



Local Government Brief 02-2011

1. The Purpose Of This Briefing Note

In May 2011, the Ministry of Cooperative Governance and Traditional Affairs (CoGTA) presented the Department's 2011/12 budget in Parliament. This briefing note provides a high level overview of:

- CoGTA priorities for the financial year and the medium term (2011/12- 2013/14).
- Key national policy developments that will impact on local government.

2. CoGTA Priorities For The Financial Year And Medium Term

2.1 Outcome 9 sets out the medium term priorities for LG

National government's medium term priorities for Local Government are set out in Outcome 9 of its Programme of Action: **responsive, accountable, effective and efficient local government system.**

(Outcome 9 is available at <http://www.thepresidency.gov.za/pebble.asp?relid=2456>)

Outcome 9 is the basis for the Delivery Agreement between the President and the Minister of CoGTA, which requires the Minister to achieve and/or contribute to 7 outputs:

- i. **Output 1:** Implement a differentiated approach to municipal financing, planning and support;
- ii. **Output 2:** Improve access to basic services;
- iii. **Output 3:** Implement the community works programme;
- iv. **Output 4:** Actions supportive of the human settlement outcome;
- v. **Output 5:** Deepen democracy through a refined ward committee model;
- vi. **Output 6:** Administrative and financial capability; and
- vii. **Output 7:** A single window of coordination.

2.2 Key performance targets for LG are set out in the Delivery Agreement.

The Minister's Delivery Agreement and CoGTA's budget vote document set out key performance targets for the outputs in Outcome 9. Quantitative indicators of performance and firm dates have been set for many outputs. The Table below shows some of the key targets for municipal service delivery and performance that are crucial for municipal planning, budgeting and performance review:

Table 1: Select targets and indicators of municipal service delivery and performance

Output	Indicator	Baseline	Target
Differentiated approach to local government (Output 1)	Housing accreditation support programme to metro's and top 21 municipalities	New project	6 metros and Top 21 municipalities supported to receive accreditation by 2014
Improved access to basic services (Output 2)	% households with access to basic level of water	92% households with access to water	100% by 2014
	% households with access to basic level of sanitation	69% households with access to sanitation	100% by 2014
	% households with access to basic level of refuse removal	64% households with access to refuse removal	75% by 2014
	% households with access to electricity	81% households with access to electricity	92% by 2014
Community Works Programme implemented and Cooperatives Supported (Output 3)	Number of Local/ Metropolitan Municipalities that implemented the Community Works Programme in at least two wards per municipality.	33 Municipalities implementing CWP in 2 wards per municipality	237 Local/metro Municipalities implementing CWP in 2 wards per municipality
		55 582 Work opportunities created through CWP.	237 000 Work opportunities created through CWP.
Improved Municipal Financial and Administrative Capability (Output 6)	Percentage of municipalities with unqualified audit opinions by target date	53% municipalities with unqualified audits	100% of municipalities with unqualified audit opinion by 2014

Source: POA for Outcome 9, Vote 3: Cooperative Governance and Traditional Affairs, Estimates of National Expenditure 2011/12, available at <http://www.treasury.gov.za/documents/national%20budget/2011/review/default.aspx>

3. Key national policy developments impacting on local government

3.1 The Municipal System Amendment Bill is awaiting promulgation:

The Bill was passed in April 2011 and at the time of drafting was still awaiting promulgation by the President.

The Bill provides a competency and qualifications framework for municipal officials; regulates various matters of human resources management in a manner that provides uniformity and predictability; deepen accountability by senior municipal officials to the Council and by the same token places certain obligations on politically elected officials. It prohibits municipal managers and those directly reporting to them (Section 57 employees) from holding any position as office bearers in any political party; and provides for organized Local Government to consult with the minister responsible for Cooperative Governance and Traditional Affairs prior to entering into negotiations with the Local Government Bargaining Council.

Key issues:

- CoGTA has budgeted R10.6 million to support the implementation of the legislation, including the drafting of regulations.
- It is not clear from Outcome 9 and Vote 3 whether CoGTA has yet developed a plan for implementing the legislation or what kind of support will be provided to municipalities.

3.2 New legislation that will be introduced in 2011/12

3.2.1 Municipal Property Rates Amendment Bill

The amendment will provide for a more equitable and transparent system of rating of different property categories with strengthened regulatory provisions that protect against excessive rating in the interest of a stable macro economy and protection of the vulnerable through a fairer treatment of those who cannot afford to pay rates.

3.2.2 National Traditional Affairs Bill

The purpose of the Bill is to consolidate the Traditional Leadership and Governance Framework Act, 2003 and the National House of Traditional Leaders Act, 2009 into a single piece of legislation. The Bill also provides for the amendment of certain provisions of the Remuneration of Public Office Bearers Act, as well as section 81 of the Local Government: Municipal Structures Act to provide for the remuneration of Khoi-San leaders and to enhance the participation of traditional leaders in municipal councils respectively.

3.2.3 Monitoring Support and Intervention Bill

The Bill makes provision for the supervision of provinces and municipalities, including both the monitoring and intervening in a municipality when executive obligations are not fulfilled and the provision of targeted national or provincial support.

3.4 Capacity-building support for local government will be rationalized

CoGTA announced that it is involved in a process with National Treasury to rationalise the many local government capacity-building programmes that are run by different departments: SALGA (South African Local Government Association), ILGM (Institute of Local Government Management), IMFO (Institute of Municipal Finance Officers), Local government SETA and other organisations.

3.5 Reforms to infrastructure finance and delivery underway

3.5.1 A Special Purpose Vehicle for Municipal Infrastructure is being finalized

CoGTA is in the final stages of setting up a Special Purpose Vehicle (SPV), to be called the Municipal Infrastructure Support Agency (MISA), which will assist weaker municipalities with infrastructure delivery by:

- supporting comprehensive infrastructure planning at municipal level
- supporting municipal infrastructure development, maintenance, operations and service provision in low capacity municipalities through the procurement of relevant service providers, and ensuring performance as contracted
- supporting the management of operations and ensuring a proper maintenance programme for municipal infrastructure
- coordinating a focused technical support programme with existing support partners
- monitoring the quality of infrastructure provided

- developing and coordinating the implementation of an appropriate sector-wide capacity development initiative and assist municipalities to develop a capacity development plan to strengthen their institutions over the long term.

3.5.2 Siyenza Manje has been transferred from DBSA to CoGTA

The Siyenza Manje programme of DBSA has been reformed. The infrastructure component of the Siyenza Manje project has been transferred to CoGTA. Funding for financial management support will be administered by National Treasury. A Task Team of senior officials of CoGTA, DBSA and National Treasury are working on ensuring a smooth transfer of aspects of the project.

3.5.3 Research is underway on a bulk infrastructure grant

Funding for bulk infrastructure is a longstanding problem. Outcome 9 requires CoGTA to give “consideration to the establishment of a Bulk Infrastructure Fund to unlock delivery of reticulation services, fund bulk infrastructure, procure well located land, align Provincial Infrastructure Grants and Municipal Infrastructure Grants with housing projects and grants and to upgrade and rehabilitate bulk infrastructure (such as waste water treatment works)” The project appears to be at design stage.

3.6 The funding framework for local government is being reviewed

CoGTA and National Treasury are working with other stakeholders to review the financial model of Local Government, as well as the Inter-Governmental Fiscal System, with the aim of increasing Local Government’s share of revenue.

Key issues:

- This is a very important process for local government and local government must be in a position to take the initiative to contribute its own research and insights about the funding model.

3.7 National Planning Commission’s Diagnostic Study released on 9 June 2011

The National Planning Commission released a diagnostic study on 9 June 2011. The Study identified the elements of a long terms vision for the country:

- Democratic state, rooted in the Constitution, working with all sectors of society to improve quality of life
- People united in diversity, recognising common interests; greater equality of women
- High-quality education and health care; adequate housing, water, sanitation, energy and transport, give impetus to human development
- Comprehensive social security covers all citizens in need
- Natural wealth harnessed sustainably, protecting our environment, using science and modern technology to ensure a growing economy that benefits all
- People that are able to work have access to jobs, workers’ rights protected and workforce is skilled

- Business is afforded an environment to invest and enjoy profits while promoting the common interests of the nation, including provision of decent work
- Efficient state protects citizens, provides quality services and infrastructure, and gives leadership to national development
- Individuals and communities embrace mutual respect and human solidarity
- Government, business and civil society work to build a better Africa and a better world

The Study also identified obstacles to this vision, which are set out in the graphic below.

Eliminating poverty and reducing inequality are key strategic objectives



Source: NPC Diagnostic Study, available at <http://www.npconline.co.za>

Key issues: It is essential that LG engages this study, as well as the process, to ensure that the role of Local Government in national growth and development is a core focus area for the NPC.

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