

# Celebrating 25 years of local government

*Philip van Ryneveld – Keynote address*

*25<sup>th</sup> November 2020*

Thank you for the introduction, and welcome to everyone wherever you may be!

I am grateful to SALGA and GAPP for arranging this conference, and really looking forward to hearing what people have to say. And while it would be so much nicer to be doing this all in person, perhaps this virtual format means that more people can participate than may otherwise be the case.

I believe we are at an important juncture of renewal, significantly enabled by the election of Cyril Ramaphosa as President of the country.

While we should not underestimate what has been achieved, it is probably fair to say that most of us feel that local government is not living up to the dreams we had 25 years ago.

I was struck by a paragraph written yesterday by Stephen Grootes in an article in the Daily Maverick where he said in passing

**It is well known that municipalities cannot manage their money and that there is widescale corruption within them. The former Auditor-General Kimi Makwetu said in [his final report](#) that, “The safe and clean hands that can be relied upon to look after the public’s finances in local government are few and far between.”**

There is a tendency to write off local government as a whole when the picture is more mixed. And at the risk of being guilty of ‘whataboutism’ one might also point out that there are failures across all spheres of government, especially national entities directly responsible for service delivery such as PRASA, and many provincial departments.

But what we are now seeing is a dangerous cycle of decline in local government, where poor performance is leading to decreased trust in local government, a loss of relative power and consequently an unwillingness amongst capable people to join local government as politicians or officials. This is leading to further deterioration in performance with significant adverse consequences for the country.

And local government is critical. It is the sphere of government that most affects our everyday lives. It affects how our neighbourhood function. It is absolutely critical to the management of the core areas of our economy – as well as other towns and districts. While provinces play an important role in education and health they are not as key to essential services and the patterns of everyday life. Although I am not advocating it, one could perhaps envisage a country without provincial governments, but not without local governments.

This conference needs to be honest about where we are, and hopefully help chart our way to a better future.

Because this conference is about both looking back and looking forward, I am going to kick off with some history, and start by going back to a document that was produced 28 years ago in October 1992.

It was a discussion document called ANC Regional Policy – jointly compiled by the ANC’s Constitutional Committee and Dept of Local and Regional Government and Housing in preparation for Constitutional negotiations. It was distributed across all branches in October and in November 1992 the ANC held a special National Consultative Conference on Regional Policy in Johannesburg, where the policy was adopted.

It was one of only two policies officially adopted by the ANC between 1990 and 1996 and until a few years ago it was available on the ANC website with all the other official ANC policy documents dating back to the party's founding. Unfortunately, the old website closed down and a lot of important material is no longer available on-line.

It was called 'Regional Policy' because at the time there was disagreement between what the second level of government should be called – the old National Party wanted them to be called States and the ANC wanted them to be called Regions. The compromise was Provinces, but for a long time many documents referred to 'SPR's' meaning States/Provinces/Regions.

The ANC had not really anticipated being drawn so early into the debate on decentralisation, and many initially thought this should all be left to a Constituent Assembly after democratic elections. But as negotiations advanced it became clear that it was going to be necessary to try to come to some kind of agreement amongst the key parties before the first democratic election.

There is no doubt that the clarity of thinking that was forced upon the ANC through the negotiation process – underpinned by a tone set by Oliver Tambo that it was necessary to win the arguments and not just the power – was critical in producing a Constitution that is highly regarded all over the world. The agreements in the early negotiations became codified in what were called the Constitutional Principles, which both the interim constitution of 1993 and the final constitution of 1996 had to comply with. They included the principle that there be three levels of government.

In the decentralisation debate most intellectual activity in the ANC was focussed on local government – bolstered by the very localised community organisations and activism that underpinned the United Democratic Front. So it was to this group that the ANC turned to help draft a policy on decentralisation. Important in this regard was a project based at University of the Western Cape called LOGOPOP – which a number of people in this conference, including myself, were part of.

The ANC was very wary of provinces, but the multiple civic organisations organised through the UDF were committed to local democracy. It was accepted fairly early on by the ANC that a constitutional dispensation would need to have an intermediate level of government between national and local; but sought an arrangement that was sometimes characterised from a powers and functions perspective as STRONG (national) WEAK (provinces) STRONG (local). Meanwhile the old National Party – knowing that they were not going to win a national election, but hoping that they could win power at provincial level in combination with some of the old homeland leaders wanted WEAK-STRONG...and were not too clear on the third level.

I think some people in the ANC who were not so committed to local government nevertheless found it useful, when the National Party accused the ANC of centralising power and called for decentralisation, that the ANC was able to respond that the National Party's decentralisation did not go far enough.

There were a number of important policy positions adopted through this process, of which I will mention three which played a significant role in shaping the current constitutional dispensation.

1. Firstly, while the discussion document presented two different proposals on regional/provincial boundaries the conference adopted a 10 region model which offered a basis for agreeing around the boundaries of the current 9 provinces. I'll come later to the other boundary proposal.

2. Secondly, the document had quite a strong focus on the idea of metropolitan government. While metropolitan governments were not directly written into the Constitution this is where the idea first got properly established within the ANC.
3. Thirdly, the document set out an approach to inter-government fiscal arrangements which is largely what we have in the Constitution today – what was referred to in the document as the “Finances and Resources” section.

In the documentation introducing this conference there is some discussion about the model of local self-financing. Let me read to you a bit of what the 1992 Policy document said on ‘finances and resources’.

An emphasis on local control

The starting point should be a strong emphasis upon the need to strengthen local control over the use of public resources. This helps to ensure that usage is efficiently and appropriately tailored to local conditions. The link between paying taxes and receiving public services must be recognised as an important element in the strengthening of democratic accountability, and is most direct at the local level....

However, there are substantial constraints on the extent to which the fiscal system can be decentralised...

Much of the chapter is then about these constraints including the following:

The level of inequality in the country compromises the extent to which accountability can be based on a direct relationship between payment of taxes and the receipt of public services. Thus, more important than the call for ‘one city one tax base’ is the need for ‘one country one tax base’.

In other words, the basis for redistribution has to be national.

The document then went on to explain that there was a need for substantial fiscal transfers from the centre, and, inter alia, proposed the Fiscal and Financial Commission as one of a number of mechanism aimed at ensuring fairness, and predictability in the distribution of grants from the centre.

The debate on provincial boundaries was interesting. There was a group in favour of the 9 or 10, but another group of which I was a part wanted the second tier to consist of 30 or 40 regions or districts. There were two arguments – one was that districts were a more suitable scale of government for developmental purposes and the other was that the metros needed to be regions in their own right – so that they could have a direct relationship with national. The ANC leadership was concerned that a 30 region approach would keep the old homelands alive, so that option got reconfigured into 16 regions, which was basically the 10 region approach but with the metros being regions in their own right.

But despite the ANC winning the argument and establishing a Constitution that is based on STRONG-WEAK-STRONG in terms of powers, I would argue that this has been countered since 1994 by the ‘provincialisation’ of political parties – including the ANC.

Nationally this has had two effects:

1. A significant disconnect between political governance and the economy

## 2. A weakening of local government.

It is interesting to try to understand the dynamics here.

Firstly, while the Constitution is organised on the basis of 'spheres' – which is aimed at making relationships non-hierarchical, especially between provincial and local government, political parties are organised as 'tiers'.

That is probably a natural response; it seems counter-intuitive for somebody responsible over a small area to be more important than somebody responsible over a bigger area, even if the responsibilities over the smaller area are more intense.

But I was surprised at how much more prominence and importance the ANC gave to provincial representatives than it did to local ones. I believe this was a significant mistake. I once challenged Trevor Manuel at a public meeting on it when he was Minister of Finance and remember that at time there was only one local government office holder on the whole 110 person NEC – that was Amos Masondo, who was then mayor of Joburg.

There is an interesting contrast with China here. China has provinces, but its four biggest cities are treated as provinces in their own right. They are the cities of Beijing, Tianjin, Shanghai and Chongqing. They are not referred to as provinces but as 'directly administered municipalities'. And in fact the path to the highest office in the land tends to be through these municipalities.

The highest decision-making body in the Chinese Communist Party is the Standing Committee of the Politburo, which usually has between 5 and 11 members. It has not been unusual for the political leaders of all these four cities to be members of this small Standing Committee.

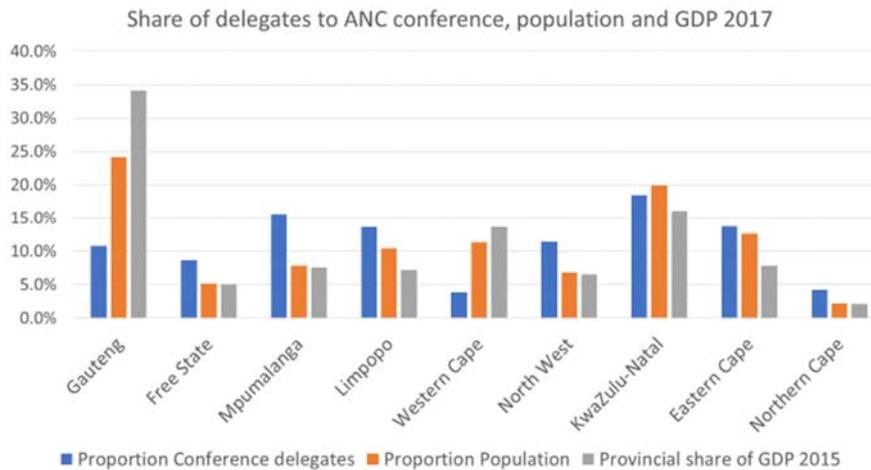
Both the current General Secretary Xi Jinping, and the previous but one, Jiang Zemin, went directly from being political leader of the city of Shanghai via the Standing Committee to the top position.

But to get back to South Africa, the structure of power in the ANC leadership has meant that when anybody wanted to get something adopted – or canvass for a position – they would tend to work province by province. This process strengthened provincial figures in the political realm, even if it did not give them more constitutional power.

This intersects with another dimension that is interesting.

At the time of the ANC elective conference two years ago I put together a graphic that compared the provinces by

- Proportion of conference delegates
- Population
- Provincial share of Gross Domestic Product



It's interesting to look at the slope of the three lines in each case. Gauteng slopes sharply up to the right, meaning proportionately it has a higher share of population than delegates, and accounts for an even higher share of the economy.

You can also see in the graphic the large number of delegates from Mpumalanga, which at the last moment came in behind Cyril Ramaphosa leading to his victory by just over 100 votes.

But Gauteng and the Western Cape which together account for 35.2% of the country's population and 47.8% of GDP only had 14.5% of the delegates.

Why would the strongest provinces economically – together accounting for nearly half the country's economy end up with only 14.5% of the delegates?

I think part of the answer may lie in the fact that in the urban areas there is a strong private economy. That means livelihoods are not nearly as dependent upon the state as they are in rural areas. So you can see why it may be easier to mobilise people to join branches in the rural provinces than in the urban areas, and why control over provincial government becomes so important.

From that position alone you cannot take national power – but as a coalition of provincial interests you can do so. And, of course, that is what the Premier League was all about.

This is a dangerous position for the ANC to be in – when the governance geography of the party is so out of alignment with the geography of the economy.

So what we have seen developing over the last decade is a shift in power to a coalition of provincial interests – dominated by people who don't have responsibility for the key areas of the country that drive the economy. Moreover, because of the grant-based funding of the provinces (for which, given the geographic inequality in the country there is no real alternative) they have no responsibility to collect taxes.

One sees the results of this in many areas.

For example, I do a lot of work in public transport these days, and have been watching closely the passage of the National Land Transport Amendment Bill. I do not want to pretend that there are easy answers to how transport is governed, but the Bill as passed represents a significant and inappropriate provincialisation of the public transport sector. The Bill was passed by parliament

against the protestations of SALGA, who have now had to petition the President not to sign it on the basis of it being unconstitutional; and SALGA is clearly right about that – with senior counsel opinion strongly backing them.

This dynamic is not peculiar to the ANC. The DA is also organised in tiers and right now there are significant attempts to shift transport responsibilities away from the City of Cape Town and to the province.

But this brings me to a further issue that makes things complex for the local government voice, namely the exceptional nature of Gauteng as an 'urban province'. Because Gauteng is a city-region there are some urban responsibilities that make more sense if they are exercised across the province.

Gautrain is an example; you would not want to organise that on a metro level. On the other hand, so much of public transport is about the management of the street – which is really something that only local governments can do. So Gauteng and its metros need to come to some kind of arrangement on this.

But because of the dominance of Gauteng much of the rest of the country tends to be seen through this same lens, and so, for example, we now see the Western Cape also talking about establishing a 'provincial transport authority'.

The fact that three of the five metros are in an urban province articulating urban issues, means that important local voices on urban issues get subsumed under a provincial voice, to the detriment of local government more generally.

This absence of local voice is seen in many areas. Last month the Minister of Transport held a taxi lekgotla. It was preceded by provincial lekgotla's, with the provincial MEC's then invited to participate in the national lekgotla. SALGA was invited – but nobody else from local government. Yet working with the taxi industry means dealing with highly localised dynamics. I cannot see how a coherent reform of the taxi industry can be driven without a significant local government involvement.

We need to address these issues. We don't need to change the Constitution. The Constitution is an important instrument for addressing the problems. But we need to think how to reconfigure things better within this context.

In this regard I believe the District Development Model is potentially a very important initiative and I think we all ought to be engaging with it.

But the problems of local government are not just attributable to its place within the inter-governmental system. The most important endeavour must be about strengthening local governments themselves institutionally. And I want to close with a few remarks on that.

Over the years I have come to believe that when you want to assess any organisation you should ask three key things...

- What is the leadership like?
- What is the strategy like?
- What is the ability to implement?

We could spend a whole conference discussing just these three things but let me throw out a few ideas.

I am going to start with strategy.

I believe most people in this conference would buy into the idea of community participation and the creation of value through partnership between community and local government.

Yet most of our strategies seem to be about delivery to passive recipients, usually with funds collected at the centre, often distributed as one form of subsidy or another. These programs themselves are often nationally determined, and because funding is from the centre there is a temptation for national officials to get overly involved in determining the detail of local provision.

But this approach often fails to ignite the great potential for bottom up initiative which not only delivers resources, but is the real basis of empowerment.

We have actually seen quite a lot of community driven response to Covid. Some of you may have heard about the Community Action Networks, for example. In the Cape Town area the CAN network, which was initiated by a small group of friends, managed to tap into a self-organising dynamic which snowballed into feeding close to 200 000 people at one stage with minimal government assistance. But what was even more important were the community bonds created in the process.

We are running into serious obstacles with the delivery-from-above approach. Not only do we face implementation failures, but the fiscal crisis we are in is more severe than generally recognised. The model whereby successful big business and a small proportion of income earners generated sufficient tax revenues to fund mass delivery is increasingly unsustainable.

A few days ago the Minister of Housing announced that the state would no longer be building houses; it would only be making land available. We will see more of this.

A few weeks ago the Minister of Transport spoke about a massive new subsidisation drive for minibus-taxis. But I cannot see it happening; there isn't the money. Nor, incidentally, do I think it's the right thing to do. The taxi industry needs help to change the way it operates – tapping into its entrepreneurial energy – more than it needs subsidies.

We will need to learn how to support communities in the things that need government intervention and to stay out of the things that don't.

There are many things to be said about leadership. Broadly in local government we need to think about both the qualities of leadership we need, and the systems and structures that surround leadership, and consider how to improve both.

The new strategies will need leadership that listens – that can partner with communities. But leadership is difficult, and the pressures on leadership are immense.

I think a priority is to find ways of better supporting both Mayors and Municipal Managers, including in helping to manage the relationship between the political and the administrative. And then broadening from there. We need leadership at all levels in the administration.

Finally, the most challenging of all is the ability of implement. Good leaders can be found, and sound strategies can be developed quite quickly, but the ability to implement requires a deep level of institution building that takes time.

Part of the problem is that with the transition to democracy new leadership was brought in at the top, with insufficient appreciation of what lower level jobs were about. But we do now have a severe crisis on our hands of poor implementation capacity.

Unfortunately, part of the problem now seems to be that we are trying to address inability to implement with rules and compliance. This will not work. What we need are capable, motivated people. A culture overly driven by compliance leads to people too afraid to take initiative and ultimately a failure of delivery, with capable people driven away.

Instead we need to foster leadership at all levels within the administrations and build trust and commitment. We need strong administrators and we also need people at administrative level who can work responsively with communities in line with the new strategies I have spoken about.

There is a sense in this conference of a re-emergence of people who have felt excluded for much of the last decade. But I really believe that now is the time to make significant advances; now is the time to get involved.

Thank you.