

VERTICAL DECENTRALISATION AND URBAN SERVICE DELIVERY IN SOUTH AFRICA: DOES POLITICS MATTER?

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INTRODUCTION

- Compared to most African cities South African local government has a strong decentralisation framework with entrenched powers and functions
- This study asks whether politics, and particularly vertically-divided authority matters for urban service delivery in South Africa
- Looks at African National Congress (ANC)-controlled Johannesburg and Democratic Alliance (DA)-controlled Cape Town
- Opposition control African cities in many African municipalities
- Unlike most African cities, opposition-controlled municipalities are not necessarily less capable of delivering services than those under ANC control

INTRODUCTION

- Opposition-controlled Cape Town has been rated the best-run municipality in the country by a number of bodies
- There have been nevertheless been attempts to subvert opposition-controlled municipalities eg floor-crossing legislation
- Complex Intergovernmental relations system means cities do not have full responsibility for delivering major services-have created space for political manipulation by national government eg housing
- Interviews with local government stakeholders in Cape Town and Johannesburg and national government departments (May-August 2011) and analysis of documents and data

1996 CONSTITUTION AND INTERGOVERNMENTAL RELATIONS

- Strong local government is an integral part of the 1996 Constitution
- Cooperative governance underpins non-hierarchical system of intergovernmental relations
- System of local government generally recognised to be a failure (COGTA, 2009)
- Yet acknowledgement that metros are well established and consolidated
- Important functions such as housing, transport and planning split between the three spheres of government

FISCAL FRAMEWORK

- The Constitution gives local government the right to impose taxes on property and surcharge on fees
- Constitutionally guaranteed equitable share of nationally raised revenue for provincial and local government-unconditional grant
- Conditional grants which are intended to support municipal infrastructure investment and strengthen municipal capacity
- Metropolitan governments are generally well-endowed with resources although there are concerns about financial management

PROFILES OF THE TWO CITIES

- Johannesburg wealthiest and largest municipality in the country (3,9 million) and is also the most densely populated and urbanised local government
- Is an ANC stronghold
- Cape Town has 3,5 million-2nd largest municipality in the country
- Is currently controlled by the DA

PERFORMANCE OF THE MUNICIPALITIES

Table 1
Service delivery in Johannesburg and Cape Town

	Johannesburg		Cape Town	
	2001 census	2007 community survey	2001 census	2007 community survey
% of population living in formal structures	77.5	77.4	78.9	83.0
% of households using pit latrine	6.8	5.3	0.8	0.1
% of households using bucket	3.8	1.5	4.5	2.9
% of households using no toilet	2.8	1.2	7.3	3.7
Access to refuse removal, %	93.9	91.8	95.5	95.2
Access to piped water, %	97.1	98.3	98.8	99.4
Electricity for lighting, %	84.9	89.4	88.0	94.4
Electricity for cooking, %	78.8	88.2	80.1	89.5

Source: Statistics South Africa (2001, 2007).

PERFORMANCE OF THE MUNICIPALITIES

- Cape Town has better service delivery record but started off from a better base
- Backlogs due to high levels of in-migration and household formation particularly in Johannesburg
- Cape Town has been rated as country's best run municipality by a number of agencies
- Johannesburg has been dogged by poor billing system and poor maintenance-Presidentcy is monitoring billing crisis

ATTEMPTS TO UNDERMINE POLITICAL DECENTRALISATION

- Executive Mayors decided by Presidents-For the last two elections-ANC did not announce in advance its mayoral candidates in advance (with exception of Cape Town in 2011)
- Closed list electoral system has vested enormous powers in party leaders
- Both the ANC in Ekurhuleni and DA in Cape Town have removed mayors- Cameron (2003) - centralised political hierarchy in both parties
- Crossing the floor legislation undermined the DA (although subsequently abolished)
- Attempt to undermine DA coalition after 2006 elections
- Single Election will favour ANC-DA does better at local elections

ELECTION RESULTS IN CAPE TOWN

Table No 2: Local Government Election Results: Cape Town

	2000	2006	2011
DA	53,02%	42,86%	60,92%
ANC	38,06%	38,57%	32,80%
ID		10,95%	

(Independent Electoral Commission, 2011)

Table No 3: National Government Election Results: Cape Town

	2004	2009
DA	27,13%	48,78%
ANC	45,39%	32,86%
ID	8,16%	2,76%

(Independent Electoral Commission, 2011)

UNDERMINING OF HUMAN RESOURCES DECENTRALISATION

- Local government has the constitutional right to employ its own staff
- ANC Cadre Deployment policy undermines decentralisation-patronage appointments-conceded by government in Turn Around Strategy
- Cape Town says it appoints staff on merit but has been accused of forcing out senior African managers
- Johannesburg has raised concern about political control of its administrative units-perverted form of New Public Management

UNDERMINING OF HUMAN RESOURCES DECENTRALISATION

- Proposed Single Public Service would include local government into the public service
- Staff could be deployed through the country between and within the various spheres of government
- Managers would be accountable to both central government and their current employer, the council
- International experience shows that this system leads to control by central government
- The former mayor of Cape Town argues that the motivation was to appoint DA supporters to senior positions in Cape Town to thwart the implementation of DA policy
- Bill was withdrawn because of its concern around its constitutionality and is currently being redrafted

IMPLICATIONS OF IGR CONFLICT FOR HOUSING

- Housing is a concurrent national/provincial function with delegated functions to local government
- Housing is a political football- N2 Gateway project. Cape Town removed from project after 1996 local elections
- Big issues -who are beneficiaries of low-income housing, Coloureds or Africans?
- Coloureds largely vote DA and Africans largely voted ANC
- Concern that the N2 project (prior to the 2006 elections) was skewed in favour of ANC supporting Africans
- The DA believed that Cape Town was removed from the project because they would prevent future political allocation of housing
- Cape Town no longer has a role in the N2 Gateway project besides providing basic services-not a rational allocation of functions

FINANCIAL PERFORMANCE

- 2011/2-Johannesburg- country's largest operating budget (R 28,373 billion) but its capital budget is relatively low (R3,927 billion)
- Liquidity problems-Low current ratio under 1.1
- 15% of income from grants
- Cape Town operating budget is R21 953 billion and its capital budget is R5,089 billion)
- Current ratio is 1,5
- 8,6% of income is from grants

GRANTS

- Grants form a relatively minor component of the finances of both cities
- Metropolitan governments are largely self-financing
- Neither city is dependent on central government for revenue which is rare in the African context
- Equitable share is 61,5% of total grants in Johannesburg and 52,5% in Cape Town-should facilitate decentralisation

POLITICAL INFLUENCE AFFECTING GRANTS

- Despite of the fact that Cape Town is governed by a different political party good relations exist with the department of transport with respect to conditional grants eg integrated rapid transport system
- Ministers now have performance contracts with the President and Cape Town can make them look good
- Concern was however raised by Cape Town about the equitable share- Cape Town is roughly the same size as Johannesburg but gets almost R 1 billion less (R 970 000 vs R1, 9 billion)-believe they are being disadvantaged-are not given data which underpins allocation
- Johannesburg however also complained about its equitable share allocation
- Treasury-formula allocated in Budget Forum-based on 2001 census
- Overturns conventional wisdom about grants

DOES VERTICALLY-DIVIDED AUTHORITY INFLUENCE DONOR INTERVENTIONS IN THE URBAN SECTOR?

- International Development Cooperation (IDC), Chief Directorate in the National Treasury has guidelines for donors
- Donor money is relatively small in South Africa, about 1% of the national budget
- Local government can attract their own Overseas Development Aid (ODA) provided that it is within national framework and guidelines
- Government prefers money to flow through the RDP Fund in order to ensure accountability

DONORS:JOHANNESBURG

- Johannesburg does not have a well-developed donor policy
- Johannesburg's view is that it a rich city and it should not be competing with poorer municipalities in South Africa and Africa for ODA
- Too much paper work involved for donor projects
- Only donor project of any note was DANIDA's Urban Environmental Management Programme (UEMP)
- It supplemented existing programmes-fitted in with local priorities
- This programme was regarded as a success
- Donor money has to appear on financial statements as part of programme rather than as line-item
- Concern about cumbersome treasury guidelines

DONORS: CAPE TOWN

- Cape Town also does not have a well-developed donor policy
- Has limited donor money-would like to attract more
- Concern that donor requirements conflict with the MFMA
- Concern that donors were leading inexperienced officials by the nose
- Violence Protection through Urban Upgrading (VPUU) in Khayelitsha funded by KfW
- KfW only works with Cape Town-has come under subtle political pressure
- KfW is state-owned and is accountable to German taxpayers
- DANIDA would deem it politically risky to work with opposition municipalities only

CONCLUSION

- Unlike many African countries decentralisation has progressed in South Africa
- Are attempts to undermine political elements of decentralisation eg floor-crossing legislation, removal of Cape Town from N2 Gateway housing project, cadre deployment and the pending Single Public Service
- Yet South Africa does not suffer the same degree of discrimination against opposition-controlled municipalities as seen in many African cities
- The way in which aid is provided reduces the likelihood that opposition parties are disadvantaged in obtaining donor money
- Local government and donors have a reasonable amount of autonomy to determine spending priorities

CONCLUSION

- South African Cities Network mobilises around issues facing big cities-consists of all the metros and one secondary city
- Mitigates against victimisation of opposition controlled city
- In summary: Financially: Fiscal framework generally well protected by a well managed Department of Finance although there are concerns around the equitable share
- Administratively: Mixed evidence –good co-operation around transport but N2 Gateway housing removed from the city
- Politically: floor-crossing legislation and single election have/will undermine(d) Cape Town but there has not been the systematic harassment of opposition controlled cities as seen in some African countries