

Daily Maverick

# Is it time to rethink local government?

Marianne Merten 31 May 2016 12:26 (South Africa)

***With local government elections some nine weeks away, Financial and Fiscal Commission (FFC) member Professor Daniel Plaatjies on Monday said a review of how local government is organised was in order more than 20 years into democracy. He was speaking at the FFC briefing on the recommendations for next year's division of revenue it recently submitted to Parliament. The proposals include doing away with urban district councils, while streamlining cash-strapped rural district councils. The state of council finances remains in the spotlight on Wednesday when Auditor-General Kimi Makwetu releases the municipal audit outcomes. By MARIANNE MERTEN.***

As the elections clock is ticking it's all eyes on preparations and campaigning for the 3 August municipal poll, rather than finances and financial viability. Thursday is the deadline for political parties to submit their councillor candidate lists to the Electoral Commission of South Africa (IEC).

It's a key step in the run-up to voting day. And clinching a councillor's post is lucrative. Exactly how well-paid depends on the council: municipalities are graded according to their income and population size from one to six, the latter representing those with the most income and residents, and whether councillors serve full or part-time. The upper salary scales and benefits are determined annually by the Independent Commission for the Remuneration of Public Office-Bearers.

Incomes for a part-time councillor in a small municipality is set at R207,455 a year, with a part-time mayor earning R380,791 annually, the deputy mayor and R304,632, while members of the mayoral committee in a grade one council start off at an annual R285,594 income, according to the commission's December 2015 determination. A full-time councillor in a small grade one municipality earns R482,357 a year, going up to R877,969 in a grade six council, while full-time mayors earn at least R689,087 in a small council and R1,242,409 in a grade six municipality. For comparison, a mayoral committee member in a grade six council earns R940,680 a year, just shy of an ordinary MP's annual income.

According to the commission, municipal public elected representatives also receive a monthly cellphone allowance of R3,485 for mayors and R1,739 for councillors, and everyone gets R300 for data bundles. Then there are travel, housing and out-of-pocket allowances alongside special risk cover, where necessary.

For this, local government elected public representatives must be at the coalface of delivery. However, councillors have received a bad rap amid this year's series of service delivery protests, most recently from Vuwani, Limpopo, to Ennerdale in Gauteng. The *Mail & Guardian* reported that unlike previous election years, when such community protests dropped off, 2016 has seen a rise. According to Municipal IQ, if this pace continued, 2016 would see the highest number ever at 210 community

protests, the *M&G* reported. These protests do not include disruptions and violence associated with councillor candidates list processes.

Local government elections are somewhat more complex than others. Half of a council is elected as ward representatives, the other through a proportional representative vote. In district municipalities, 60% of councillors' posts are filled by the constituent local councils falling within a district council's boundaries, and are thus not really directly accountable to voters in any sense.

But on Monday the spotlight fell strictly on municipal viability, just ahead of Wednesday's local government audit results that last year, despite improvements, again raised concerns over procurement violations and councillors' conflicts of interests.

Monday's FFC briefing focused on the often dire financial state of councils in rural areas, which represent 40% of South Africa's population and 80% of its landmass. While urban councils raise up to 75% of their revenues themselves, only 25% of rural councils' revenue is self-generated, making them reliant on grants and transfers from national coffers.

The FFC called for a different rural municipal funding solution to support rural development imperatives set by national government. It was not an either-or scenario, the FFC argued, but a case of fiscal reforms for rural development, greater inter-regional equity and economic growth.

"South Africa's economy is not strong enough to sustain the tax burden needed to develop infrastructure in rural areas... Although poverty and economic deprivation have reduced significantly since 1994, rural areas are not performing as well as urban areas," said FFC acting chairman and chief executive Bongani Khumalo.

District municipalities, servicing up to six local councils, came under specific scrutiny in the FFC recommendations. There are currently 44 district councils, of which 21 are officially classified rural. They are meant to provide bulk services, district-wide integrated planning and technical expertise to constituent local councils, but this is often changed by MECs who prefer dealing with local municipalities directly.

"In 2014 only 45% of district councils were providing water and sanitation services (compared to 61% in 2008) and only 2% were providing refuse removal services (down from 23% in 2008)," the FFC said, adding that the reduction of services was more pronounced in urban than rural areas.

"This analysis shows that urban district municipalities are not providing many services to consumers, whereas rural district municipalities still play a significant role in rural development."

And so the FFC proposes the abolition of urban district municipalities, while retaining these in rural areas where there are no strong local councils, but streamlined to focus on technical skills and planning. Said Khumalo: "In certain areas we should be able to get rid of them without any (negative) impact. They don't raise money. We may actually save money."

But reform of local government, and provinces, is a political hot potato. Since its 2007 Polokwane national conference, the ANC has resolved on reviewing both local and provincial government, but little has come of it. The 2012 Mangaung ANC national conference resolutions specify a differentiated model of local governance

taking into account revenue generation capacity and the devolution of provincial powers to municipalities. And on district councils the ANC in 2012 resolved these should focus “on co-ordinating, planning and support to local municipal functions” and that they “should exist only in areas where there are weak local municipalities”.

There appears to have been little movement in the ANC-controlled government on this except for the Local Government: Municipal Structures Amendment Bill, recently published for public comment. The draft law would make it easier for a metro (officially known as a category A municipality) to be declared by changing an “and” to an “or” in the list of criteria for becoming a metro.

On Monday Plaatjies said the elephant in the room was whether “more than 20 years (of democracy) the organisation of the state is appropriate?” While city governance in many urban areas was strong, elsewhere municipalities struggle with limited tax bases and revenue generation.

“No one says we can’t rearrange ourselves for better governance... That’s a debate that needs to be had after the elections,” Plaatjies said. **DM**