the management of multiple relationships and networks. The fundamental issue, however, is the unclear delineation of responsibilities with regard to housing delivery. This situation makes it difficult for municipalities to plan and budget for housing delivery in the medium to long term. In addition, the growing population, exacerbated by inward migration will always pose a challenge in terms of housing the poor population of Gauteng.

Social services

Available data seems to indicate that much progress has been achieved in providing access to clinics, sport facilities, halls, parks etc. The challenge is to sustain this, in the context of increasing population growth. Secondly, the municipalities that are still lagging behind would have to make more concerted efforts to meet their obligations.

Role of Districts in service delivery

This Review has revealed that District municipalities have a very limited role in terms of service delivery in the province, notwithstanding their allocated responsibilities. Their role is largely limited to supporting local municipalities. From this perspective, it is necessary to rethink the role that should be played by District municipalities to add significant value to local governance in the province. The extent to which they are successful in supporting local municipalities is generally doubtful given the local municipalities' level of performance in terms of service delivery.

KPA 4: Local Economic Development

Municipalities in South Africa are currently the major role-players in local economic development (LED), through the employment of local people, procurement of goods and services, development of infrastructure and provision of services. This local government role is further defined in the Constitution as the “promotion of social and economic development” and reinforced in the White Paper on Local Government and associated legislation of the Municipal Structures and Systems Acts. Section 153 of the Constitution states that:

“A municipality must structure and manage its administration and budgeting and planning processes to give priority to the basic needs of the community and to promote the social and economic development of the community”

The local government White Paper identifies the strategic role that local government can play in promoting job creation and boosting local economies. It is acknowledged that a universal definition of local economic development does not exist. Attempts by the World Bank²⁴ and other development agencies to arrive at a common definition have not yet established consensus.

LED is about promoting economic development and growth through strategies that create conducive environments for investment: through development of infrastructure; the promotion of small businesses and enterprise development; the promotion of labour-intensive activities through the Expanded Public Works Programme; and Small Medium Micro Enterprise (SMME) initiatives, directing foreign and domestic investment to local areas, increased involvement of local businesses in trade activities, etc. The outcome indicators under this KPA include sustainable employment opportunities for the poor and the unemployed especially youth, women, and people with disabilities as well as economic growth for the local municipal areas.

In the Gauteng province, the definition of LED and what it constitutes in terms of the activities carried out varies from one municipality to another. However, in order to understand levels of achievements and performance it is imperative to have a basis on which activities carried out during the period under review could be measured. For this reason the Review identified a list of indicators based on activities aimed at promoting economic development that are carried out across municipal types and some of which are required in terms of local government legislation and policies.

LED performance indicators

Below is a list of indicators against which the performance and achievements of Gauteng municipalities were reviewed. These indicators are based on clear activities that all municipalities have engaged on in one way or another.

- Overall economic growth for municipalities (Metros mainly) using the Gross Geographic Product (GGP);

²⁴ Local economic development (LED) offers local government, the private and not-for-profit sectors, and local communities the opportunity to work together to improve the local economy. It focuses on enhancing competitiveness, increasing sustainable growth and ensuring that growth is inclusive. LED encompasses a range of disciplines including physical planning, economics and marketing. It also incorporates many local government and private sector functions including environmental planning, business development, infrastructure provision, real estate development and finance.

- Growth in RSC levy ;²⁵
- The extent to which municipalities support BEE and SMMEs through their preferential procurement policies;
- The extent to which municipalities are addressing poverty through policies and other means;
- The extent to which municipalities are creating jobs;
- Linkages to the Provincial Growth and Development Strategy;
- The effect of rates and tariffs in relation to the macro economic policy; and
- Capacity issues that impact on the ability of local government to influence the economy.

The review assessed the extent of performance achieved by Metros and Districts in facilitating economic growth in their areas. In order to facilitate comparisons between municipalities of the same category, two indicators were selected. For comparing districts the indicator used was – percentage increase in RSC (regional services council) levies while for metros the indicator looked at the – percentage increase in GGP. It is believed that GGP is a useful indicator of economic growth. Information on this indicator was asked from metros only. Therefore, this indicator was limited to measuring performance of metros even though it could also apply to districts and local municipalities. The reason for limiting this analysis to the metro level is the scarcity of GGP information at District and Local level.

Overall Economic Growth

Gauteng has a strong economic cluster of advanced producer services, and indications are that the business and financial services sector will continue to show the strongest growth in the Province's economy, and will dominate the metropolitan economies of Johannesburg and Tshwane by 2009.²⁶

Despite this growth, the Province experiences a number of key challenges, including high levels of unemployment and poverty as well as uneven and skewed growth and development, which have resulted in some geographic areas and some sections of our population benefiting from provincial successes more than others have.

Recent data reflect that the two mining Districts of Sedibeng and West Rand show drastic decline in their economies. This is reflective of the structural composition in the economies of these municipalities. This would also lead to loss of revenue (Property Tax) as well. In addition, these areas have not been able to develop sustainable rural or agricultural strategies to complete other economic sectors, given the decline in the mining and heavy industry.

Another observation is the general failure of municipalities, perhaps with exception of the Metros, to take advantage of the economic climate and make linkages with provincial initiatives.

Percentage Increase in RSC Levies

RSC levies are used here as a proxy for district economic development. It is assumed that with increased collection of RSC levies the district's access to revenue for supplementing service delivery will also increase.

²⁵ RSC Levy is used in this instance as a proxy of economic growth. Information was only asked for district type municipalities only.

²⁶ The state of the Cities Report, South African Cities Network, cited on GCR Framework, Office of the Premier, 2005.

Figure 42 below gives a comparative analysis of the growth in RSC levy income among Gauteng district municipalities.

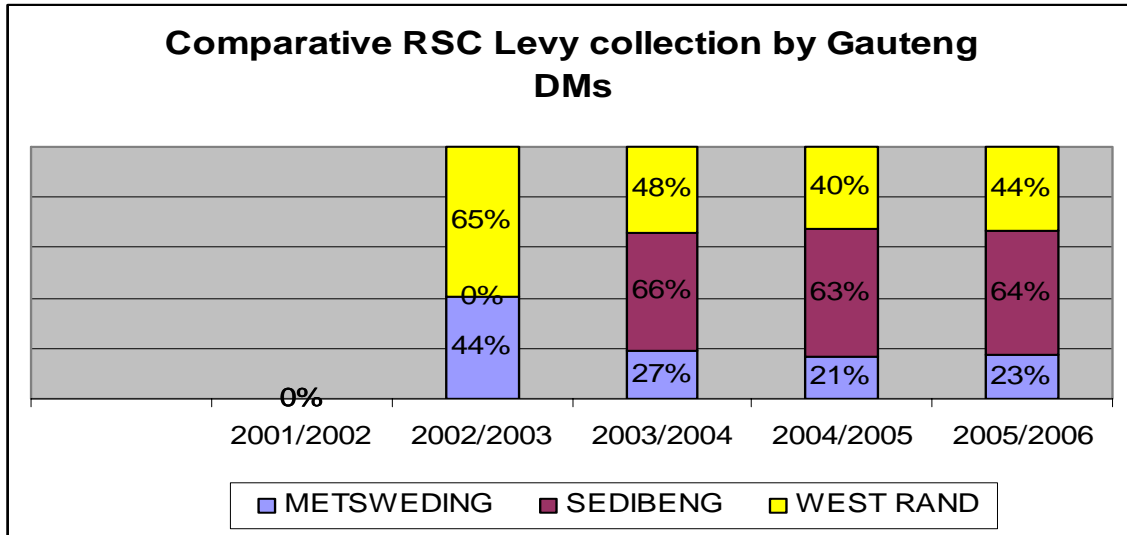


Figure 42: Comparative % increases in RSC Levy for districts (Source: raw data from municipalities)

Figure 42 above shows information on levy collections for year 2001/2002. Information for Sedibeng was not available for the year 2002/2003. However, using the information received for the following years, it is shown that RSC levy income collection by Districts has generally declined across the Province. For example West Rand RSC levy collections declined from 65% in 2002/3 to 40% by end of 2004/5. Similarly collections by Metsweding reduced from 44% in 2002/3 to 23% in 2004/5 and that of Sedibeng decreased from 66% in 2003/4 to 63% in 2004/5.

The reasons for this steady decline were unclear in the Review process. However, information recently offered by municipalities attributed the decline in RSC levy collections to a range of factors including among others, poor collection strategies, gradual decline in the number of industrial and mining operations especially in Sedibeng and West Rand where some mining operations were contributing to their levy income.

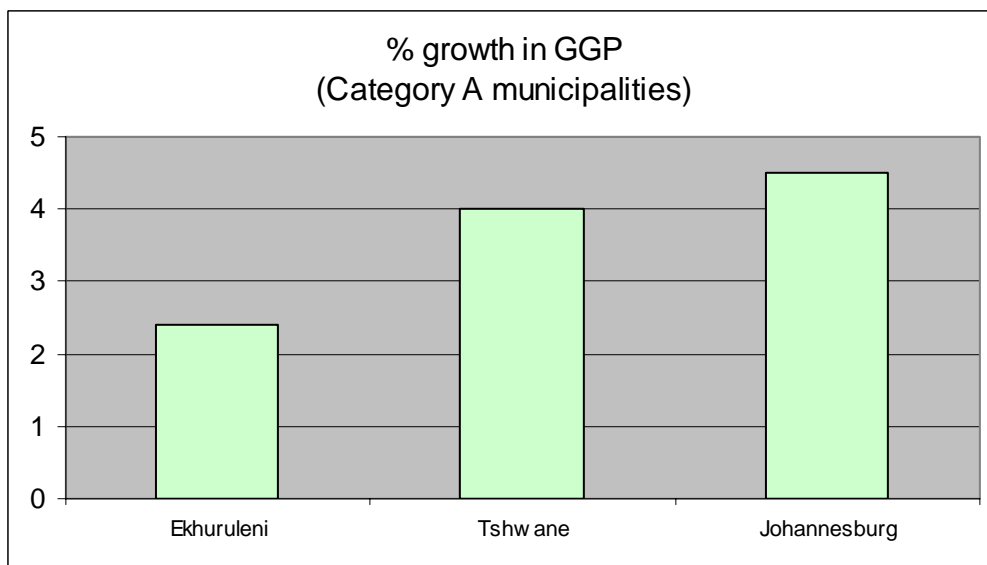


Figure 43: Percentage Increase in Gross Geographical Product (GGP) (Source: raw data from municipalities)

Gross Geographic Product is a useful indicator of economic growth. It is used in the review to assess performance of metros and to compare relative achievements between them. Using GGP as an indicator, economic growth in Gauteng's three metros (Joburg, Tshwane and Ekurhuleni) are compared in the figure above.

Generally, all three Metros in the province have registered positive but varying levels of GGP growth in the 2004/5 financial year. The figure above shows that the economy of Joburg achieved a GGP growth rate of 4,5% in 2004/5, which is relatively higher than the other two metros in the Province. Joburg's achievement is almost twice that of Ekurhuleni which is 2.4% and slightly higher than Tshwane's 4% over the same period.

When comparing Gauteng Metros' achievement in percentage GGP growth to that of the country, it is noted that only Ekurhuleni has achieved lower than the national average of 4% for 2004/5.

There are indications that over the period under review, there have been clear signs of proactive planning and commitment displayed by metros through the implementation of strategic programmes such as:

- Business partnership forums
- SMME development
- Creative procurement models aimed at supporting BEE
- Trade promotion and export
- Setting up of dedicated economic growth planning and implementation agencies (e.g.- JDA)

The dividends from these efforts reflect in the economic growth rates in the metros. However, one has to be cautious, the totality of the metropolitan economic growth cannot be attributed to the metros only, given the diversity of the actors and the centrality of Gauteng in the national economy.

Preferential Procurement Policy Favouring BEE & SMMEs

The White Paper on Local Government identifies procurement policies as one of the mechanisms by which municipalities can influence local economic development.

The review found that all Gauteng municipalities have at least adopted and are implementing a fully-fledged supply chain management policy to govern decision making in their procurement processes. Through these policies municipalities have strategically channeled resources and support to promote BEE and SMME development. The main challenge however, is to develop and implement sound monitoring systems to guide measuring of performance against outcomes achieved.

While available information through the survey questionnaire is insufficient to give a comparative assessment of the achievement by metros in Gauteng, review of documentation submitted by municipalities indicates that all three metros have channeled significant amounts of resources into empowering BEE and SMME initiatives. Tshwane for example, spent more than R63 million over the last four years on promoting BEE initiatives through their procurement processes and Johannesburg has indicated that in the 2004/05 period they have channeled, through their procurement processes, an amount of approximately R300 million to BEE suppliers.

The figure below gives a rand value comparative assessment of how districts have performed in promoting BEE and SMMEs.

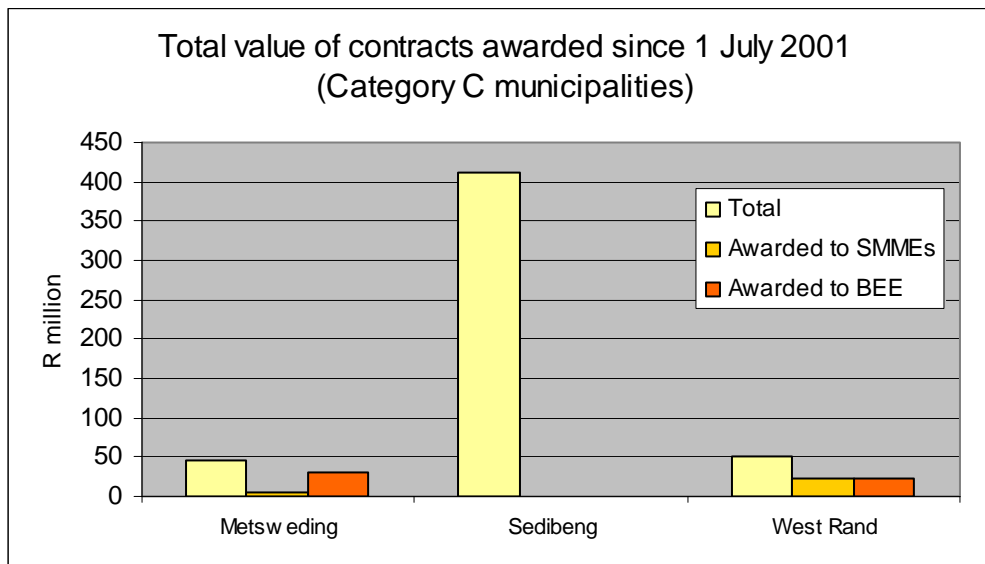


Figure 44: Comparative assessment of district municipalities performance in promoting BEE and SMMEs (Source: raw data from municipalities)

While Sedibeng district was unable to provide detailed information on the split of their expenditure in terms of total value of contracts awarded in support of BEE and SMMEs, the findings indicate that they have managed to channel in excess of R411 million to supporting BEE and SMMEs. This amount is by far the highest of all municipalities that participated in the survey. By contrast, the other two districts spent no more than R50 million in four years towards advancing BEE and SMME.

Most local municipalities were unable to provide information on this question and therefore it is not possible to give a conclusive finding on their overall performance. However, if we look at the four that did respond (Lesedi, Randfontein, Kungwini and Westonaria) their expenditure on value of contracts awarded to BEE and SMME over the last four ranges from a mere R8 million in Randfontein to R173 million in Lesedi.

Based on limited information and mainly review of annual reports of municipalities, procurement in terms of total value of contracts awarded in support of BEE and SMME promotion it is believed that performance of municipalities in this area can still improve considering the opportunities that exist in implementing billions of rands worth of public infrastructure (roads, water, sanitation, works and electricity) programmes undertaken over the last few years.

Job Creation

Job Creation Through Own LED Initiatives

Municipalities have the potential to influence their economies by contributing directly or indirectly to job creation in their areas of jurisdiction. However, it is not the primary responsibility of municipalities to create jobs but rather to facilitate conditions for job creation.

Gauteng municipalities have generally encouraged conditions for job creation through direct and indirect means including planning, employment creation in the implementation of capital infrastructure projects and partnering with private sector and other spheres of government in strategic programmes like Blue IQ and the Expanded Public Works Programme aimed at delivering infrastructure while creating job opportunities.

Below is a figure showing comparative achievements of Gauteng Metro municipalities in creating jobs through their own LED initiatives.

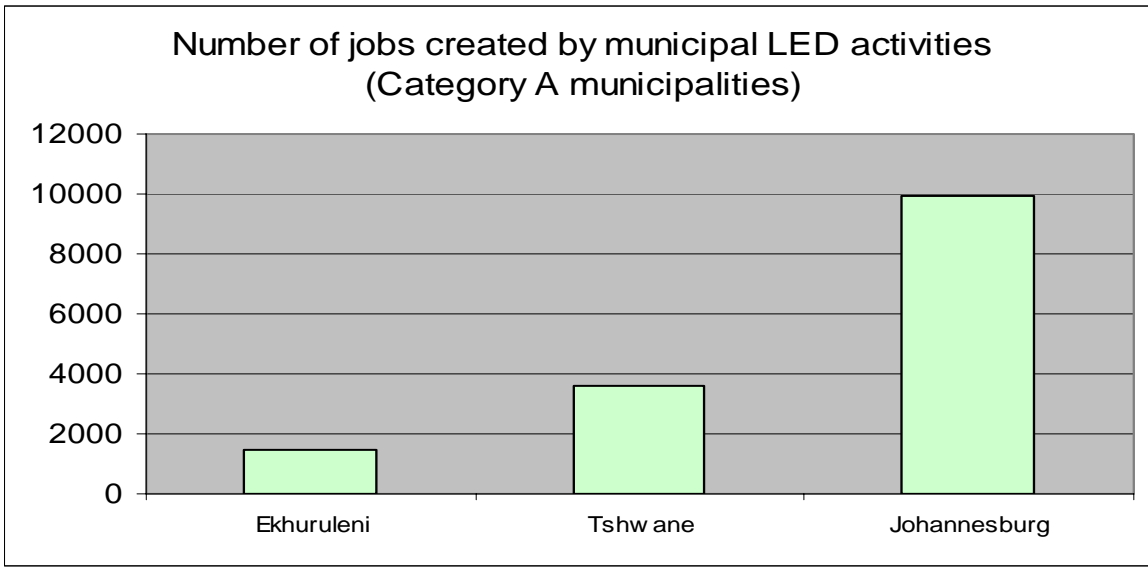


Figure 45: Jobs created through own LED initiatives (Source: raw data from municipalities)

In the above graph it shows that metros have been actively engaging in positive employment creation initiatives through their own LED programmes which have resulted in the creation of jobs ranging from between 1500 in Ekurhuleni to just over 9931 in the case of Joburg. Tshwane has also created at least 3600 jobs through its own initiatives. These are mainly temporary jobs linked to project timeframes.

Emerging from the Gauteng Municipal self-assessment is that the impact of LED programmes has not been sustainable, mainly because it was largely at micro economic level. Hence their commitment to investigate alternative strategies aimed at consolidating their efforts to ensuring impact at a macro economic level.

Local municipalities have also engaged in numerous activities aimed at creating jobs and employment opportunities through their own LED programmes. In the figure below, it is shown that Merafong has created the most number of jobs (675). With the exception of Lesedi that reported a figure of 140 jobs created, all other Local municipalities that participated in the survey reported relatively low figures of less than 100 jobs created through their own initiatives.

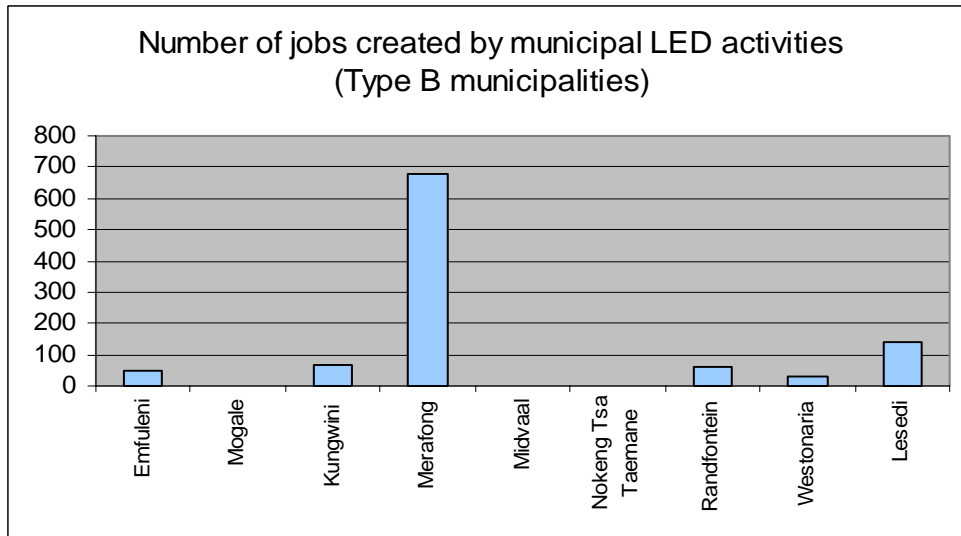


Figure 46: Number of jobs created by municipal LED activities (Type B municipalities) (Source: raw data from municipalities)

Creation of jobs through direct municipal initiatives has generally been low among Gauteng local municipalities. The figure achieved by metros can also be improved.

Distribution of Jobs Created by vulnerable Groups (Women, Youth & People with Disabilities)

Figure 47 below gives the distribution of the jobs created by municipalities according to special group categories of women, youth and people with disabilities.

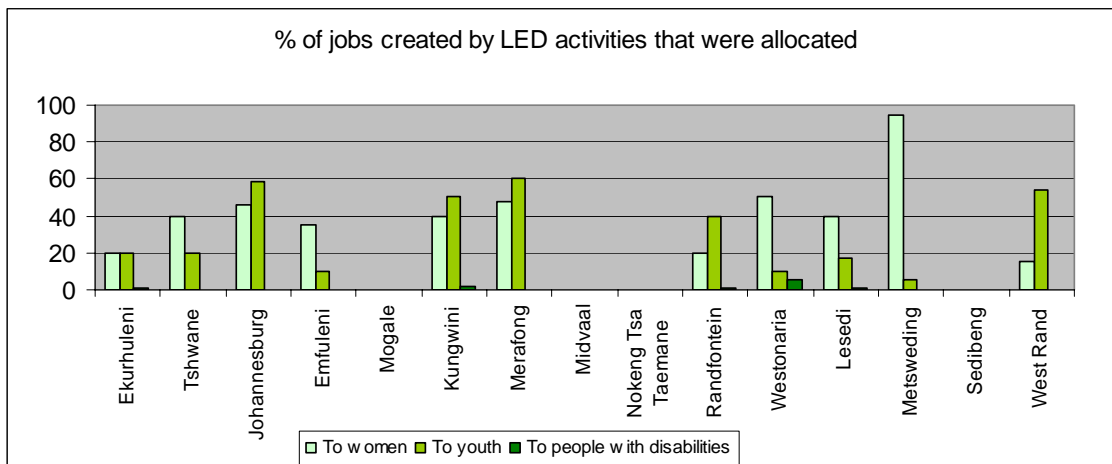


Figure 47: Jobs created in metros by special group category (Source: raw data from municipalities)

The above figure shows that at least 58,7% of jobs created by Joburg metro through their own LED initiatives went to youth beneficiaries, while 45% went to women. Twenty percent (20%) of the job created by Tshwane went to youth beneficiaries and 40% to women. Women and youth beneficiaries in Ekurhuleni equally benefited 20% each of the total jobs created.

In terms of districts, Metsweding district achieved the highest percentage (95%) of jobs created for women, compared to the rest of the Province. In Metsweding, Emfuleni, Lesedi and Westonaria municipalities more jobs were allocated to women compared to other special group categories. It is encouraging to note that women being one of the more economically vulnerable groups in our society have benefited the most given that the category of youth is also inclusive of young women beneficiaries.

Generally, the percentage of jobs created by municipalities has favoured youth more than it has women and people with disabilities. It should be noted that figures for the youth category might be distorted since this category is likely to also include portions of women and people with disabilities.

Figure 47 above generally shows low levels of allocation of jobs created to people with disabilities. Information on jobs given to people with disabilities has not been properly kept over the last four years, which makes it difficult to assess the current status quo. However, evidence from analysis of policies of these municipalities show that there has been concerted effort and commitment at least on paper to promote involvement of groups of people with disabilities in municipal capital infrastructure implementation programmes. It is not easy to quantify the extent to which these commitments are achieved in the last five years without primary data.

Conclusion and recommendations

Economic growth

In the last five years, metros registered sound economic growth while districts registered economic decline. This is partly explained by the decline in the mining and steel industry in some districts. The growth in the metros has, unfortunately not impacted on the unemployment rate in these areas. This may be attributed to the inward migration, more women entering the labour market than before, and in some sectors, especially high skilled sectors like finance, IT, economic growth is generally characterized by a jobless growth.

Although there are signs of municipalities, especially metros, playing an active role in facilitating economic growth, it is rather difficult to measure the extent to which municipalities have directly influenced the economic growth, given the multitude of actors in the economic arena.

One of the challenges is developing a reliable tool to measure economic growth in a way that can assist municipal decision-makers to monitor trends and thus act appropriately. In the districts the use of RSC levies indicator has limitations going forward in the sense that RSC levies will no longer exist from next year. This means that this indicator will no longer be relevant to measure performance of districts or metros as from next year. It is thus recommended that an alternative indicator be identified for measuring performance of district municipalities going forward. One of the possibilities is to improve collection of gross geographic product data at district and local municipal level so that this can be aggregated and used as a base indicator for measuring economic growth performance and for comparison across municipalities.

With regard to Metros, GGP is a useful and reliable indicator that should still be applied in measuring municipal economic growth performance well into the future. It may however, be appropriate to extend the indicator to measure the performance of district and possibly local municipalities. This will require improvements to be made into the existing monitoring and data reporting systems between the local and other spheres of government.

The review also shows a drastic decline in the collection of levy income by districts, thus implying an economic decline in these areas. This review did not go further to explore the reasons behind the decline, although there has always been signs that the mining and heavy industry in these areas has declined over the years. Therefore, it will be imperative in the near future to further investigate and understand the reasons underpinning this declining performance.

Promotion of BEE and SMMEs

Overall performance of municipalities in supporting and promoting BEE, SMMEs and Cooperatives has not been great over the last four years. This can be greatly improved by focusing procurement policy implementation and delivering strategic programmes of support targeting SMMEs.

The main challenge found in the BEE/Procurement issues is a lack of sound monitoring mechanisms to prevent corruption and recording of outcomes achieved.

It is recommended that for this to happen effectively, dedicated economic development initiatives involving research and development institutions aimed at helping drive municipal planning and monitoring of outcomes, should be looked into. Province and districts could play a central role in creating capacity and supporting planning at local level in this regard.

Job Creation

While municipalities have actively engaged in direct job creation activities, it should be cautioned that the function of creating jobs is not a municipal one. However, municipalities can, in their LED strategies and plans, aim to strategically play a facilitative role through planning and creation of investor friendly environments. This could take the form of partnerships in which government's thrust is to play a role in providing reliable support services (water, electricity, sanitation, waste, amenities, properly planned/ zoned spaces, etc) to business developments as opposed to funding small livelihood projects.

Below is a list of possible activities that a municipality could undertake in its LED role

- Ensuring that suitable institutional arrangements are set in place for delivering on adopted LED programs. The majority of municipalities have a dedicated department. Joburg has gone further to set up dedicated semi-independent entities in the form of JDA to drive its 2030 objectives for economic development;
- Ensuring that the local investment climate is functional for local businesses;
- Supporting small and medium sized enterprises;
- Encouraging the formation of new enterprises;
- Attracting external investment (nationally and internationally);
- Investing in soft infrastructure (educational and workforce development, institutional support systems and regulatory issues);
- Supporting the growth of particular clusters of businesses;
- Targeting particular parts of the city for regeneration or growth (areas based initiatives);
- Supporting informal and newly emerging businesses;
- Targeting certain disadvantaged groups.

Impacting on Macro rather than Micro Economy

Most of the municipal LED efforts and achievements to date have largely been around supporting small scale livelihood programmes which have made very minimal impact in bigger long term strategic problems of compounding unemployment, poverty levels, declining levels of growth in traditional key sectors, etc.

It is essential in the next term to consolidate initiatives such as the metros long term strategies in building a long-term view and gradually allocating resources as such.

Building Sound Systems for Monitoring Impact on Outcomes

Various pieces of data seem to indicate that a lot has been done and achieved by municipalities. The challenge however, is to build functional monitoring systems that are able to keep track of short-term performance and guide strategies toward achievement of longer-term outcome goals. It is therefore important to set up proper monitoring systems linked to existing initiatives on PMS to improve reporting and accounting on economic development impact objectives.

Capacity Building

LED is a highly specialised field, which requires astute skill and innovation. Most municipalities in Gauteng especially smaller Local Municipalities are not adequately capacitated to drive LED programmes.

Approaches to LED

Trends in the last five years show that one of the fundamental challenges to the success of LED is the conception of and approach to LED. This is shown in the continued implementation of projects, that when collectively considered, have less than the desired impact on poverty and job creation and at the scale that is necessary. A commonly accepted definition of LED and the areas that it covers is urgently needed. Even the metros acknowledge that their interventions tend to have limited impact.

KPA 5: Democracy and Good Governance

This section reviews the political and administrative components in terms of practising democratic governance. The governance indicators focus on the relations of the municipality with its communities and residents, the relations of the municipal structures to each other, as well as the relations between municipalities and the Province.

This KPA focuses on the issues of good corporate governance, public participation structures and overall accountability. "Governance and administration refer to how the local council organises itself internally and externally in relation to constituents and service providers. Furthermore, this driver alludes to the powers that the municipality uses to manage its functions, which include decision-making and legislation through by-laws. Good governance is built upon an effective interface between councillors and officials, strong links between financial and technical divisions, and an appropriate organisational structure (<http://www.idasa.org.za/bis>).

A responsive and people-driven municipal agenda can only be realised through the active participation of local residents in the shaping of municipal programmes and projects. Municipalities are therefore required to develop effective community participation strategies to deepen democracy at local level.

The ward-based system of getting views of different stakeholders in a community is only one channel for community participation. Imbizos and IDP hearings are also used, not only to assess community views on municipal services, but also to obtain people's inputs into the budget and service delivery targets and priorities.

Section 42 of the Municipal Systems Act states that "a municipality through appropriate mechanisms, processes and procedures, must involve the local community in the development, implementation and review of the municipality's performance management system, and, in particular, allow the community to participate in setting appropriate key performance indicators and performance targets for the municipality."

Strict adherence to good corporate governance by both the Council and the municipal administration is also one of the outcome indicators under this KPA. Good corporate governance includes the promotion of a corrupt-free work environment and a high standard of public accountability across all levels of the organisation.

It is however, acknowledged that local government performs a number of responsibilities that may not necessarily be within the scope of these KPAs. Thus, while the focus will be on these KPAs, the other functions and responsibilities will be acknowledged and discussed when and where appropriate.

Four indicators were used to measure governance:

- Public Participation, accountability and transparency;
- Effectiveness of the ward system;
- Corporate Governance;
- District-Local IGR innovations.

Public Participation, Accountability and Transparency

Public participation refers to the participation of the public in municipal processes. Accountability refers to the council's feedback/communication to residents.

One of the central themes in the 1998 White Paper on Local Government is public participation. It defines developmental local government as local government that is committed to working with citizens and groups within the community to find sustainable ways to meet their needs and improve the quality of their lives. In addition, to representing community interests, municipal councillors have to promote the involvement of citizens and community groups in the design of municipal programs.

Public Participation can be measured by looking at how municipalities have encouraged communities to be part of municipal decision making structures; these include having a community communications strategy in place, having a functional complaint management system in place, communicating with citizens in their first language. Further indicators include initiatives by municipalities to ensure participation of the public in informal structures as well as the ability of the municipality to ensure the inclusion of recognised stakeholders in formal participation structures.

Number of participants in public participation forums

As an indicator, the number of participants in public participation forums shows the extent to which the general municipal population participates in the public participation fora. It reflects on the general success or failure of such fora.

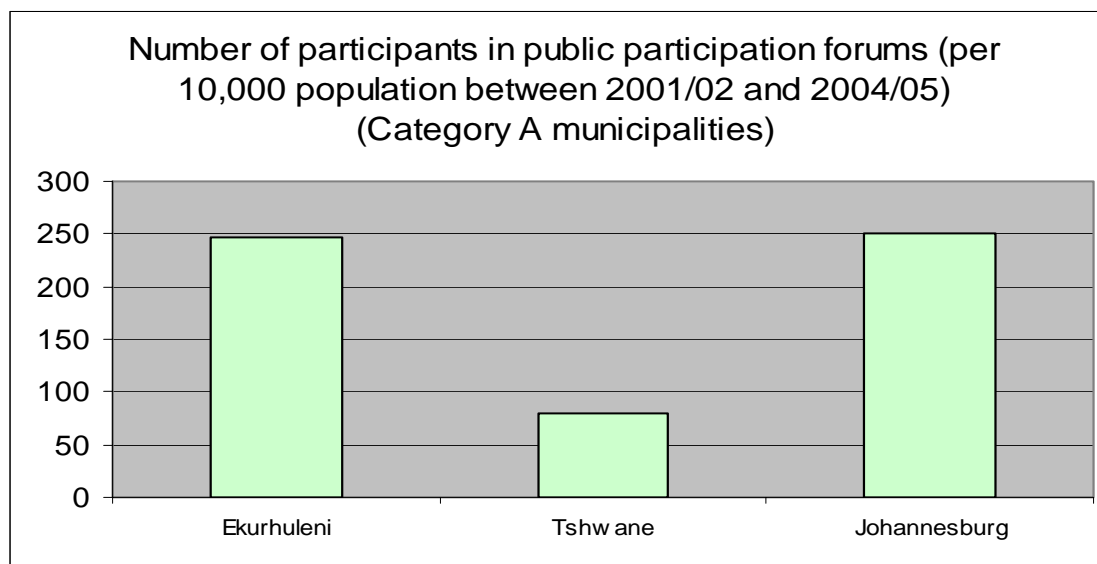


Figure 48: Category A municipalities: Number of participants in public participation forums (Source: raw data from municipalities)

Johannesburg has reported that about 250 people per 10 000 population for an estimated population of over 3 million people, participate in its public participation forums. Joburg also implements a number of other initiatives aimed at promoting participation and accountability, including mayoral road shows, implementation of a petition system as well as a ward committee system, which is 70% functional.

Tshwane has an estimated population of 1, 6 million people, 80 of which participate in public participation forum per 10 000 people. This means that the municipality has attracted 13 440 (0, 8% of its population) people to participate in its public participation forums for the period under review. This low figure is of concern and needs to be improved in the next term.

Ekurhuleni has attempted to enhance public participation through initiatives such as Mayoral Road Shows and Sector Forums including business forums and IDP Forums²⁷. Ekurhuleni has an estimated population of just over 2 million people, 247 of which participate in public participation forums per 10 000 people. This means that the municipality has attracted 50 000 (2.5% of its population) people to its public participation structures for the period under review.

Table 12 below indicates the number of participants in public participation forums per 10 000 population between 2001/02 and 2004/05.

	Ermfuleni	Mogale	Kungwini	Merafong	Midvaal	Nokeng Tsa Taemane	Randfontein	Westonaria	Lesedi
Number of participants in public participation forums per 10000 population between 2001/02 and 2004/05	*	7,000	70	*	4	*	50	300	2,642

Table 12: Number of participants per 10 000 population – local municipalities

* Data not available

Of the 9 local municipalities, Ermfuleni, Merafong and Nokeng Tsa Taemane did not provide information regarding the number of participants in public participation forums per 10,000 people between 2001/02 and 2004/05.

Merafong has however reported that it does not have a dedicated Public Participation Unit at the municipality but hopes to establish this unit in the next financial year. The municipality has however appointed 9 community development workers (CDWs) to liaise between communities and service delivery agencies.

The remaining 6 local municipalities have differed in terms of their abilities to attract participants into their public participation forums. Mogale has an estimated population of 223,657²⁸ people. For the period under review, 7 000 people per 10,000 population participated in public participation forums. This implies that 156 559 (70% of the population) people participated in public participation structures for the period under review.

Kungwini has an estimated population of 71,115 people. The municipality has indicated that there have been 70 participants per 10,000 people in public participation structures for the period under review. This implies that 4970 people (7% of the population) have participated in the municipality's public participation structures.

²⁷ 5 year review presentation to MEC for Local Government

²⁸ Information regarding population size per municipality taken from Census 2001

Midvaal has an estimated population of 53,305 people. For the period under review there have been 4 participants per 10,000 people in public participation structures, which implies that an estimated 212 (0, 4% of the population) people have participated in the municipalities' public participation structures.

Randfontein has an estimated population of 107,771 people, for the period under review, there have been 50 participants per 10,000 people in public participation structures, which implies that an estimated 550 people (0,5% of the population) have participated in the municipality's public participation structures. The municipality has promoted public participation through structures and forums such as IDP forums, Ward Committees, Public Imbizos and road shows held by Mayor and Sector based forums. In addition, the municipality has hosted two Peoples Assemblies.

Westonaria has an estimated population of 115,272 people. For the period under review there have been 300 participants per 10,000 people in public participation structures, which imply that an estimated 3,600 people (3% of the population) have participated in the municipalities' public participation structures.

Public participation in Westonaria has been promoted through Mayoral Imbizos, and 30 Ward Based volunteers. In addition, the Mayor hosts road shows, to which organisations are invited and the mayor gives progress reports to the community. The municipality also encourages the community to offer suggestions as to how the municipality can improve on service delivery.

Lesedi has an estimated population of 66,219 people. For the period under review there have been 17 500 participants (26% of the population) in the municipality's public participation structures.

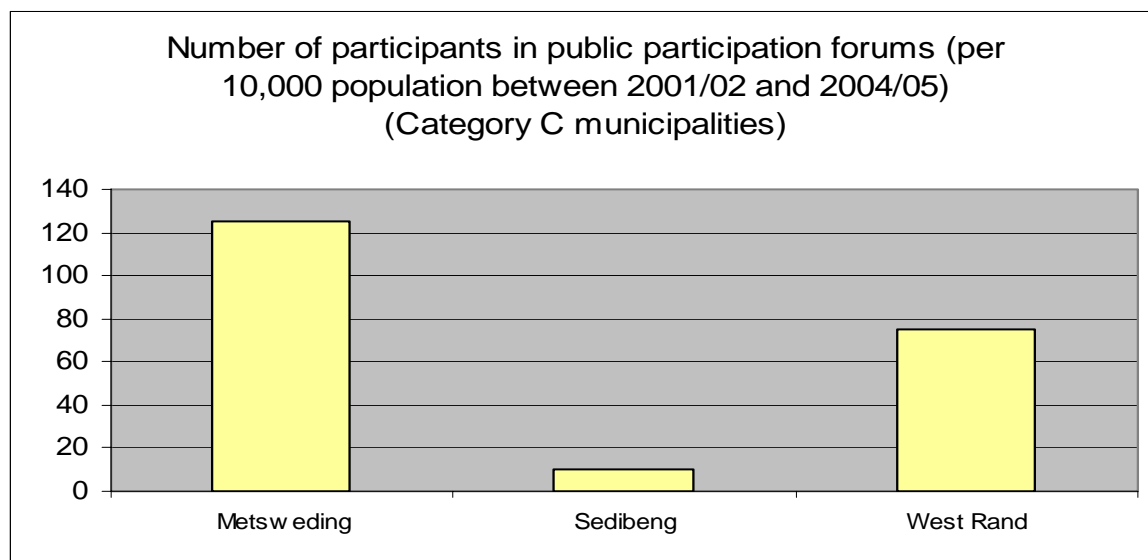


Figure 49: Category C municipalities: participants in public participation forums (Source: raw data from municipalities)

To the extent that the figures for public participation in forums arranged by district municipalities differs from those of local municipalities and metros, it does raise the issue of what does public participation mean for district municipalities. District Municipalities do not relate to ward committee structures, however they do relate to the IDP forums and in areas where the district municipality is responsible for a district management area, the need for ensuring public participation does increase. It is therefore not uncommon, in some districts to find that the district municipalities have their own community engagement structures.

Sedibeng DM has an estimated population of 717,472 people. Sedibeng DM indicated that there were 10 participants per 10 000 population, which would mean that over the period of review there were 72 participants (0, 01%) in public participation forums.

West Rand DM has an estimated population of 658, 767 people. WRDM indicated that there were 75 participants per 10 000 population, i.e. 4950 (0,75% of the population) participants in public participation forums over the period of review.

Metsweding DM has an estimated population of 112,780 and indicated that there were 32 000 (0.3%) participants in public participation forums over the period of review.

Overall, the DMs have not been successful in ensuring the participation of the community in public participation forums. This is an area that will need to be addressed in the new term.

Percentage of recognised stakeholders involved in participation structures

The percentage of recognised stakeholders involved in public participation indicates the success of the municipality’s efforts to ensure public participation and involvement of all recognised stakeholders in structures

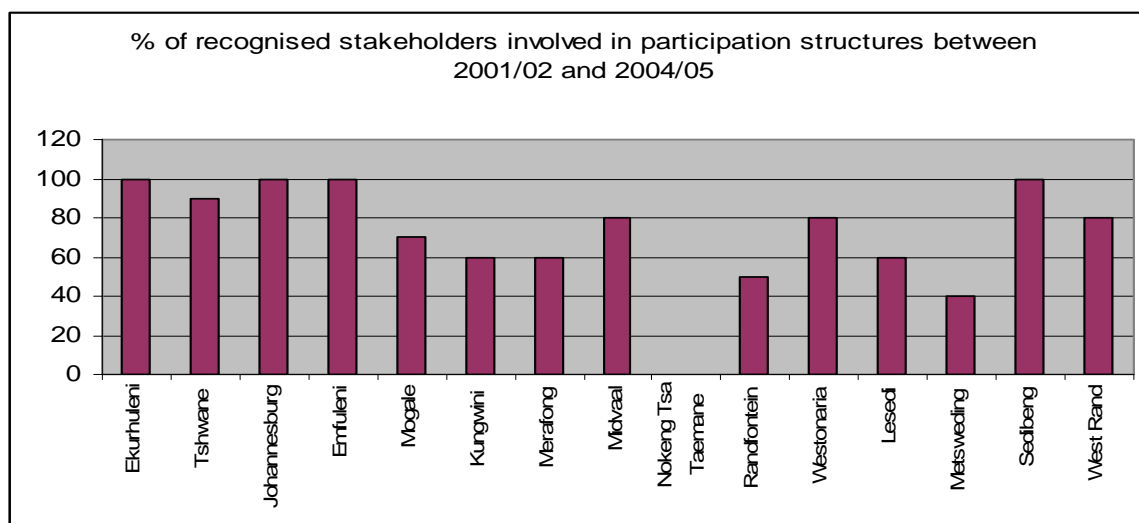


Figure 50: Percentage of stakeholders involved in participation structures (Source: raw data from municipalities)

The percentage of recognised stakeholders involved in participation structures is indicative of the municipalities’ ability to ensure public participation and the involvement of recognised stakeholders in participation structures and municipal decision-making processes.

For this indicator, Johannesburg and Ekurhuleni indicated that 100% of recognised stakeholders have been involved in participation structures whilst Tshwane indicated that 80% of recognised stakeholders have been involved in participation structures. Tshwane indicated that it had established different forums to facilitate interaction with different stakeholders, these include business, property developers, City Improvement Districts, tertiary institutions etc. Through the Executive Mayor various stakeholders are engaged on monthly basis through the Mayoral Business Initiative and an Annual Gala Dinner.

It appears from the above, that all the metros have been relatively successful in achieving the involvement of recognised stakeholders in participation structures. However, Tshwane will need to increase the participation of stakeholder to 100 % as is the case for the other 2 metros.

This is particularly important because Tshwane is the capital city and is thus home to not only business but to embassies, consulates and high commission offices of foreign countries as well.

Nokeng Tsa Taemane did not respond to this question. Of the remaining, 8 municipalities all recorded that they have 50% or more of their recognised stakeholders involved in their public participation structures, with Emfuleni recording 100% stakeholder involvement.

This is indicative of the success of the local municipalities in ensuring the involvement of a minimum of 50% of the stakeholders within their communities.

Whilst Sedibeng and West Rand indicated high levels of stakeholder involvement in participation structures in the period of review, Metsweding had a lower percentage of stakeholder involvement, which would need to be addressed by the municipality in the coming term. Metsweding has reported that it has established public participation in Council Meetings and Municipal Programmes, that is, walks-about in the wards, imbizos with the communities and other stakeholder groups, project steering committees that involve communities and other spheres of Government

Community Communications Strategy

The Systems Act requires that a municipality must communicate to the community information concerning its public participation processes. This requires that municipalities provide a platform for communities to shape and inform developmental processes aimed at improving their lives. In addition, this also implies that feedback mechanisms are entrenched in such a system. To this end almost all of the municipalities have communications strategies in place. The critical role of these strategies is to outline and communicate engagement processes that would inform communities on their rights and obligation in the administration of municipalities. This is also an indication that municipalities have created conditions, in which communications channels are open to communities. This indicates that the metros, by having community communication strategies in place, have made positive efforts to create conditions for the local community to participate in the affairs of the municipality.

Functional Complaints Management System

The legislation does not expressly require a municipality to have a functional complaints management system in place. However, a complaints management system is a means through which the community can access the municipality and can also be seen as part of the municipality's feedback mechanism to the community. It is envisaged that through the system the municipalities would be able to provide the necessary remedies and cultivate the culture of accountability amongst municipal employees.

Community participation/ stakeholder mobilisation

Central to the notion of transformed and democratic local government is the participation of communities in council decisions. Therefore community participation becomes a critical indicator in showing the extent to which municipalities interacts with citizens. In the period under review, several forums were initiated with the central purpose of engaging communities in various council processes. Throughout the Province there are indications of increased public participation in municipal led processes. This is evident in public consultations around development of IDPs and budgets. These consultations are intended to elicit contribution from various sectors within a given municipality. In additions individuals are also afforded an opportunity to present their views.

The establishment of IDP forums in the municipalities has contributed towards enhancing the credibility of IDP documents as plans that enjoys the support of all citizens. Therefore the heightened level of community participation in the formulation of the IDP's in Gauteng municipalities has ensured that the aspirations, and needs of the community are taken care of.

Whilst Sedibeng and West Rand DM, indicated high levels of stakeholder involvement in participation structures in the period of review, Metsweding DM, had a lower percentage of stakeholder involvement, which would need to be addressed by the municipality in the coming term.

In conclusion, it appears that municipalities in Gauteng have made significant efforts to encourage the involvement of the community as a means of providing government that is accountable. The overall trend appears to be that Category A municipalities have been relatively successful in ensuring a high level of public participation in municipal governance. In addition, the local municipalities in Gauteng have been able to ensure the involvement of a minimum of 50% of the stakeholders within their communities in public participation processes.

Annual Review and Reporting

One of the requirements of corporate governance is that every local government should publish a statement in its annual financial statements on how it is applying the principles set out in this framework and how it is complying with its locally adopted code of corporate governance. In terms of the precepts of corporate governance, such a statement should be signed by the leading member and by the chief executive, having been approved by the executive or other body authorised by the council, on behalf of officers and members. The statement should summarize how the authority has monitored compliance with its locally adopted code of corporate governance, and satisfied itself that it is both adequate and effective, and set out any planned changes in its corporate governance arrangements in the coming period.

Municipalities in Gauteng have managed to publish their annual reports with intention of compliance and feedback. These reports have provided municipalities with a critical channel of communication.

Effectiveness of the ward system

Ward Committees are the vehicles through which the notions of a participatory democracy and a representative democracy as outlined in Section 152 of the Constitution become a reality.

In both the Structures Act and the Systems Act a statutory framework is established that broadly outlines a system of participatory democracy. The Structures Act gives the bare bones of a ward committee whilst the Systems Act defines the nature of community participation.

Councils have discretion as to whether or not they want to establish ward committees. Where ward committees are established, the principles of participatory democracy apply. In assessing the effectiveness of the ward committee system, it is critical to look at how effective the system has been in enhancing public participation in local democracy.

In Gauteng, all 9 local municipalities opted for the ward committee system and all had established ward committees by July 2004²⁹.

²⁹ DPLG – status quo report – July 2004 – reported by each province – updated 10/9/2004

About 58% of these ward committees were established in 2002,³⁰ following the issuing of guidelines for the establishment of ward committees by the Provincial Department of Local Government.

Percentage of wards that had established ward committee structures

The percentage of wards that had established ward committee structures for the period under review would be indicative of the municipalities' commitment to public participation by opting to set up ward committee structures as a vehicle to communicating with the community.

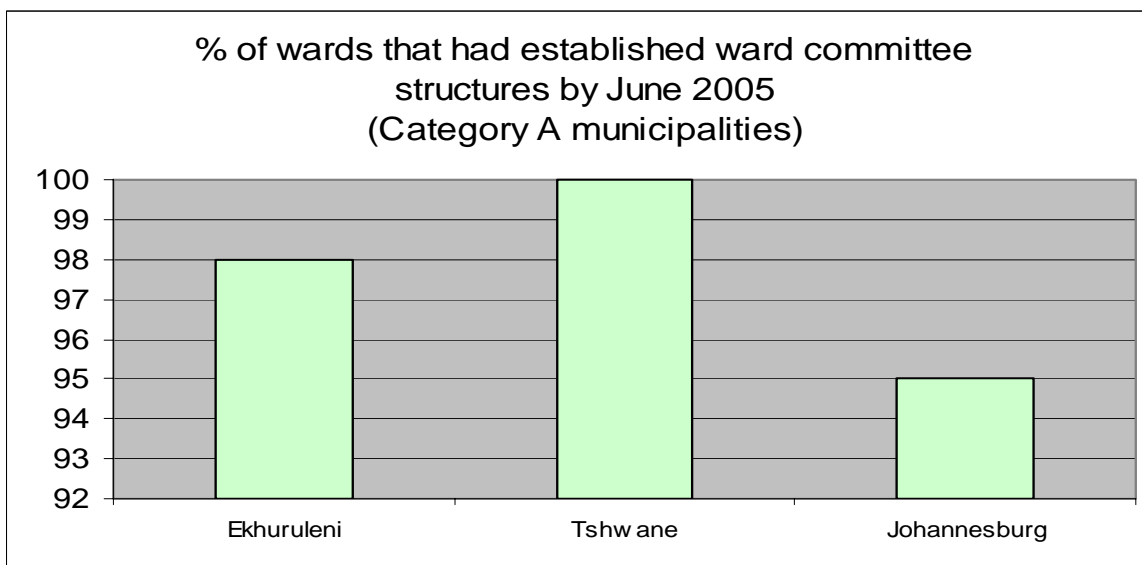


Figure 51: Category A municipalities: Percentage of wards that had established ward committees (Source: raw data from municipalities)

All 3 metros established ward committee structures by June 2005. These structures appear to be functioning effectively and are depictive of the metro's success in enhancing public democracy within their respective areas of jurisdiction.

The Metropolitan Municipality of Johannesburg consists of 109 wards. By June 2005 ward committee structures had been set up in 95% of the wards in Johannesburg. Overall, the ward committee system is well established in Johannesburg Metro, with a minority of ward committees that are not functioning. There is evidence to indicate that ward committee members are beginning to be incorporated into substantive issues of governance, but the real challenge is to extend the impact of the ward committees in the community and within the Council³¹.

Tshwane Metro consists of 76 wards. By June 2005 ward committee structures were set up in all 76 wards. The municipality has reported as one of its successes, the fact that it has an established ward committee system that facilitates community participation in affairs of municipality.

Ekurhuleni Metro consists of 88 wards. By June 2005 ward committee structures were set up in 98% of its wards. At least 70% of these ward committees are functioning well and have been taken through training. However, there are functionality challenges especially in some affluent and predominantly "white" wards.

³⁰ IDASA and Afesis-corplan, *National Ward Committee Survey 2004/05*; Department of Provincial and Local Government, 2005.

³¹ Planact, *Joburg Ward Committee Assessment*, 2005.

The municipality has reported that ward councillors in African communities convene ward public meetings on a monthly basis to engage and inform communities on the work of Council.

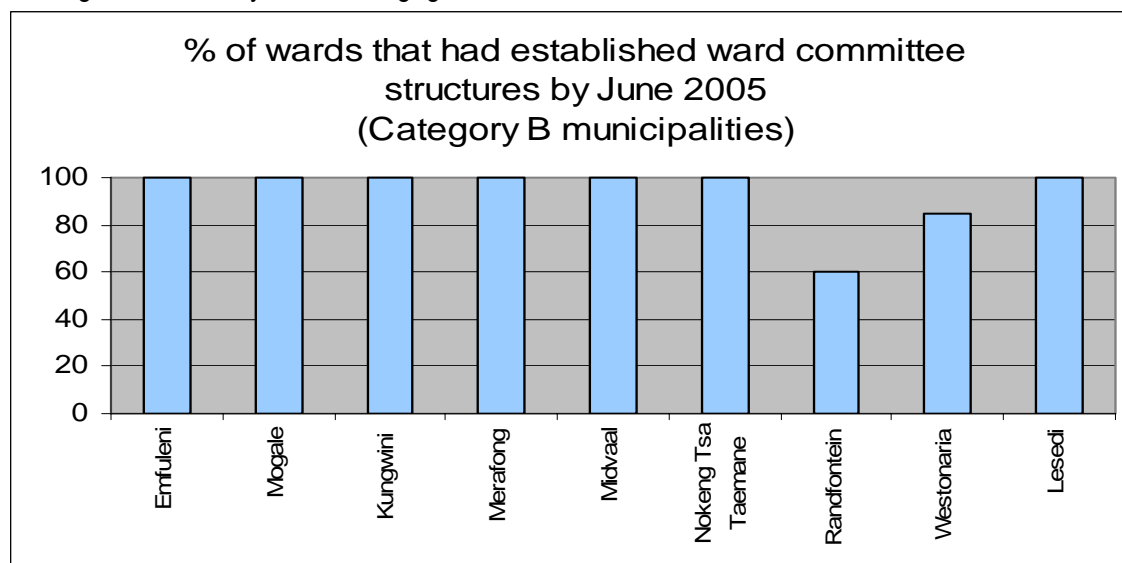


Figure 52: Category B municipalities: percentage of wards with ward committee structures (Source: raw data from municipalities)

The figure above indicates that the 9 local municipalities have been successful in setting up ward committee structures within a minimum of 60% of their wards. Of the 9 local municipalities, 6 municipalities have established ward committees in all of the wards within their jurisdiction,

Westonaria LM has 15 wards. By June 2005, 85% of the wards in Westonaria had established ward committees structures. All 15-ward committees had undergone training paid for by the municipality. In addition, the Speaker's Office houses a programme aimed at supporting ward committee structures within the municipality. One of the challenges being experienced in terms of the ward committee process is that residents are not participating in the process and are not co-operating in setting the agenda for ward committees.

Role of District Municipalities in supporting the ward committee system

As noted earlier, legally Districts have no ward committee responsibilities in their area of jurisdiction, in that ward committees in these areas are part of local councils. However, in the co-ordinating role of districts they do play a role in the ward committees system, i.e. in support of local councils.

Accordingly, Sedibeng DM plays a co-ordinating role in respect of the functioning of the ward committees in the local municipalities within its area of jurisdiction. The DM has formed a forum with its local municipalities on the programmes of the Ward Committees. In addition, the DM is assisting with training of ward committee members, as the local municipalities have not budgeted for this training.

The DM has also hosted a workshop to address the issue of the lack of remuneration for ward committee members, which was an issue that was raised with the introduction of Community Development Workers into the municipality. The DM has assisted this process by clarifying the respective roles of CDWs and Ward committee members.

The Speaker's Office in the DM has budgeted for ward committees and is looking into a budget for the 2 LMs that are not paying WC members. Midvaal pays WC members a R150 per meeting.

Metsweding DM reported that the ward committee structures within the local municipalities under its jurisdiction are not functioning at all.

The region has designed a programme to try and revitalize the ward committee system to improve local democracy and public participation/ accountability processes.

West Rand DM has indicated that the ward committees in the local municipalities under its area of jurisdiction, are not understood as a government structure, but is perceived as a political structure. There is a lack of report back both from ward committee meetings to council and from council back to ward committee, which has an impact on the inclusion of ward committee comments in the IDP process. The Speaker's Office at the DM does oversee the training of ward committee members from the local municipalities. The DM has identified the lack of the effective functioning of ward committees as one of the key weaknesses of the period under review.

Challenges facing the Ward Committee System

On the basis of the above, it can be said that ward committee structures have been set up in all the metropolitan and local municipalities in Gauteng and appear to be functioning in terms of basic operations.

However, the remaining challenges are:

- ◆ Although there is participation of sectors in ward committees, it has not been as effective as expected.
- ◆ The flow of information between the municipality about municipal plans, and the ward committees has proven to be difficult.
- ◆ The institutional weakness, in some areas, of sector organisations that comprise the ward committee system has a negative impact on the functioning of ward committees.
- ◆ Some sector organisations fail to get mandates from their constituencies before taking decisions in the ward committee resulting in tension between their members and ward committees or even the relevant municipality.
- ◆ The expectation by municipalities and government in general that the only way to participate in the life of local government is through ward committees is unrealistic and naïve. For various reasons, there may be individuals or local organizations that may wish to participate in local democracy outside the paradigm of ward committees.
- ◆ The perceptions (right or wrong) that ward committees are an extension of the ruling party do affect participation.
- ◆ The recent citizens satisfaction survey finding shows low levels of awareness of the Ward Committees.

Institutional Governance

Institutional governance refers to the political institutional structures that have been established to facilitate political decision-making within the municipality. Such structures have to be established in terms of local government legislation, which sets out the framework for their powers and functions. Each institutional structure must have terms of reference, as required by legislation, which sets out its particular set of powers and functions as per the particular requirements of the municipality.

Such institutional structures would include:

- The Executive Mayor
- The Office of the Speaker;
- The Office of the Chief Whip;
- Section 79 and 80 committees; and
- Audit committees

Office of the Speaker

The roles and responsibilities of the Office of the Speaker are well defined across the municipalities within Gauteng. The Speakers are typically responsible for all aspects of Council meetings, the establishment and operation of ward committees, application of the Code of Conduct for councillors, and public participation structures and processes. An important factor in assessing whether the Code of Conduct has been integrated into the municipalities' operations is the extent to which appropriate procedures have been developed to implement the Code. The overlap that occurs at times between the Speakers Office with that of the office of the Executive Mayor relates to mayoral road shows, which is a form of public participation, and which, in one or two municipalities, takes place without the involvement of the Office of the Speaker. This, in itself, is not problematic and is more a case of deficient internal communication than anything sinister.

Section 80 committees

Section 80 committees have been established within all Gauteng municipalities. In 2001 a decision was taken to replace section 79 committees with section 80 committees. The main task of the Committees is to advise the Executive Mayor. The Committees are chaired by members of the mayoral committee, which allows for a strong executive decision making system underpinned by a system of delegation that places a significant measure of decision-making in the hands of the executive. Councils, due to a minimalist approach to the establishment of section 79 committees, seem to find themselves inadequately equipped to deal with their oversight role as required in legislation.

Chief Whip

The majority of municipalities have appointed a Chief Whip of Council whose task it is to enforce party discipline within the Council. It appears that there is close cooperation between the Office of the Speaker and the Chief Whip within municipalities in relation to the maintenance of discipline, the allocation of speaking slots and the proactive mediation of party disputes during Council sittings.

Audit Committees

All of the municipalities from whom information was received, indicated that they have established Audit committees and that all are functioning effectively. Audit committees are section 79 committees and are therefore accountable to Council. Typically, most audit committees' deal with both financial and performance audits.

For instance, the audit committee may have helped to identify earlier serious maladministration problems at Sedibeng DM with a large number of officials on suspension and a fairly new political leadership at the helm. This corresponded with the “no” response to the anti-corruption indicator for Sedibeng DM. West Rand DM has also recorded a “no” response to the anti corruption indicator and seemingly has no apparent problems as far as maladministration and corruption is concerned. Information received subsequently from Metsweding reflects financial accountability difficulties, which is consistent with the general paucity of review information and the poor financial review outlined in the Finance section above.

It is also noteworthy that all municipalities have approved terms of reference for all their political structures and office bearers as required in terms of the Systems Act. This indicates that both the political and the administrative components of the municipality have considered and approved the roles and responsibilities of such structures and office bearers. The logical consequence hereof is that nearly all municipalities have updated systems of delegation as required by the Systems Act.

It is equally noteworthy that the Office of the Speaker is fairly well established in terms of what its role is and how it links with the municipal executive. There appears to be a clear distinction between the legislative component and the executive component and this is reinforced by the fact that the Speaker is not a member of either the mayoral committee or the executive committee, as the case may be.

The Whippery, where it has been established, appears to be reasonably focused on party disciplinary matters insofar as it relates to council and committee meetings. There appears to be no overlap between councillor disciplinary matters and party disciplinary matters

Intergovernmental relations between Municipalities

Prior to the enactment of the Intergovernmental Relations Framework Act, 2005, intergovernmental relations between municipalities were either based on the provisions of the Structures Act which placed an obligation on district municipalities to render assistance to local municipalities on technical matters at their request, or in the establishment of certain best practices such as Speakers’ fora where speakers in a district would meet periodically. The initial purpose of such meetings was for knowledge sharing, coordination of council activities, and planning.

A further important outcome of intergovernmental relations between municipalities was the successful conclusion of the amalgamation process between them especially in relation to the transfer of staff, assets and liabilities, prior to and immediately after the 2000 elections.

All municipalities are active participants in Gauteng-wide intergovernmental fora such as Speakers’ forum and two district municipalities, namely West Rand and Sedibeng have initiated the formation of mayors’ fora. The operations of both such fora are expected to improve with the recent enactment of the IGR Framework Act.

Both Sedibeng and West Rand have indicated that they do not receive appropriate cooperation from the local municipalities within their respective areas when it comes to the coordination of planning for service delivery matters. The fundamental problem appears to be the loss of all service delivery functions by the DMs.

The two districts, named above, seem also to have resolved all outstanding establishment and amalgamation matters between their respective local municipalities and themselves. In addition, West Rand, as part of its region-wide focus, has developed and is marketing region-wide shared services in the areas of:

- Information technology and GIS services;

- Budgeting and high level treasury functions; and
- Planning information services.

Both City of Joburg and Ekurhuleni have fostered strong relationships with all spheres of government and they are active role players within the SA Cities Network. Both have developed an intergovernmental relations policy and strategy, which has been approved by Council.

Corruption

Most municipalities in Gauteng show signs of institutional stability and ethical management. However there are a few municipalities that are showing all the signs of instability. In the Province, 4 out of 15 municipalities have Acting Municipal Managers. An extreme example is Kungwini, which has gone through 4 municipal managers in the last 5 years; Emfuleni dismissed a number of senior managers in 2005 alone. These include the MM, CFO, Manager: Income, Manager: Debt Collection, and the Manager: LED. Merafong dismissed its CFO in 2004. There are many other examples, involving both senior and junior staff members being dismissed for offences ranging from dishonesty to theft, absence without leave to fraud. Without any doubt, municipalities operating without senior managers cannot perform at expected levels.

What seems to be pattern is the ease with which most acts of corruption and mismanagement have taken place. There seems to be an inability to monitor and act urgently on these cases. In the next term of local government, systems for monitoring and effective detection will have to be put in place. The recent anti corruption strategy by DPLG will be the starting point. However, municipal leadership will have to take responsibility for implementing these strategies.

Cross Cutting Issues

Cross Cutting Issues are those that are not directly covered by any of the KPAs but are fundamental transformation issues that define the extent to which a society can claim to be truly democratic, equal and just. These issues are HIV and AIDS, gender, youth, people with disabilities, environmental sustainability and co-operative governance.

HIV and AIDS Strategies and Programmes

Municipalities have an important role to play in responding to the challenge of HIV and AIDS. One of their functions is to co-ordinate multi-sectoral responses within their areas of jurisdiction, whereby civil society and government collaborate to combat HIV and AIDS. Further, municipalities are expected to integrate HIV and AIDS into their operational policies and programmes, as well as encourage public participation on the issue. As such, local government is required to manage inter-sectoral partnerships; mobilise and link local resources to community-based initiatives; gather data on areas of high prevalence and significant impact; mobilise ward and community structures and monitor and evaluate programmes at local and municipal levels.

An inter-sectoral AIDS Unit was established, under the auspices of the Premier, to ensure a co-ordinated approach and access to HIV/AIDS services at local government level.

The annual Syphilis Antenatal Sero-Prevalence Survey estimated the HIV/AIDS prevalence rate in Gauteng to be at 29.6% in 2003, which was higher than the national rate of 27.9% then.

For the 2005/6 financial years, municipal programmes and priorities have been developed, focusing on prevention and care; capacity building; monitoring and evaluation; workplace plans and programmes; advocacy and awareness; indigent burial and subsidy policies; and planning and co-ordination.

Success Factors

Gauteng Local Government acknowledges the need for municipalities to address HIV/AIDS. This is evident in the number of steps taken by municipalities towards dealing with the pandemic.

The South African Cities Network (SACN) (2004), as well as provincial interaction with municipalities, identified critical success factors in creating conducive conditions for the fight against HIV/AIDS. These factors were derived from good practice demonstrated by some of the cities in the SACN. In this report, Gauteng Local Government, on HIV/AIDS, is assessed by the extent to which municipalities have incorporated the success factors, and performed on their expected functions.

Political Leadership

Political commitment and leadership are necessary factors in the fight against HIV/AIDS. Such leadership plays an important role in mobilising resources, and encouraging community participation.

According to the SACN, the 3 metros in Gauteng, their ward councillors provide leadership to communities on the issues. It is also positive that in most municipalities, responsibility for co-ordinating the municipality's HIV/AIDS initiatives is placed in either the mayor or speaker's office. In addition, mayors of the respective municipalities chair HIV/AIDS Councils.

In some municipalities political leadership is still lacking. While some have placed the HIV/AIDS co-ordination function within the Mayor or Speaker's Office, others have it within their health departments, which decreases the political leadership and support that is required. In some instances, where political support is provided, there is a lack of programmes of action, administrative planning and budgeting processes.

Structures, Strategies and Programmes

It is critical to develop strategies and set up structures to guide implementation of policies and programmes.

HIV/AIDS Councils and Units

The metros and district municipalities in Gauteng have established HIV/AIDS Councils to co-ordinate plans and activities. However, the councils need to be reviewed to clarify their actual roles and responsibilities, as well as representation on them.

All the municipalities have dedicated HIV/AIDS units and have developed policies, strategies, workplace plans and programmes. These include anti-discrimination policies, employee assistance programmes, prevention, care and treatment, anti-retroviral treatment (ART), and awareness campaigns. Below are some of the programme achievements throughout the province:

- According to the provincial Department of Health (DoH) (2003/04), the roll out of ART improved from 16% in 2002 to 27% in 2003.
- The prevention programme includes voluntary counselling and testing (VCT), as well as prevention of mother to child transmission (PMTCT). VCT sites have increased from 10 in 2001 to 202 in 2003. Out of approximately 124 000 people counselled in 2003, a vast majority (83%) of them requested to be tested, implying success of efforts to eliminate fear and stigma. About a third (31%) of those who tested were HIV positive (DoH, 2003/04).
- PMTCT has 117 functional sites in 83 clinics that provide antenatal care, where more than 87 500 women attended. A total of 150 000 women have accessed PMTCT since 2001 (DoH, 2003/04).
- In terms of care and treatment, the province boasts exceeding of targets. As home based care services are available in all municipalities.

Nevertheless, policies and strategies largely remain on paper only due to lack of personnel and funding. There are still gaps in the capacity of municipalities to coordinate responses, as many are understaffed, with the exception of Tshwane and Johannesburg. There is generally no dedicated staff assigned to functional areas. In most cases, HIV/AIDS programmes are add-ons to existing responsibilities of assigned staff within the units. Furthermore, policies and strategies are not adequately integrated into decision making and budgeting processes.

Awareness Campaigns

All the municipalities embark on awareness campaigns, notably observation of World AIDS Day (WAD). Approximately 10 000 NGO volunteers participated in WAD door-to-door campaigns (DoH, 2003/04). According to municipalities, the door-to-door visits provide useful feedback on community perceptions and needs. A concern in this regard though is that municipal programmes tend to be oriented towards awareness raising and campaigns. There is a need to focus on support mechanisms for affected and infected people. Orphans have been identified as one group of people requiring attention.

Capacity Building

In order to strengthen the structures and enhance successful implementation of functions, capacity building is a prerequisite. All municipalities in Gauteng have to some extent facilitated training of people involved in dealing with HIV/AIDS, be they councillors, municipal officials or volunteers. The training generally covered awareness building, counselling and care giving. In 2003/04 alone, 500 health care workers were trained in ART, while almost another 500 people were trained as VCT counsellors (DoH, 2003/04). In the same year, 1 716 caregivers were trained for home based care.

Despite capacity building initiatives already undertaken by municipalities, the acquisition of skills and other resources to deal with HIV/AIDS remains a challenge.

Research, Monitoring and Evaluation

The lack of information on the extent of the epidemic within municipalities is a challenge. The nature of HIV/AIDS consequences is elusive in that it is difficult to properly assess proportions of the population who are affected by it. As such, measuring the impact of interventions on affected persons is evasive for municipalities. They require regular and reliable information on trends and impact so that they can make informed decisions and appropriate interventions.

The lack of proper impact assessment on HIV/AIDS results in reporting problems. There is a tendency for municipalities to report on the health aspects of HIV/AIDS, isolating inter-sectoral responses.

There is a need to develop a monitoring and evaluation system to capture and analyse measurable HIV/AIDS data.

Partnerships and Networking

Networking and partnerships play a very important role in enhancing effectiveness of efforts. In the field of HIV/AIDS, the SACN (2004) research confirms this assertion. Partnerships with wider civil society, business, and the international community have proved fruitful in many parts of the country. These partnerships can help leverage support in various areas including HIV/AIDS education, counselling, treatment and care, feeding schemes and so on.

Ekurhuleni and Johannesburg have established ward level relationships between themselves and HIV/AIDS Service Organisations. These partnerships serve to ensure that where access to municipal services is limited, partner organisations can intervene to meet demand.

Although it is currently happening, the Gauteng municipalities need to strengthen their partnerships, internally and externally with other municipalities, spheres of government, the private sector, and international communities. There is a need for greater collaboration through joint planning, information sharing, and improved coordination of plans and efforts.

Mainstreaming of HIV/AIDS

Mainstreaming HIV/AIDS largely refers to the integration of multi-sectoral responses and inclusion of the issue in programmes and budgets, linked to HIV/AIDS population related needs. It involves an analysis of how HIV/AIDS impacts on all sectors, determining how each sector should respond based on its comparative advantage.

The observed lack of HIV/AIDS integration into planning and budgeting processes, the lack of multi sectoral coordination, as well as lack of service delivery integration (such as that of treatment for infectious diseases associated with HIV/AIDS), all indicate inadequate mainstreaming. The concept of mainstreaming needs to be clarified to municipalities.

Budget Planning

In the last 5 years, a total of R49.1 million was disbursed to Gauteng municipalities through the Inter Departmental AIDS Unit (IDU) of the Department of Health for localisation of HIV/AIDS plans. In response, municipalities submitted strategies and programme plans.

The process of finalising the transfer of funds was only completed in January 2005. This has implications for the ability of municipalities to spend the allocated HIV/AIDS budget. In addition, the sustainability of HIV/AIDS programmes beyond the grants allocated to it by IDU is a concern. Only the Ekurhuleni HIV/AIDS Unit indicated that they have a fund raising strategy and are therefore not only dependent on the grant funding.

Participation of People Living with HIV/AIDS

It is a local government function to encourage public participation on HIV/AIDS related activities. The specific participation of people living with HIV/AIDS has yielded advantages for municipalities in the SACN (2004).

Municipalities generally have established ward forums to promote public participation in municipal affairs, including on HIV/AIDS issues. However, in Gauteng, the extent to which the public actually participates in terms of HIV/AIDS programmes is unclear. This may be due to a problem of measuring mechanisms and the consequent lack of proper reporting on participation. Nevertheless, the West Rand District Municipality mentioned training of people living with HIV/AIDS and provision of support to them.

Conclusion

The major functions of local government in the fight against HIV/AIDS are co-ordination and integration of responses and plans, resource mobilisation, data gathering and encouraging public participation. These functions are embedded in the success factors as identified by the SACN (2004). It emerges from the available information that Gauteng local government is still fragmented in undertaking the required functions relating to HIV/AIDS. Although to some extent municipalities have embraced attempts to address HIV/AIDS, as in the involvement of political leadership, setting up of institutional arrangements, and developing of strategies, there is still much room for improvement. Currently the situation has been that of establishing a base for a conducive environment to deal with the pandemic. Beyond this period local government needs to strengthen on the functions and focus further than the establishment phase. This implies improving on the:

- Coordination of multi sectoral-responses;
- Integration of HIV/AIDS strategies and plans with programmes and operational functions, and most importantly with the budgetary processes;
- Mobilisation of local resources to enhance sustainable funding and avoid sole reliance on the grants;
- Monitoring and evaluation mechanisms for better assessment of the achievements and impact of interventions introduced; and
- Mechanisms to foster public participation.

Women Empowerment and Gender Equality

The services provided by local government have a direct bearing on the lives of women as they bear the brunt of providing food, clean water and a clean house for their families. Society expects them to take care of the aged, the orphans and those suffering from HIV and AIDS. Inadequate service provision impacts negatively on the lives of, especially, poor women. Local government, as the sphere closest to the people and impacting the most on women's lives, is best placed to analyse and respond to the needs of women. Full implementation of municipal services will improve the lives of women but is not a guarantee in respect of changing the unequal gender relations that exist in local communities. Thus, local government has to address women's issues of unequal access to economic opportunities, public decision-making powers, as well as issues of violence against women and children. The current reality is that municipal councils and administrations are still primarily gender insensitive despite the ongoing campaigns around gender equality and women empowerment.

A Gauteng provincial dialogue was held during 2003 to assess the challenges faced by women. A draft programme of action was developed and categorised into 5 broad areas. These included promotion and protection of women's rights, economic empowerment of women, building sustainable communities, promoting healthy lives, and education and training. The identified areas largely correlate, at international level, with El Salvador's Gender Equality Policy as presented by the Federation of Canadian Municipalities (FCM) and City of Montreal (2004). Municipalities were expected to implement the declared programme of action. It is appropriate, in terms of women empowerment and gender equality, to assess municipalities according to these programme areas as declared in the provincial dialogue.

Policies, strategies and the budget are critical in guiding municipal programme development. Hence, in addition to the programme of action areas, the existence of policies and strategies, as well as budgetary considerations, are used as one of the indicators of municipal performance in women empowerment and gender equality.

Structures, Policies and Strategies

Some municipalities in Gauteng have developed strategies focusing on women empowerment and gender equality. The 2 metros, Tshwane and Johannesburg have plans to integrate women empowerment into their city development strategies.

Sedibeng District Municipality was the only municipality, out of the 3 districts, with a gender strategy. The Merafong Local Municipality lacked such a strategy.

Although the municipalities of Gauteng have structures, mainly at political level, to deal with women empowerment and gender equality, many are still lacking in coordination and integration of these issues.

Budgeting for Women Empowerment and Gender Equality

Tshwane and Johannesburg, have each allocated R1 million towards their gender programmes in 2005. However, this is minimal considering their total budgets that run into billions of rands, approximating R7 billion for Tshwane.

Sedibeng is the only district municipality with a dedicated gender budget of R 200 000 in 2005/6.

All municipalities need to do gender costing and analyse how their budgets promote or hamper empowerment of women.

Promotion and Protection of Women's Rights

This area of action serves to ensure that laws protecting women are properly implemented. It involves raising awareness on women's rights and monitoring the violation of these rights. The Gauteng Provincial Government (GPG) (2004) states that local government is involved in improving women's safety through environmental design and lighting in communities. Furthermore, survivors of sexual assault can access the Post Exposure Prophylaxis (PEP) programme in 45 facilities, 58% of which open 24 hours.

Available reports on local government interventions, however, do not reflect adequate engagement with the issue of women's rights, promotion and protection. If municipalities are expected to perform this role, as per provincial dialogue declaration, it is advisable to enact a monitoring and evaluation process around this issue.

Economic Empowerment of Women

Economic empowerment involves, amongst others initiatives such as job creation and income generating projects and procurement policies. Recruitment and placement programmes also fit into this category as they aim to elevate the economic status of women.

In the last 5 years, municipalities embarked upon a number of poverty alleviation and job creation projects targeting mostly grassroots women. These projects are mainly focused on food production, cleaning services, crafts and waste management and caring for orphans. They contribute to the economic survival and social well being of women and their families. Furthermore, approximately 60% of the Expanded Public Works Programme beneficiaries were women.

Some of the best practices with regard to economic empowerment of women can be found in the cities of Tshwane and Johannesburg. The latter's programmes included support to informal traders, 51% of whom were women, especially in the fields of fashion designing and tourism. In addition, the City of Johannesburg has awarded some of the civil engineering services contracts to women contractors.

In terms of recruitment and placement, municipalities expressed commitment to transforming the gender composition of the top management echelons and working towards the 30% national target on gender equity. Again, the Cities of Tshwane and Johannesburg employ women in more than 50% of the executive managers' positions. Johannesburg has 40% women in the Mayoral Committee. The municipalities of Merafong and Sedibeng were struggling to find suitable women candidates to fill senior management positions, both at council and administration levels.

Local government in Gauteng needs to increasingly involve women in areas typically dominated by men, such as engineering, environmental management, human settlements planning, information technology and financial services.

Building Sustainable Communities and Women Participation

This action area considers the provision of municipal services to women. Municipalities should ensure that basic services, as well as safety and security services, are increasingly accessible to women. It is however difficult to clearly state the situation of municipalities in this regard, mainly due to lack of monitoring mechanisms.

Women constitute the majority (52%) of the South African population (Census, 2001). Their political participation and representation is therefore important.

In Gauteng local government, women representation and participation in ward committees, IDP processes and other municipal programmes need to be properly assessed in order to provide a basis for women-inclusive planning and programme development. It is not only women's numerical representation in local government structures that matters but their voice and thinking around municipal policies and the allocation and prioritisation of resources that must be emphasised.

Promoting Healthy Lives

Women are generally at the forefront of their families' health status. Improvement in health provision would impact positively on the lives of women. The GPG (2004) states the maternal mortality ratio at 112 per 100 000 live births. This requires municipalities to promote extensive Batho Pele health services, better treatment of patients and adopt health literacy programmes. The implementation of the Termination of Pregnancy Act has led to one-third (33%) reduction in deaths due to entopic pregnancies and septic abortions.

Review of performance in this action area is yet overshadowed by lack of proper means of monitoring and thus reporting. Although the province has home care programmes for prevention and support around HIV/AIDS, at local government level strategies and programmes are not adequately integrated into municipal operations.

Education and Training

Education and training entails access to education and capacity building and learnership programmes for women. Gauteng municipalities are conscious of providing women with access to training and job opportunities through various programmes. Municipalities in the field of construction, fashion design, learnerships, tourism and road works have initiated a number of projects, for the benefit of women.

One of the outstanding municipalities in the training of women is the City of Johannesburg, whereby 51% women were trained in business skills. The city also has an Internship Scheme to assist students (currently 54 females and 50 males) at tertiary institutions to fulfil workplace experience requirements prior to their graduation in their chosen fields of study. A total of 171 female learners has benefited from the scheme thus far.

Johannesburg has a bursary scheme, with 37 females and 36 males, designed to assist students to pursue full time studies at tertiary institutions.

Local government must engage in massive education and training for women to enhance their positions and participation in municipal affairs.

Most Women Empowering Municipality

In recognition of women in local government, the MEC for Local Government launched the Women in Local Government Awards in 2004. The category of most women empowering municipality mainly recognises the contribution made by municipalities towards promoting women empowerment and gender equality, both within the workplace and community at large.

Six municipalities participated in the awards in 2005. These were the 3 District municipalities, namely, Sedibeng, Metsweding, and West Rand, Tshwane and Johannesburg Metros, and Merafong Local Municipality. Half (3) of them namely Johannesburg and Tshwane Metros, and Sedibeng District Municipality were selected as finalists.

Criteria for selection was based on commitment to recruitment and promotion of women in strategic management and leadership positions at the workplace, development of strategies and programmes promoting women empowerment and gender equality, as well as provision of an adequate budget and resources to programmes.

The six participating municipalities were at different levels of development regarding women empowerment and gender equality. The City of Tshwane won the awards as it has satisfactorily met all the assessment criteria.

Conclusion

Although national government has put in place policies and legislation to support women empowerment, it appears these have not adequately developed at local government level. This makes it difficult for gender programmes to be sustainable. Institutional structures are there in terms of mayors or speakers' offices coordinating women empowerment and gender equality. To a larger extent, what is either lacking is policies and strategies, or their integration with wider municipal operations, especially the budget.

Broad policy issues should consider social participation; access to resources and opportunities; and decision-making powers and control. Central to the policy issues should be participation, education, employment, health, safety, and municipal services.

Increased participation and representation of women as local government councillors is quite critical as, while it is a means of empowerment, it also provides a platform for women to facilitate further empowerment in larger municipal affairs.

Monitoring and evaluation mechanisms to assess performance of local government regarding women empowerment are necessary. Female groups may be involved in developing assessment guides to test the promotion of women in the various action areas of concern as raised in this report. Municipalities need systems that will enable them to assess, analyse and prioritise women's needs.

Youth Development

The national youth policy recognises local government as a crucial partner in ensuring youth development, which is an important challenge for South Africa. It is the youth who are most severely affected by negative socio-economic factors such as HIV/AIDS, unemployment, poverty, unplanned pregnancies and lack of participation in political processes. Local government has a role to play in locating and supporting marginalized youth.

The Gauteng Provincial Government's 5-year strategic program identifies certain considerations for youth development. These include the establishment of youth desks, youth participation in municipal affairs, and skills development and other programmes for the youth.

Policies and Strategies

The National Youth Policy Framework, developed for 2002 to 2007, establishes national principles, strategies and objectives that could guide those of local government in youth development. Despite this, about half of the municipalities in Gauteng lack youth development policies and strategies. They have yet to develop long-term strategies in line with the Provincial Youth Strategy and the Provincial Growth and Development Strategy.

Institutional Arrangements

In most municipalities it is either the Office of the Mayor or the Speaker that deals with youth development. There are, however, either no youth desks, or they are not functional.

Economic Opportunities

The youth need to be integrated into the mainstream economy of the Province. Gauteng local government response to this need cannot be quantified at this stage. There are efforts to employ local youth in infrastructure development projects but the impact thereof has not been properly monitored and evaluated. The Expanded Public Works Programme implemented at local level, aims to create short-term job opportunities, also targeting youth recruitment. Nevertheless, micro interventions such as small income generating projects and short-term employment periods are insufficient to reduce the high unemployment rate of 70% amongst the youth. Macro-economic interventions such as encouraging investment and providing economic incentives to the development of small businesses have potential to benefit young people.

Skills Development for the Youth

Youth need to be trained on the required skills for economic interaction. Some municipalities have embarked on training programmes for junior councillors to prepare them for the coming local government elections. This is aimed at encouraging youth to assume political leadership in local councils.

Youth Participation

A number of municipalities have expressed the willingness to engage with youth organisations and structures as well as to establish youth committees. The lack or weakness of local policies and strategies to foster youth participation is problematic. Participation is further hindered by the ineffectiveness of youth structures where these have been established. Municipalities have a role in interacting with youth structures in wards and communities and leverage support for youth development programmes.

Conclusion

Youth development in Gauteng has not received deserving attention from municipalities. Programmes are not well coordinated due to lack of budgets and ill functioning youth desks where existent. Municipalities need to strengthen their coordination efforts, and establish youth desks to enhance their institutional role, introduce macro-economic interventions to provide sustainable economic opportunities, provide greater skills training to assist in situating the youth in proper employment, and facilitate the formation of youth structures for participation.

Lack of information on municipal youth programmes exacerbates the problem of lack of impact assessment. A proper monitoring system needs to be developed to ensure that blockages to youth development are identified and addressed so that desired goals can be achieved.

People with Disabilities

People with disabilities face special challenges that must be addressed. The Local Government Association (LGA) and Disability Rights Commission (DRC) of Britain state that people with disabilities are discriminated against by the design of the environment and how services are organised and delivered. The South African Constitution guarantees the rights of people with disabilities to be treated equally.

According to Census 2001 3% of Gauteng's population are people with disabilities. The Gauteng Province strives to protect, serve and empower all people with disabilities so that they have the same opportunities as all other citizens. Municipalities need to reach and empower disabled persons in their area of jurisdiction.

A Policy Framework on Disability was published by the Gauteng Provincial Government (GPG), setting out guidelines regarding a programme of action to enable people with disabilities to live independent and productive lives, as well as have access to opportunities and resources, in environments that allow them independence, dignity, self-sufficiency and responsibility. GPG (2004) states special steps as envisioned by the policy framework, such as:

- Preventing disability and intervening early to detect disability, especially with children;
- Empowering people with disabilities through skills and employment and supporting them through the social security net;
- Making sure that all government services are accessible to people with disabilities;
- Providing services such as wheel chairs and hearing aids to people with disabilities; and
- Protecting and promoting the rights of people with disabilities.

Departments in provincial and local government must be involved in empowering, preventing, supporting and treating potential disability, through planning of buildings, medical intervention, special educational programmes, and skills development programmes.

The Status Quo of the Disability Programme in Municipalities

The province provides free primary health care for people with disabilities. Approximately 95% of health facilities are accessible to people with disabilities.

Only the following municipalities in Gauteng have an active disability program with a dedicated Disability Co-ordinator: Ekurhuleni, Tshwane, Lesedi, West Rand District Municipality and Mogale. Overall programmes for people with disabilities in some of these municipalities include accessibility of taxis, poverty alleviation, schools and craft projects and community services. Throughout the province, almost 5 000 wheelchairs and other aids for people with disabilities were issued between 2 000 and 2003. Ekurhuleni Metro seems to be the most outstanding in the development and execution of a Disability Program.

Johannesburg, Westonaria, Randfontein, Metsweding, and Nokeng mainstream disability in all their departments, especially health and social services. Midvaal, Emfuleni, Randfontein, Sedibeng, and Merafong either lack programmes all together, or are in the process of developing policies. Lack of funding for programmes for people with disabilities appears to be the major stumbling block.

Conclusion

The performance of Gauteng local government with regard to people with disabilities is invisible. Less than half (6) of the 15 municipalities have dedicated officials and developed programmes. The lack of resources, particularly financial, is cited as the major constraint.

Municipalities must strive to embrace the Policy Framework on Disability. The guidelines by LGA and DRC are useful in providing local government with starting points.

Efforts to address the challenges of people with disabilities must involve clear political leadership and commitment; development of strategies, plans and programmes; integration of disability concerns with budgetary process and municipal operations; consultation and participation of people with disabilities; partnerships with various stakeholders for support; capacity building for those tasked with attending the issue, as well as skills development for people with disabilities; and provision of accessible physical environments.

Integrated Development

The concept of 'integration' has become a central theme of contemporary planning discourse in the first decade of South Africa's democratic government. In this context integration refers to:

- Alignment between different spheres or levels of government;
- Coordination between different sectors of service delivery or planning; and
- Integration between the often organisationally separate functions of planning and budgeting.

The notion of "integration" came to the fore through the Reconstruction and Development Programme (RDP, 1994), which had as its key objective the fast tracking of infrastructure and service delivery in many urban and rural areas across South Africa. However, due to its rapid and wide approach towards the delivery of infrastructure and services, its impact on sustainable development was impeded by the very fragmented and uncoordinated approach adopted in most of its development initiatives. The notion of the Urban Renewal Programme (URP), along with the Integrated Sustainable Rural Development Strategy (ISRDS) was then launched by President Thabo Mbeki in the State of the Nation Address of February 2001. The focus was on addressing poverty in urban and rural areas, which had substantial service backlogs that were spatially and economically marginal to the urban economic activities, and in which social exclusions continued to limit development of their communities.³²

Urban Renewal Programme

In the South African context, the URP and ISRDS are preceded by the Urban Development Framework (UDF) and Rural Development Framework (RDF), which were produced in 1997, and mainly intended to complement the RDP and the Growth, Employment and Redistribution Strategy (GEAR), through a strong focus on the spatial dimensions of development. Briefly, the UDF sought to bring together in an integrated form the infra-structural, social, economic and governance aspects of development in urban areas, by setting out four core programmes: spatial integration, housing and infrastructure, economic development linked to urban development, and institutional capacity building. On the other hand, the urban renewal framework emphasises three principles. These are:

- The mobilisation of people for active participation in their own development;
- Coordination and focusing of activities, initiatives and budgetary resources of the three spheres of government; and
- Public sector investment to leverage private sector investment.

Against this background, 'Urban renewal' in the South African context can be defined as a multi-sectoral interventionist approach undertaken within specific geographic regions³³. The URP represents a commitment to a return to the bottom-up, people-driven approach to urban, local, social and economic development originally envisaged in the RDP. It is a strategy that will be routed through local authorities, using the mechanisms of IDPs as provided for in the Municipal Systems Act. Furthermore, it is intended to generate greater synergy within existing development programmes and to draw in a range of complementary programmes from government and other sources.

³² http://www.alexandra.co.za/2003_updates/media_030200_horizontal.htm, 18 January 2006

³³ SACN, A South African Urban Renewal Overview, 2004.

It has a focus on poor communities where previous programmes have delivered physical development, but in which there is a lack of integration of development, continuing high levels of income poverty and economic marginalisation. It has a nodal focus, namely on clusters of poor areas that exist at a spatial scale that is smaller than an entire municipality.

In essence, the URPs were used as a testing ground for the ideas of integrated and sustainable development. Gauteng benefited in this multi-disciplinary intervention process through Kathorus, Alexandra Township, Bekkersdal and Everton. The following case study of the Alexandra Renewal Project (ARP) attests to the URP-related problems outlined in this section and highlights the need for all sectors of government to plan in an 'integrated' manner in order to realise a greater impact.

Case Study: Alexandra Renewal Project (ARP)

The policy objectives of the ARP focus on the need for visible delivery in key areas aimed at addressing social and economic exclusion. The project was closely linked to the IDP for the area and sought to address infrastructure backlogs whereby substantial emphasis was placed on the initiation of "soft" programmes. Thus, approximately 40% of the overall budget was allocated to be used for the development of social capital, the empowerment of individuals to access social services and the development of economic opportunities and linkages to the surrounding economy. This represented a substantial project-level shift from the heavy emphasis of the SIPPs (Special Integrated Presidential Projects) on capital expenditure.

The Gauteng Provincial Government allocated more than R500 million for the implementation of the project. This funding was intended to be matched by funding contributions from national and local government. National contributions have not been forthcoming as a result of the emphasis on funding alignment and budget reprioritisation and actual funding streams do not match claimed national funding allocations. Local government funding contributions have also not been forthcoming despite the support of local government for the initiation of the ARP. This may be attributed to a number of factors including shortfalls within local government, the absence of mechanisms/conditionalities or agreements requiring the provision of counter-funding and shifting political support for the project.

The case study presented above shows how a lack of integration and coordination of plans and budgets can lead to non-implementation of projects. In the ARP case, funds were allocated from the Provincial authority (GPG), however, no matching funding was committed from both the national and local authorities due to a lack of alignment of plans, budgets, and priorities.

These difficulties associated with uncoordinated planning that were encountered in the ARP could serve as a lesson for all stakeholders for the second term of local government. It presents all stakeholders with an opportunity to reflect and learn from the mistakes of the past.

In realisation of the grave nature of uncoordinated planning as depicted by the ARP case study, this section of the Review attempts to illustrate the importance of integrated planning, thus placing IDP processes as a central means towards achieving this. Perhaps it is worth highlighting at this stage that most local and other government agencies, in both the developed and the developing world, are grappling with the issue of effective integration – issues prioritisation, planning (spatial and transport planning) and budgeting become a hindrance when in actual fact it should not be. The URP in Gauteng does not only exhibit failures, but there are some success stories, which give hope in taking the process forward. The following projects are typical examples:

- Blue IQ Initiatives (such as the Mandela Bridge, Constitution Hill, the Mary Fitzgerald Square, Ghandi Square, and Kliptown Square).
- The Hillbrow/ Berea regeneration Initiatives and;
- Inner City Improvement Districts in Tshwane and Johannesburg.

These projects demonstrate how, in line with the new systems of local government, the GPG and the City of Johannesburg (CoJ) have embraced the concept of urban renewal, and included it into their integrated planning and development agenda.

Spatial and Transport Planning

In terms of the National Land Transport Transitional Act, 2000, all district and metropolitan municipalities are expected to prepare an Integrated Transport Plan (ITP), to form part of the IDP. The ITP is defined as a strategic policy, which directs the municipalities' transport vision. The ITP must be in a position to cater for all modes of transport and, perhaps most importantly, pay due attention to the development of rural areas and for special categories of passengers. These ITPs should provide municipalities with a framework that covers the entire area of jurisdiction.

In the context of Gauteng Province, there are numerous benefits that can be derived from the ITP. Among others, as a restructuring tool to redress fragmented and sprawling urban landscapes and the concept of the Global City Region (GCR), which was launched by the Premier in 2004. ITPs should ensure that land use planning and spatially scattered nodes are connected. This will ensure that spatial dimensions, over and above transport, assist in the provision of other services such as: education; health care; and housing in a manner that is affordable to government. In addition, better land use patterns and an integrated transport system can enhance social integration.

According to the Premier, the concept of GCR is about "a seamless and integrated approach to governance and a holistic, compassionate and responsive government. Furthermore the assumption is that all spheres of government in Gauteng will strive to function as a single entity with an integrated approach to service delivery, economic planning and social development, facilitated by an effective system of intergovernmental relations that is based on enhanced and revised roles of national, provincial and local government, with a single system of metropolitan local government"³⁴.

However, in light of the failure to ensure horizontal or vertical alignment and integration of the IDPs by various municipalities, the challenge remains enormous in the next term of local government.

Integrated Development Plans (IDP)

Integrated Development Planning is a process by which municipalities prepare 5-year strategic plans in consultation with communities and other stakeholders. These plans adopt an implementation approach and seek to promote integration by balancing social, economic and ecological pillars of sustainability without compromising the institutional capacity required in the implementation, and by coordinating actions across sectors and spheres of government³⁵. According to the Constitution, 1996 and reinforced by the Municipal Systems Act, 2000, municipal planning is supposed to be part of an inter-governmental planning system, which it seems after 5 years does not yet exist. Ambitious and vague statements saying that the municipalities themselves should be the owners and "drivers" of the process were not appropriate for local authorities without professional capacity. Due to a lack of guidance on a more specific and realistic distribution of roles and responsibilities, municipal managers tended to outsource the whole responsibility for the integrated development planning process. Accordingly the question of an appropriate *support system* for municipal integrated development planning had not been addressed, with planning consultants being the only accessible support system. Neither is there sufficient clarity from National and Provincial government to assist municipalities in overcoming the confusion of multiple legal development planning requirements.

³⁴ Speech delivered by the Premier Mr. Shilowa, at the ANC Provincial Conference, 2004.

³⁵ Cited from the DPLG website (<http://www.idp.org.za.12.01.2006>)

The following figures (53 – 56) show the development of IDPs in terms of achieving the 5-year Gauteng Provincial Government priorities. These figures highlight the greatest issues influencing and affecting IDP development towards achieving these priorities. Figure 3.44 indicates that the provincial priorities that were impacted the most are:

- Effective government;
- Economic growth; and
- Deepening of Democracy.

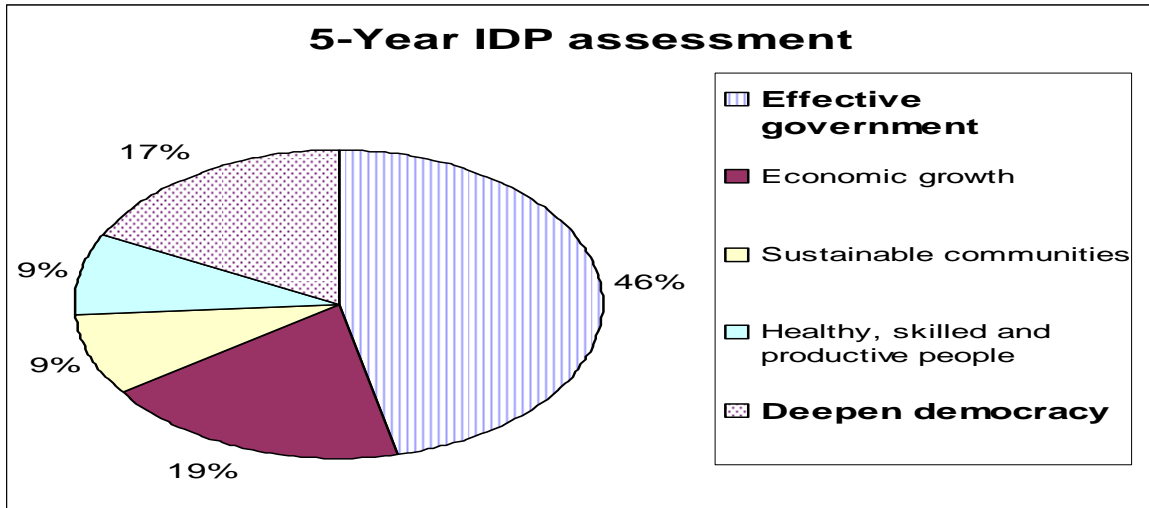


Figure 53: 5-year IDP assessment (Source: Municipal Integrated Development Plans: Five Year Review, 2005)

Without effective governance and democratic ideals, most municipalities would fail in creating sustainable communities, address poverty, ensure that communities are better skilled; healthy; and productive.

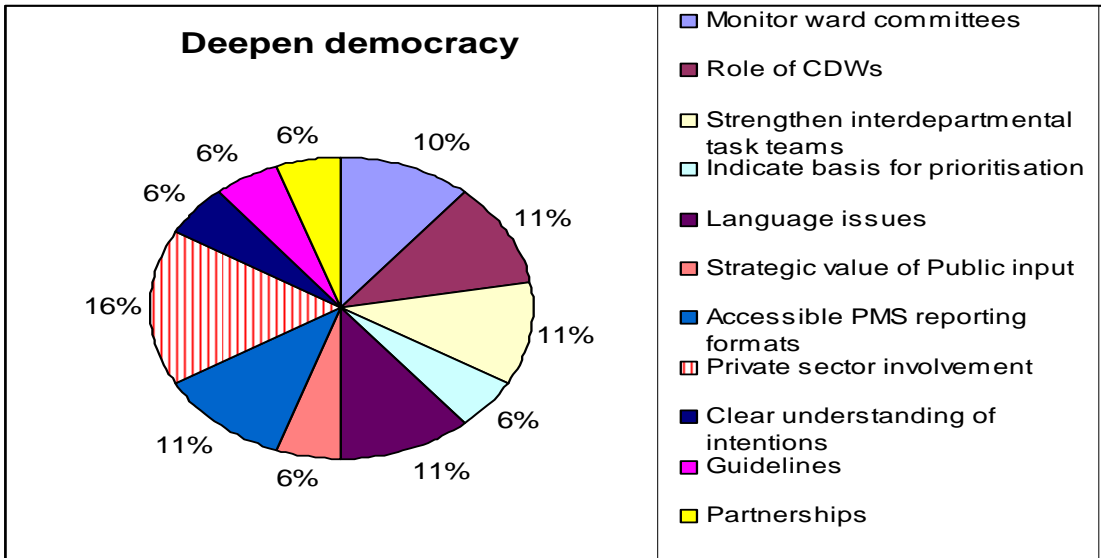


Figure 54: Issues highlighted in terms of priorities to deepen democracy (Source: Municipal Integrated Development Plans: Five Year Review, 2005)

The spread of issues were quite general with private sector involvement, role of the Community Development Workers (CDWs), interdepartmental task teams, language issues and Performance Management System (PMS) reporting formats as the main issues covered. The deepening of democracy revolves around participation in the developmental process. Participation in this case did not mean inviting of people to meetings, but rather a continuous process of relationship building around common understanding and partnership formulation.

The above process should also not be exclusive to communities and private sector stakeholders. It is clear that there is still a need for internal participation and communication. There is still a perception that the IDP is for the strategic planning units and that the other units are only there to provide information and fill in templates. It is however encouraging that most municipalities are starting to make progress with this issue. Figure 55 below indicates the issues that impacted on the priority of economic growth and job creation. Again, there is no single issue that stands out from the others. The issues that were mentioned slightly more than the others include:

- The lack of discussion of cross border issues and initiatives;
- The role that transport plans and SDFs can play in the support and promotion of economic growth and development;
- The management of the Urban Edge;
- The impact of HIV and AIDS; and
- The relevancy of LED and tourism strategies.

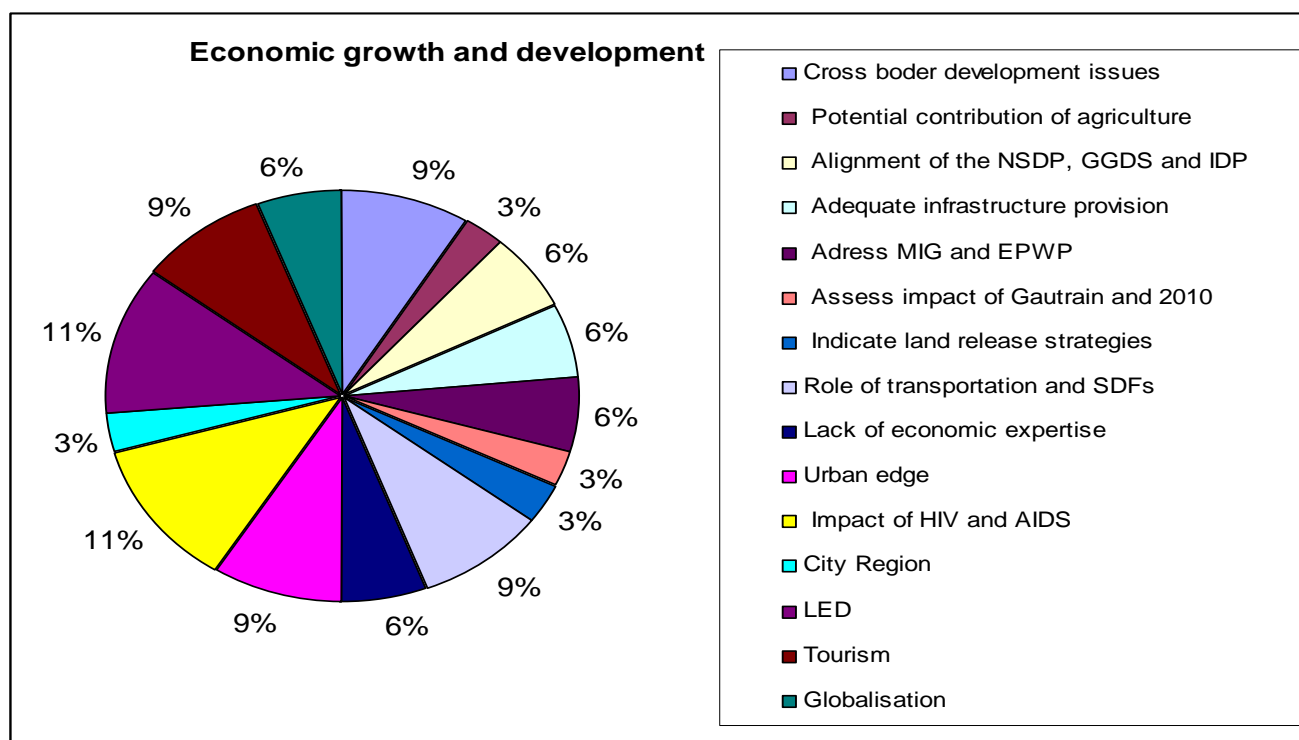


Figure 55: Economic growth and development (Source: Municipal Integrated Development Plans: Five Year Review, 2005)

The following issues pertaining to economic growth and development highlight the challenges ahead for incoming local government officials to define their meaning and benefits of long-term planning:

- The Gauteng City Region in terms of the definition and content of the concept as well as detailed implications;
- The implications of the development of council owned properties and how land release strategies can support the priorities for Broad Base Black Economic Empowerment and general ownership in previously disadvantaged areas.
- The detailed assessment of the development implications of Gautrain and the 2010 Soccer World Cup event.
- The role of the Municipal Infrastructure Grant (MIG) and the Expanded Public Works Programme can play in job creation and skills development.

Figure 56 below indicates the major issues that impacted on the effective government priority, i.e.:

- General alignment,
- Finance and funding,
- Performance management and
- Information management.

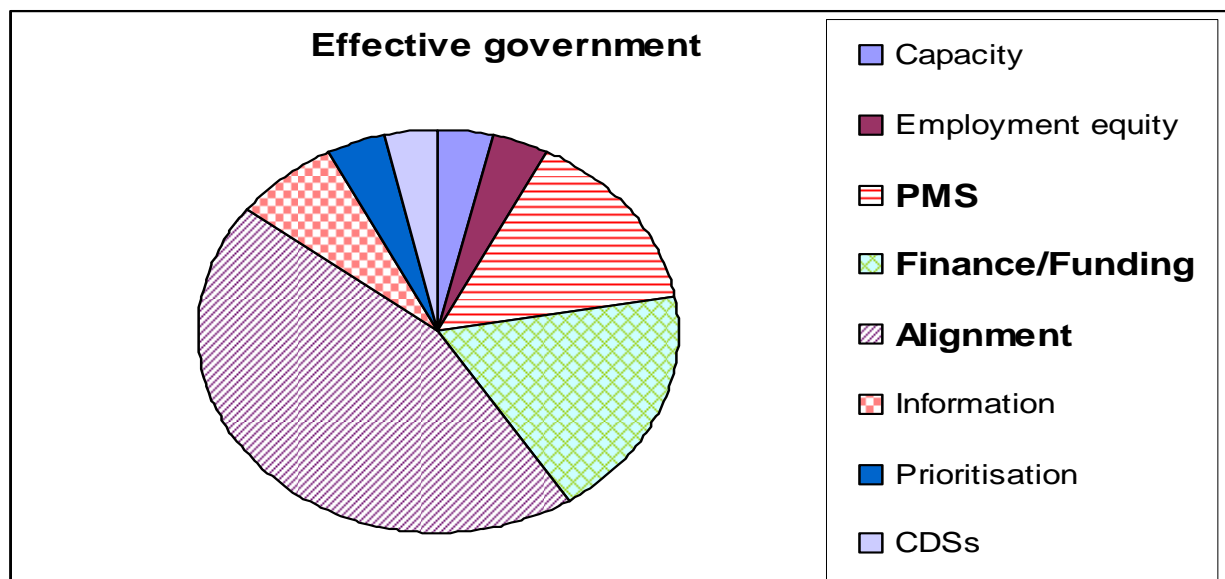


Figure 56: Effective government (Source: Municipal Integrated Development Plans: Five Year Review, 2005)

In terms of internal and external alignment of strategies; policies and activities, it affects all spheres of government. An environment of weak alignment could result in the following:

- Wrong assumptions regarding the basis of the various strategies;
- Unaligned & unfocused implementation;
- Failure to create a collaborative climate supportive of change; and
- Difficulty in monitoring and evaluating implementation and progress.

The alignment issues that will have to be addressed include:

- Engagement between metro's, districts and local municipalities;
- NSDP, GGDS, IDP and City Development Strategy (CDS) alignment;
- Provincial and municipal priorities and implementation timeframes;
- Lack of shared understanding;
- The different IDP approaches;
- Lack of formalised and continued engagement;
- Internal integration of provincial departments; and
- Overall sector plan alignment.

Performance Management Systems (PMS) received a great deal of attention in especially the last three years. Reasons might be that the framework and requirements for performance management is firstly spelt out in great detail and secondly, it is an established business management concept. The role of a PMS as part of the integrated development planning process should be spelt out clearly. Municipalities have to be careful that PMS do not become a very rigid paper exercise that is "everything to everybody and not focused". The basis should still be that it must be easy to see what a municipality wants to do, how it will be done and by when without having to read through pages of departmental or operational performance areas and indicators. Performance areas should also not be mere departmental functions but ought to be more aligned to the municipal priorities. For example, a key performance area for housing, should include more than just housing departments KPIs but also other KPIs that will cover all the issues involved with creating sustainable settlements. The adequate measurement of quantitative issues is therefore still lacking.

In some cases accurate baseline indicators and information are absent. Without updated and quality information and ways to analyse, maintain and manage information, it will be difficult to plan effectively. One issue that needs urgent attention is the lack of updated and relevant management information. Most of the municipalities are dependent on the SA Stats information that due to its base date does not allow for adequate and frequent evaluation of a municipality's trends and development state. The dynamic and complex municipal and urban environments require careful consideration during planning and one of the biggest mistakes is to assume that conditions remain constant. This leads to ill-defined choices regarding strategy and investment, resulting in the target implementation having little or negligible impact.

The information gap also includes a lack of organisational and institutional knowledge. Everybody involved in the IDP process needs a clear understanding of which resources can be utilised in order to address challenges and the priorities of the area. There must be an understanding of the various national, provincial and municipal strategies and what functions need to be fulfilled to achieve them. In the end it is not about documenting more information but rather having access to relevant and practical analytical tools that can assist in understanding conditions in relation to what needs to be done and with what course the municipality has set for itself.

Forward Long-term Planning

In light of the expectations as spelled out in the MSA (2000), critics have argued that the IDPs have not fulfilled their function, stating the following key areas as weaknesses:

- A lack of strategic focus, including far too much of a focus on the institution and too little on the municipal area;
- A lack of meaningful participation from all stakeholders, notably provincial and national government officials, parastatals and the business and farming communities;

- A lack of intergovernmental integration between municipalities themselves and provincial and local government actions;
- A fixation with legal compliance instead of developmental outcomes; and
- A lack of a future outlook³⁶.

In light of this 'lack of future outlook', the introduction of a new, complementary planning instrument known as the City Development Strategy (CDS), was born into the larger metropolitan and urban areas. CDS's would provide this 'future outlook' while at the same time diverting an inward institutional-centred perspective on planning by focusing on the long-term. City Development Strategies chiefly aim to bring about, both a long-term (i.e. twenty to thirty year planning timeframe) and more of a "city", less of an "institution-centred perspective", to urban governance. Some have branded this new planning instrument as 'destructive and disruptive', although many politicians and officials have said that long-term planning is key to the IDP process. According to them a CDS would:

- Provide a future perspective on the strengths and weaknesses, the potential threats and opportunities for the municipality and;
- Assist in the formulation of a vision for the particular municipality³⁷

Long-term planning strategies like that of the CDS "would assist municipalities in living up to their constitutional mandate of being developmental and of pursuing economic development that is both inclusive and sustainable"³⁸. The Gauteng Department of Local Government (GDLG) has identified the concept of long-term planning (as it relates to CDS's specifically) as an important component of IDP if provincial support and involvement into municipal planning is to be effective in the next term of local government. A central concern, however, is how alignment between this long-term planning will match up in regard to other long-term plans like the NSDP; GGDS; GCR and more broadly; the new "Sustainable Human Settlements" vision ³⁹. In the final analysis, the main objective of such long-term plans is to ensure long-term sustainability of cities and city regions.

Long-term planning is envisaged within timeframes that typically have 2020, 2025 and 2030 as their planning horizons, with some speaking to 2050. Key success factors include looking at such aspects as: leadership; participation; and buy-in and a focus on action or delivery. Legally speaking, nothing is prescriptive in such planning actions, although a number of Acts do enable and/or propose that longer-term planning initiatives are essential. Finally, it has been recommended that high-level collaboration, alignment and integration be the order of the day when it comes to long-term planning. In existing CDS's, very little alignment with neighbouring municipalities seems to have been done, it is also far more likely to share ideas and agree on issues and areas in need of shared attention and focus over the long-term.

Instead of focusing on planning for administrative units (municipalities) the future development of the Province can better be served if longer-term planning for the Province as a whole is done. Province needs to provide far greater guidance regarding the long-term future of Gauteng, in terms of:

- Providing a long-term provincial vision;
- Specifying key sectors of economic growth and;

³⁶ Oranje, M. An Overview of long-term municipal planning & strategizing in the Gauteng Province, 2005.

³⁷ Ibid, p.4

³⁸ Ibid, p5

³⁹ As articulated in the "Breaking New Ground" Strategy of the National Department of Housing.

- Indicating where these should take place in the province.

To ensure these requirements, necessitates that clear targets for delivery and implementation over the short, medium and longer-term timeframes need to be spelled out, so as to provide direction for municipalities for their planning purposes. This long-term vision for the Province must be a highly participatory process “in which all role players in the province participate and which should enjoy the buy-in from the governing, as well as other major political parties in the province”. Furthermore, more clarification on how the local and provincial planning and strategising instruments (like the CDS, IDP, SDF, the GGDS, the GCR, the PGDS, and the NSDP) ‘slot into one another’ needs to be done amongst all sector departments of the Gauteng Provincial Government and its National counterparts. The content of a long-term planning instrument needs to be standard and has been suggested as needing to encompass:

- A development paradigm, providing the economic model in which the strategy is located;
- Projections and different scenarios on the population, economy, transport, infrastructure provision and the ecology at different intervals in the future;
- Development objectives backed up by analyses as to how these were determined;
- The finances – the how, where and when of what the strategy proposes and;
- An exposition of how the spatial form frustrates/ assists the realisation of the development objectives and how the strategy will intervene in and use unique spatial attributes⁴⁰.

Finally, several benefits exist in adopting a long-term planning approach, these are summarised as:

- Municipalities thinking about the long-term in a structured way, which they arguably have not done before, although this process needs refinement in terms of capacity building if it is to be taken forward;
- It has alerted city administrators and politicians of the lacking strategic economic, spatial, social and transport data, as well as rigorous future seeking, shaping and mapping exercises;
- It has raised the question as to the need for dedicated economic development and future investment-units in municipalities; and
- It has confirmed the GPG’s decision to prepare long-term perspectives on the future development of the Province in which long-term municipal plans or strategies can be located, as well as, once again emphasising the importance of preparing such a perspective in a collaborative way with all the municipalities and other major role players in the Province⁴¹

Conclusions and Recommendations

The pre-local government elections of 1995 were underpinned by the spatial inadequacies and challenges associated with apartheid planning and governance. Throughout this time, into and beyond the first term of local government since 2000, critics have argued and predicted that urban fragmentation would remain an issue. At this juncture in the review of local government’s performance it is noteworthy to reflect on this notion of ‘fragmentation’ as it relates to the spatial economy of local development and outcomes within a truly democratic South Africa.

⁴⁰ Ibid, p.60 – 61.

⁴¹ Ibid, p.61.

Harrison *et al* (2003) have suggested that despite the democratic transformation of South Africa since the end of Apartheid in the early 1990s, the issue of urban fragmentation remains and is still most evident along racial and class lines, even though planning has been more 'integrated' and inclusive⁴². These scholars argue that this continuation of fragmentation after the end of apartheid is likened to a market apartheid replacing a racial apartheid. The 'income-centred' segregation of our communities is most evident in spatial constructs like that of *gated communities*. Increasingly, the poor are still marginalised and generally persist in being located on the urban periphery. This is evidenced in the current system of housing projects on the periphery and how social grants are structured and where housing is being subsidised.⁴³

Harrison *et al* (2003) "stress the importance of political mobilisation to achieve just results, but acknowledge that such mobilisation has yet to be achieved"⁴⁴. Over the last decade, critics and planning experts have cautioned the government to reflect carefully on its 'neo-liberal' turn, as this stance may in fact be "exacerbating social and class divides, and may be prioritising South Africa's standing in the global economy above the needs of its poorest citizens"⁴⁵.

The effects of globalisation are only beginning to be felt and far more thinking and research needs to go into determining the impact globalisation will have on local developmental government. Housing and urban development remains a specific worry. Planners need to wrestle with how the processes of globalisation (and resultant government policy) contribute to increasing fragmentation and segregation within South African towns and cities rather than addressing it⁴⁶.

To achieve sustainable human settlements with associated amenities, planners in the next term of local government should adopt an integrated approach that begin to address this. Watson (2003) advocates that post-apartheid planning was envisaged as an instrument for integration. A shift from the predominant concern with the spatial integration to more of a concern with inter-sectoral and institutional integration needs to happen. There needs to be a different understanding by inter-sectoral (and groups of professionals) of what planning and urban integration is, so that the problems of achieving institutional integration, is a precondition for achieving spatial integration⁴⁷.

Against this background, a great deal has happened since 2000. The provincial overview for the period suggests that generally most municipalities did manage to meet the legislative requirements of the MSA by preparing and adopting their IDPs. Over the years the IDP process progressed from being solely developed for compliance reasons, to being more of a strategic document and a corporate plan of a municipality, and come to be evaluated by both provincial and national government for their credibility. It is also worth stating that the first two years of the local government were the learning curve for everyone involved in understanding this new concept of planning and budgeting.

However, in 2000, there was no clear and agreed procedure on what integrated planning should be and on what should be done to achieve inter-sectoral planning of other government spheres with that of the municipalities. The first generation of IDPs is nearing the end of its cycle yet coordination, alignment and integration of intergovernmental relations remains a challenge.

⁴² Harrison, P., Huchzermeyer, M., and Mayekiso, M (eds), *Confronting Fragmentation: Housing and Urban Development in a Democratizing Society*, 2003.

⁴³ Ibid.

⁴⁴ Ibid, p. 1

⁴⁵ Ibid, p.1-2.

⁴⁶ Ibid.

⁴⁷ V. Watson as cited in Harrison et al.

Over the last 5 years, this challenge of intergovernmental relations has found expression in various Acts, policies, strategies, development planning instruments, integration mechanisms and structures aimed at ensuring that intergovernmental priority setting; resource allocation; and implementation takes place in a coordinated, integrated, effective, efficient and sustainable way. The emphasis on long-term planning, as expounded with reference to City Development Strategies attests to the most contemporary thinking and debate around the issue of integration and alignment.

Notwithstanding all the effort to define and support the IDP process, some of the policy-related deficiencies of governance, as discussed during the IDP-Hearings, still need to be addressed. One of the major challenges for the next term of local government is to ensure that IDPs are indeed government plans, not just other municipal plans. The Second generation of the IDP process, requires a change in mindset and an understanding as well as commitment from all stakeholders to make local government an effective instrument for change.

SECTION 4

OVERALL CONCLUSIONS AND RECOMMENDATIONS

Detailed conclusions are made on municipal performance on each of the key performance areas against which municipalities were assessed. This section summarises these in terms of key findings and conclusions.

Institutional Development and Transformation

According to the data provided by municipalities, about 5 municipalities still have not completed their establishment process after 5 years in office. This means that these municipalities have not approved their organisational designs. In turn, these municipalities cannot staff the organisation in terms of the organograms that have been designed to enable them to perform. This is an issue for the next term in these municipalities. This is a critical issue to be resolved so that a newly elected council does not have to deal with issues of establishment.

A large number of municipalities have unfilled posts and this correlates with poor performance in service delivery. A challenge to municipal capacity building for the next term is going to be how to attract technically proficient management to work in local government. And how to build a cadre of local government professionals, to work together with, provide high levels of technical advice to and take direction from elected public representatives. This will be an important contribution to improving the effectiveness of the political administrative interface.

Much still needs to be done to address the issue of representation of vulnerable groups in municipal structures. In line with the government's policy of having 50% female representation and 2% employment of people with disabilities in all sectors of the economy, the next term of local government presents municipalities with another opportunity to meet these targets.

Related to the challenge of capacity building is the need for ongoing skills development. Most municipalities are not fulfilling the requirements of SETA and it is safe to assume that they are not making an impact on skills development in their organisation. The next five years of consolidating and making local government sustainable needs to emphasise the development of local government professionals both in terms of leadership, management and technical competencies.

There is a need to ensure the rollout of the systems specified in the systems act. However, there should be a focus on the quality and effectiveness of those systems of integrated development planning and performance management. These should become useful tools for ongoing municipal management and not just be legislative requirements to be fulfilled.

The lack of performance contracts for S57 managers in Emfuleni, Kungwini and Midvaal LMs require immediate attention.

Service delivery and infrastructure development

Gauteng has a population of 9,3 million people. The province is experiencing rapid urbanisation and in-migration (About 520 000 people moved to the province since 2001). Progress made in infrastructure development and basic service delivery indicates that backlogs are not going to be eradicated in the foreseeable future. The investment has not kept up with population growth and increasing need for basic services. In addition to this, thousands of soccer fans are expected to visit the province for the 2010 Soccer World Cup tournament, and this has to be factored into the new infrastructure development plans. All of these have placed a severe pressure on the province together with municipalities to provide adequate housing, water supply, electricity, waste removal, roads and public transport.

Against this background, the Review revealed frightening statistics regarding the progress that was made by municipalities in addressing the issue of infrastructure backlogs in the province. In general, Gauteng municipalities have struggled in addressing the infrastructure development and service backlogs that existed in 2002. A cursory analysis suggests that Metros struggled the most, while the Locals had difficulties in creating more access to community services. This is of concern especially with regards to the Metropolitan areas where two thirds of the provincial population resides. Tshwane stands out as the most challenged with regard to community services, while Johannesburg is most challenged with regard to household services, despite their efforts.

In the second term of Local Government, more resources should be directed towards Metros since this will address the needs of two-thirds of the people in the province. It is necessary to rethink the role that should be played by District municipalities to add significant value to local governance in the province. The extent to which they are successful in supporting local municipalities is generally doubtful given the local municipalities' level of performance in terms of service delivery. The Premier indicated that the Province has budgeted R20 billion to assist municipalities to address the infrastructure backlogs in the next three years.

Financial Viability and Management

There is evidence, with few exceptions, that most Gauteng municipalities are not grant dependent, thus giving them some discretion in managing their finances. Secondly, on the ability to honour their creditors there are clear signs that Gauteng municipalities have been able to meet this requirement. Thirdly, it has been shown that most municipalities, with few exceptions, have been able to spend their capital budget.

Based on the AG reports, however, there is concern that the increasing levels of debtors may undermine the liquidity of municipalities. The underlying cause of this may be capacity to develop and implement viable cash collection and billing system. Trained personal are not available to accurately record the various transactions taking place as well as keep record of various assets.

It is therefore recommended that a capacity and system audit be carried out with regard to the finance departments of the various municipalities in order to determine where the problem around financial viability lies and can then be addressed.

Local Economic Development

The review shows a decline in the collection rate of RSC levies by district municipalities thus pointing to reduced revenue and therefore increased reliance on grants. The RSC levy is going to be phased out and will not be replaced by another form of tax. On the other hand, the economies of the metropolitan areas have registered growth in their Gross Geographic Product (GGP). For the next performance review, it is recommended that the indicator to be used to measure economic growth for the whole of Gauteng should be GGP. Thus if they are not already doing it, municipalities and even Province, could track this indicator.

Municipalities have adopted procurement policies that prefer SMMEs and BEE as one mechanism to influence local economic development. There is a real opportunity for municipalities to perform well in this area considering that they implement capital projects in delivering infrastructure for services. In addition, the Expanded Public Works Programme (EPWP) is being implemented as a national programme to create short-term employment and develop skills of the unemployed.

Local economic development has also been seen as the number of jobs that get created through municipal projects. It should be stated here that job creation is not a municipal function even though municipalities would benefit directly in unemployment was addressed. Municipalities should create an enabling environment and facilitate development rather than create jobs. Therefore measuring this indicator as an area of performance for municipalities is not justifiable. The impact of LED as it has been practiced in smaller municipalities has not alleviated poverty and unemployment levels are still high. It is recommended that since municipalities can do so much in terms of local economic development, Province should play a bigger role in this regard and link very strongly with the economic development strategies of the municipalities, especially metropolitan municipalities.

Democracy and Good Governance

Metropolitan municipalities seem to be performing well in terms of public participation, ward committee establishment and institutional governance. All three have between 95% and 100% ward committees established and all collaborate through the SACN to share knowledge and learn from one another. However, ward committees are not functioning in a uniform manner across the province. The issues of resourcing them and utilising them effectively are issues for the next term.

Public participation in the affairs of municipal government has also been achieved wherein municipalities have been able to include over 50% of the stakeholders in participatory processes. Public participation in district municipalities has been reported not to be as successful. However, this has to do with the role of district municipalities in public participation. It surely cannot be the same as that of local municipalities.

It is important that the role of district municipalities in Gauteng is defined, as these are the category of district municipalities that support fairly capacitated local municipalities. Their role will differ significantly from that of district municipalities with extensive service delivery functions supporting very weak municipalities.

While municipalities have completed their delegation systems, completed their terms of reference for political structures and office bearers, it is important to note that there are more committees reporting to the Mayor (section 80 committees). The issue for the next term is to establish more section 79 committees as these report to Council and thus could strengthen Council oversight over the executive. The issue of a separation of powers at the local government level needs to be addressed and section 79 committees are one way of doing so.

District-local IGR structures exist in some parts of Gauteng. However, they need to entrench collaboration and build the relationship between district and local municipalities. It is believed that the newly promulgated IGR Framework Act will address this concern in the next term.

The current system of local government provides for both directly elected ward and party list proportional representative councillors. The former has clear responsibilities, in the sense that she directly represents a particular community. On the other hand, the role and accountability lines of the latter are not always clear. The challenge therefore is to begin to think and craft a clear role for PR councillors. The newly defined would have to be understood not only by PR councillors and fellow councillors but also by the citizenry at large. One of the lessons of the CSS is that there is discrepancy between what citizens expect from councillors and what they actually do. The issue is not so much whether councillors begin to embrace the role expected by the citizenry, but the most important thing is at least communicate the role to the citizenry, so as to avoid confusion and enhance accountability.

Cross Cutting Issues

Cross cutting Issues provide a special challenge for municipalities. They have a bearing on municipal performance across all key performance areas. This poses a risk of these issues being overlooked and subsiding. To address them adequately, cross cutting issues require special attention by municipalities.

Political leadership and commitment is needed vigorously. The review acknowledges existing political support, but there is plenty space for it to extend further.

Although institutional arrangements have largely been established, assigned personnel have other core functions besides the particular issue, making cross cutting issues secondary. Local government should arrange for specific personnel and units dealing with these. Linked with availing personnel is capacity building. People dealing with cross cutting issues should be well skilled in the respective fields.

Where institutional arrangements exist, coordination and integration of the issues into policies, budgets and operations is a challenge. Only when cross cutting issues are mainstreamed into the larger local government strategies and budgets can they receive deserving and full attention, without the risk of subsiding.

Any programmes without sufficient financial support cannot be sustainable. Local government faces a challenge due to lack of funding, especially for cross cutting issues.

This ties in with a general local government concern of unfunded mandates, which make it difficult for municipalities to perform and achieve on required functions. This has implications for government as a whole to organise funding for the benefit of cross cutting issues. Local government, however, should also take initiative and mobilise resources for this purpose. Strengthening partnerships could also assist in resource mobilisation and coordination of efforts.

Local government must devise and improve means of public participation for the vulnerable groups catered for by cross cutting issues.

An overarching observation is that of lack of proper monitoring and evaluation mechanisms to assess progress of cross cutting interventions and the impact thereof.

In all, moving forward, it may be advisable for government as a whole to consider these concluding remarks on cross cutting issues.

Integrated Development

Despite a successful and holistic experience in 5 years of local government, the concept of 'integration' and coordination of plans remains a challenge for integrated development planning, as this review has outlined. The origins of integrated development plans (IDPs) were traced in this review and through their genesis and development, it was shown that the issue of intergovernmental relations remains high on the agenda for the next term of local government, as municipalities strive to create all inclusive and sustainable communities.

From the analysis of the IDPs done within the first term of local government, the following issues have been identified as key challenges to be worked on in the next term of local government:

- Effective government;
- Economic growth;
- Sustainable Communities; Healthy, skilled and productive people; and
- Deepening of democracy.

For future IDPs to address these 5 issues (that have become the Provincial Government's Priorities for developmental government) involves the need for far greater private sector involvement in the IDP process. Performance Management Systems (PMS) is an important area that needs to be refined and carefully monitored and evaluated in the next term of local government, so as to track and highlight achievements and success stories of local government within municipalities.

Increasingly, scholars and planning experts are encouraging the thinking and implementation around long-term planning, this review has investigated the nature and benefits of such an approach to planning, within the context of City Development Strategies (CDS). Urban fragmentation, despite a decade of democracy and local governance persists in cities and towns around South Africa, this would be addressed if more emphasis was placed on exploring the impacts of long-term planning that was aligned and carefully integrated across all spheres of government.

KEY FINDINGS	RECOMMENDATIONS
<p>Apartheid/Backlog Legacies & Socio-Economic Challenges</p> <ul style="list-style-type: none"> • Legacy of apartheid planning, fragmented spatial environment; • Basic services and infrastructure backlogs; • Stagnant and declining economies (e.g., mining sector); • Population growth & In-migration; • High rate of unemployment and poverty; • The HIV and AIDS pandemic; • Difficulties of preparing the Integrated Development Plans (IDPs). • The amalgamation & transformation of local government structures; • Municipal Debt and weak Revenue Management 	<ul style="list-style-type: none"> • Increased integrated spatial and economic development planning between the three spheres of government • Strengthening and improving current IGR mechanisms, and if necessary establishing new ones e.g. appropriate co-governance, signed cooperation agreements and pooling of resources and information between the three spheres of government; ensuring that integrated infrastructure development is discussed at all necessary inter-governmental structures on a regular basis. • Local government socio-economic targets to be based on those in the Provincial Growth and Development Strategy • Joint implementation of the Declaration of the Province's Intergovernmental Infrastructure Summit • Strengthening coordination and integration between GPG and municipalities at political and administrative / operational level • The consolidation and concentration of resource allocations for intervention in poverty-pockets • Joint planning for the joint GPG and local government investment of about R50 billion over the next five years for infrastructure development across the Province • Facilitate alignment between the provincial and municipalities' infrastructure projects, and of their budgets for these projects. • Ensure that MIG and EPWP methodology are aligned to each other
<p>Policy and Legislative Environment:</p> <ul style="list-style-type: none"> • Lack of co-ordination and integration in areas of concurrent competence • Policies and legislation in respect of local government not always explicit in terms of role and functions which impacts negatively on all other capabilities • Lack of clarity on the role of District Councils 	<ul style="list-style-type: none"> • More clearly defined operational "delegation" and responsibilities in respect of concurrent powers and functions • Coherent rationalisation and uniform interpretation of exiting policies and legislation to extract clearly defined role and functions • Amending of current legislation if required, to address blockages and bottle necks that may be the result of legislation rather than admin systems • Political decision required on the need and role of district councils which may require legislative review • Clearly define, in terms of the current legislative set-up, what Districts can do to add value to their local municipalities and improve co-ordination between Districts and Locals

<p>Institutional Transformation and Development:</p> <ul style="list-style-type: none"> • Randfontein, Metsweding, Emfuleni, West Rand and Westonaria still to complete institutional structures • Employment Equity Targets in relation of race - Tshwane, Midvaal; Nokeng Tsa Taemane and Lesedi have still not attained targets • Employment Equity targets in relation of disability – still negligible in Ekurhuleni; Sedibeng, Metsweding, West Rand, Emfuleni, Kungwini, Merafong, Midvaal, Mogale City, Nokeng Tsa Taemane and Westonaria • High numbers of unfilled posts as a result of recently completed or incomplete institutional structuring but which negatively impacts on capacity to perform and deliver • Shortage in technical and associated professional, professional and skilled workers categories • Development and implementation of performance management systems, especially with regard to linking IDP's, 	<ul style="list-style-type: none"> • Solicit support from City of Jo'burg, Sedibeng and Midvaal which had the capacity to complete their institutional structures in the timeframe allocated for this task • Increase HR capacity in the municipalities that took longer than the allotted time • Consider provincial government co-ordination and assistance with institutional restructuring • Employment Equity Plans to be developed, and all current and future vacancies to be assessed in terms of applying “set-asides” to meet EE targets • Determine critical posts that must be filled as a priority, fast-track employment processes while ensuring compliance, set deadline by which all posts must be filled and if not filled by the deadline, then must be taken off the establishment • The categories used to assess skills for this Review is that provided by the Department of Labour, particularly for EE Plans. Thus it would be important to first identify what municipal specific positions and job responsibilities were placed in this category (e.g. in what category is a town planner), assess the impact of the shortage of these skills (e.g. on assessment and development of spatial plans) and develop an appropriate strategy for addressing the shortage (e.g. nature and frequency of work can be done through outsourcing rather than full time employment or capacity building or filling of posts). • Development and implementation of skills development plans including through the relevant SETA.
<p>Financial Viability and Management:</p> <ul style="list-style-type: none"> • Inadequate financial resources • No long-term financial sustainability • Lack of or inadequate financial management systems 	<ul style="list-style-type: none"> • Need to improve financial systems and particularly revenue generating systems • Reduce dependency on grants by developing and implementing innovative sources of own revenue • Measures to address general under-expenditure in relation of repairs and maintenance which suggest lack of or inadequate infrastructure asset maintenance and hence service delivery • Province to provide benchmarks/guidelines for personnel expenditure for each category and size of municipality • Increased collaboration with province regarding innovative ways of increasing own revenue which Province is dealing with at provincial level • Develop and implement guidelines, to be applied in a uniform manner by all municipalities, on criteria and percentage of debtors that can be written off as bad debt and for recoding and managing debtors books • Audit of best practice debt collection for replication in municipalities that are not doing well

	<ul style="list-style-type: none"> • Increase capacity in respect of capital budget expenditure (training, outsourcing, etc) • Development of risk management and other financial management plans and systems to deal with audit disclaimers and audit queries • Define “window-period” for all provincial government departments to pay their outstanding debts. Develop provincial systems to ensure payment e.g. monthly electronic transfer, etc • Ensuring that the replacement source for RSC levies will be more or less equal or even more than the current and future RSC levy collections • Quarterly monitoring of capital expenditure patterns
<p>Service Delivery and Infrastructure Development</p> <ul style="list-style-type: none"> • Remaining backlogs • Meeting new needs as a result of in-migration, etc • Access to community services 	<ul style="list-style-type: none"> • Creating more balance and integrating dealing with backlogs and provision of “new” services e.g. water connections • Formalise co-operation and co-ordination between Eskom and municipalities in relation of electricity supply and facilitate integration of Eskom electrification plans and IDPs • Conduct proper audit of access to community services and develop plan for increasing access in conjunction with provincial government e.g. in respect of public transport as a means of access • Adoption of indigent policy by all municipalities • Guidelines on uniform implementation of indigent policy and FBS by all municipalities • Provision of FBS to be reflected in all municipality plans and budgets • Increase access to services in poor areas in metros while rejuvenating economies of non-metropolitan areas • Housing delivery plans to take into account future projected population growth
<p>Local Economic Development</p> <ul style="list-style-type: none"> • No common definition or provincial framework • Lack of capacity to analyse the economic situation • Absence of rural or agricultural development strategies in areas consisting of rural areas 	<ul style="list-style-type: none"> • Link with provincial initiatives • Systems to monitor performance and achievement of targets in respect of preferential procurement • Uniform guidelines and targets for procurement “set asides” for BB BEE and SMME • Shifting focus of LED from micro to macro level • Developing a reliable tool to measure economic growth in a way that can assist municipal decision-makers • Develop an alternative indicator, to RSC levies, for measuring economic growth performance of district municipalities • Implementation of dedicated economic development initiatives • Creating an enabling climate and environment for LED • Capacity focused on LED

	<ul style="list-style-type: none"> • Common definition and approach to LED
<p>Democracy and Good Governance</p> <ul style="list-style-type: none"> • Intergovernmental relations • Partnerships with other sectors of society • Mainstreaming of cross cutting issues • Capacity to implement programmes on cross-cutting issues 	<ul style="list-style-type: none"> • All municipalities to adopt intergovernmental relations policy and strategy • Implement anti-corruption strategy, set up risk management and monitoring systems for early detection • Capacity for implementation of policy and programmes on cross cutting issues • Uniform location of units dealing with cross cutting issues in political office • Crosscutting issues to be integrated into programmes and budget through for example indicators in relation of of women, youth, etc • Development of HIV/Aids support and are programmes • Capture and analyse measurable HIV/Aids data per municipal area • Increase partnerships with other sectors of society in relation of all cross cutting issues • Training on mainstreaming in relation of all cross cutting issues