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

PROFESSOR ROBERT CAMERON
DEPARTMENT OF POLITICAL STUDIES
UNIVERSITY OF CAPE TOWN
Robert.Cameron@uct.ac.za

Paper presented at seminar on Urban Governance and Service Delivery in South Africa, African Centre for Cities and the United Nations University-World Institute for Development Economics Research, University of Cape Town
5 June 2012
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-2\textsuperscript{nd} largest municipality in the country
• Is currently controlled by the DA
Table 1
Service delivery in Johannesburg and Cape Town

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

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—Presidency 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 is 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

<table>
<thead>
<tr>
<th></th>
<th>2000</th>
<th>2006</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>DA</td>
<td>53.02%</td>
<td>42.86%</td>
<td>60.92%</td>
</tr>
<tr>
<td>ANC</td>
<td>38.06%</td>
<td>38.57%</td>
<td>32.80%</td>
</tr>
<tr>
<td>ID</td>
<td></td>
<td>10.95%</td>
<td></td>
</tr>
</tbody>
</table>

(Independent Electoral Commission, 2011)

### Table No 3: National Government Election Results: Cape Town

<table>
<thead>
<tr>
<th></th>
<th>2004</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>DA</td>
<td>27.13%</td>
<td>48.78%</td>
</tr>
<tr>
<td>ANC</td>
<td>45.39%</td>
<td>32.86%</td>
</tr>
<tr>
<td>ID</td>
<td>8.16%</td>
<td>2.76%</td>
</tr>
</tbody>
</table>

(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 constitutionally 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 is a rich city and it should not be competing with poorer municipalities in South Africa and Africa for ODA
- Too much paperwork 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