



SALGA
South African Local Government Association



HSRC
Human Sciences
Research Council

eThekwini Metro Report

Mid-Term Review of Municipal Performance

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1. Executive Summary

eThekwini Metro has over 3000000 people and over 1000000 of them are indigent. The Senior Managers and City Manager of eThekwini Metro are competent, highly motivated and willing and able to work long hours. Coupled with this is the passion and commitment for development of the Mayor and Speaker. Both grouping of politicians and administrative staff believe in the words of the CFO that “we can take make Metro truly world class” and they act to realize this vision. The municipality is a national leader in housing development.

1.1. Successes

In terms of finance eThekwini is exemplary. The Metro has past its audits every year since 1850 and the Metro is compliant with all MFMA regulations. The Metro is a viable dynamic municipality and is accepted as a leading municipality in South Africa – meeting all the rigorous tests of delivery. eThekwini Metro has stability in: finances, human resources and politics.

The Metro: spends 100% of capital budget; delivers 16000 houses a year – one of the most successful housing deliveries in the country; delivers of 15000 new electrical connections; developed a new beachfront promenade; has KPAs in place; has its own Metro newspaper. The Metro has plans for large scale economic development such the Dube Trade Port Implementation Strategy and for small scale development such as the managing of informal trade.

1.2. Innovation

eThekwini Metro is an innovating Metro; its current innovations are the introduction of a comprehensive computer based regulatory accounting system; The sharing of this system with other municipalities for a fee; The

Metro offers 100% discount on rates and water in informal settlement areas; and Role out IT infrastructure in the Metro - the task is 60% completed.

Future innovations will include a new energy office to co-ordinate solar energy for households; the generation of electricity from waste; and on line recruiting applications – 1000s of individuals apply for some post.

1.3. Strengths and Opportunities

The Senior Managers, City Manager and the Mayor and Council work together to drive eThekweni Metro to fulfil its mandates and to create a world class Metro. The Metro leaders share more than a vision of development to be effect, efficient, economic and equitable they are competent, passionate and committed to guide the Metro. From this fundamental strength of shared vision and shared commitment the successful delivery flows making the Metro a leader of South African municipalities.

1.4. Failures

Where a municipality spends 100% of its capital budget, as in the case of the Metro, it should not be held responsible for the inability to eradicate backlogs as the eradication in final analysis is dependant on funding from National Treasury. The backlogs are massive. The housing backlog would require R30 billion rand to be eradicated by 2014. In all likelihood the backlogs at current rates of funding would take 20 – 60 years to be eradicated.

1.5. Capacity – Political and Administrative

The capacity of the Mayor, Speaker, Senior Management and City Management is as exceptional and the more so given the travails of so many municipalities. There needs to be on-going training of new councillors especially after elections and on-going training of all staff given the declining educational standards of new applicants.

1.6. Key Constraints and Weaknesses

The Metro has the political will and capacity to increase service delivery but it lacks funding. Other than the lack of funding for delivery there are no significant challenges which the Metro cannot rise to meet. The lack of land for business needs to be addressed.

The growing cumbersome bureaucracy of regulations and compliance needs to be dismantled as the attempt to replace staff commitment with regulations and compliance formulas is counterproductive because these bureaucratic regulations will only slow down the delivery of those who are working. There is a lack of support, knowledge and planning for the Metro in national and provincial government.

1.7. Changes Required to Perform Better

Specific changes flow from the identified constraints of the respondents to enable better service delivery.

- Change the funding formula
- There needs to be a local government school to train managers and ss57 managers.
- Greater say or control over city/metros land: in particular empower the Metro to have say or control over airport land.
- Let all strategic economic planning be done by cities as they are better capacitated to manage this than provincial or national
- Ensure that the national and provincial departments pay their rates and taxes.

2. Municipalities Perspective of its Performance

2.1. Political Perspective (Politicians' Interviews)

2.1.1. Accomplishments

The Metro is growing at 6% per annum and has the political will and commitment coupled to a competent administration which ensures a quality

service delivery. The Metro has won many awards. The major accomplishments are:

- Regular meetings with community ensuring open flow of information. There is a road show every week in a particular ward. Every department explains what it is doing with water, electricity and housing.
- A comprehensive multi-pronged IDP the thrust of which is its 8 point plan with each plan outlining a number of specific programmes grouped under strategic focus area.
- There is an inclusive LED strategy for the support and growth of new and existing business in the key sectors of the economy with over seventy-five projects. The largest projects are the Dube Trade Port Implementation Strategy, the City/Port Partnership. At the other end of the economic spectrum there are projects to manage informal trade.
- The new beachfront promenade which is seen by the Mayor as a personal dream fulfilled based on a visit to Chicago where he observed their promenade of open space and green space along the lake.
- The delivery of 16000 houses a year – one of the most successful housing deliveries in the country - and the delivery of 15000 new electrical connections. Notwithstanding this the backlogs remain huge.
- eThekweni has stability in: finances, human resources and politics.
- The Metro runs museums, libraries, hostels and clinics. “Out of 110 clinics – 60 are built by municipality and we look after the staffing – province is really letting our metro down. Community feed back is that the community prefer our clinics to provinces because they better run, they get better care from the staff and drugs are available.”

2.1.2. Failures

In 2001 the housing backlog was 320 000. Since then 150 000 houses built but with new population movements the backlog in 2010 of 230 000 houses. With clean running water and sanitation the metro is “reducing backlogs.” It is projected that the backlogs in housing can only be eradicated by 2030. Using housing as an example - increased funding would speed up delivery but the metro estimates that it could only build 50% more houses before it came up against capacity constraints. It is projected in the eThekweni IDP Annual Review 2009/2010 that rural service delivery backlog of the Metro will be eradicated by 2013 for sanitation, 2015 for water (ground tank) and 2022 for electricity (house connections). Overall the delivery backlogs are seen in terms of inadequate funding and not in terms of the municipal capacity.

For the Mayor the deeper reason for failure arising from corruption and poor or lack of service delivery is that “Our problem is that we (the ANC) have forgotten where we have come from and where we are going.” The ANC comrades have forgotten that in a democracy they are servants of the people and not in their positions to benefit themselves. For the Human Resource Manager there has been a cataclysmic attitude shift in the psychology of South Africans impacting on the workers attitude to the workplace such that every day the municipality has to vigilantly apply its rules and procedures to keep staff focused on their work and the integrity of the municipality. The Mayor and the City Manager are supportive of these efforts.

2.1.3. Assessment of political capacity and commitment

The politics of the Metro is well managed with a clear separation of functions between oversight (council) and implementation (municipal administration). The relations between the Mayoral Committee and Council and the Mayor and City Manager are described by the Mayor as very good. There is a weekly forum of the Mayor, Municipal Manager, Speaker and Chief Whip to discuss the issues of upcoming Exco.

The Mayor says that he is passionate about development and that he wants to see massive change and progress in eThekweni. He proclaimed that “I live development”. Development examples such as the beachfront promenade and the 60 clinics demonstrate the commitment and the will to develop.

2.1.4. Role of other spheres of government and other stakeholders (e.g. DBSA and SALGA)

There are good relations with province and national. We have an umbrella body the speaker’s forum organized by the provincial speaker where issues of concern are raised with “province such as unfunded mandates. Unfunded mandates must budget for things that are actually provincial functions.” There is a problem with the non-payment of rates and taxes by national and provincial departments and this creates shortages of funding which directly

impacts on the municipality to increase the delivery of unfunded mandates. The Metro pays for water for schools.

The Metro has good relations with other municipalities this is substantiated by the sharing of the Metro's experiences, programmes and knowledge and a willingness to assist.

The municipality has good community relations. The relation with DBSA is limited mainly to the funding of training. The municipality would like to receive more funding from the DBSA for infrastructure

SALGA is the most frustrating/negative experience for the Mayor and he thinks the metro and KZN should keep away from the organisation. The Mayor's comments on SALGA's failings are outlined in Section 4: Role of SALGA. In a nutshell SALGA for the Mayor "is top heavy: it has a big head but no hands and feet. What can it do? It can talk at a high level of abstraction. Here in the metro we talk practical... We talk reality on the ground." The Speaker suggests that SALGA must speak out on behalf of the municipalities "like a union and give instructions to the minister and not only take them from the minister in order to pass them onto their members." In contrast to the Mayor the future issue for the Speaker is the smooth transfer of KwaNaloga to SALGA.

2.1.5. Constraints and opportunities

The Metro has the political will and capacity to increase service delivery but it lacks funding. Otherwise there are no significant challenges which the Metro cannot rise to meet.

Out of eThekweni's over three million people one million are indigent. The ratio between the haves and have-nots is such that without increased funding the Metro will be delivering basic services for years and not moving forward with an enhanced economic growth strategy.

2.1.6. Specific changes that can remove constraints/enable better service delivery

Specific changes flow from the identified constraints of the politicians to enable better service delivery:

Increase funding to redress the backlogs.

Ensure that the national and provincial departments pay their rates and taxes.

2.2. Administrative Perspective (MM/CM Interviews)

2.2.1. Accomplishments

The Metro is a viable dynamic municipality and is accepted as a leading municipality in South Africa – meeting all the rigorous tests of delivery. The some of the highlights of its accomplishments are:

- A Metro newspaper
- Holding of major imbizos
- Major community engagements: between 3 to 4 wards to teach about health and water.
- A leader in delivery of housing units
- Introducing the production own electricity from waste and will encourage solar panels
- Creating metro wide internet connections
- A new comprehensive finance system

2.2.2. Failures

The City Manager estimated that “it will take between 20 and 60 years beyond the target date to clean out the backlogs” as the metro lacks “capital budgets.” The Metro needs a massive injection of funding to meet its service delivery mandates as the backlogs are massive. It would take “an additional R30 billion” to complete the housing backlog by 2014.

There is a structural problem with the Metro’s internal funding in that only a minority of the citizens – 30% - are rate payers. This minority subsidize the services of the majority. The problem with taxing only 30% is that “One can only squeeze so much.” There is a major limitation of money for government.

This funding structural problem lies at the root of the misunderstandings between councillors and management. “Councillors don’t understand the issues of finance and they blame management.”

A major challenge preventing development the LED is education. The training of people needs to take place in the primary, secondary and tertiary educational institutions and not as happens presently on the job or on a particular project. “People are not trained properly – let us get that right then development will flow.”

2.2.3. Assessment of administrative capacity and commitment

The management of the municipality is very good – the senior managers are committed and this commitment cascades down into all levels of the staff making the Metro of the leading municipalities. “Individuals who come here from the public service do not survive. We do not work like a public service – we start at 7 am and finish at 7 pm.” (Deputy City Manager). In the short term the Metro has capacity. The challenge is in the medium term with the “aging of the professional staff” and the inability to retain those younger professionals who the Metro is mentoring. In effect the Metro is a “Training Institute because we do not retain our young professional staff.” The retention of younger managers is difficult because they training they receive equips them to hold to better paying jobs in the private sector. Once the senior managers retire there will be a loss of institutional memory. This challenge is especially noticeable in the planning and engineering fields where there is weak retention of trained staff. This problem of skills is compounded by the lack of qualified blacks coming into the municipality and moving up the ranks within the municipality.

The relations between the politicians and administration are very good though it is curtailed by the councillor’s understanding of the financial issues.

The shortest senior manager’s service was 8 years. The metro had stability and building institutional memory. The longest serving metro manager was 30

years in local government – all in Durban. The metro has a wealth of experience and a strong institutional memory and is well able to meet the challenges of service delivery and good governance.

2.2.4. Role of other spheres of government and other stakeholders (e.g. DBSA and SALGA)

Overall there the relationship with province and national is good. Though there are some challenges which need to be addressed:

- There is no IDP alignment. Provincial and national government have not stuck to the original plan and do not operate within a five year framework.
- Provincial and national are threatened by the successful delivery of 16 000 houses per annum. The Metro is aiming to get full accreditation for housing and even though “province agrees in principle to hand over functions ... the MECs hold onto status” and slows down the Metro service delivery.
- Province feels threatened whenever “Local Government ...publicizes what they are doing in delivery”.

There is “reasonable interaction with municipalities from all over KZN” and they are assisted wherever possible.

Civil society has “an important role to play in the Metro though from time to time there are the inevitable tensions between their focused needs and the overall needs of the Metro.”

The role of DBSA is primarily funding. DBSA doesn’t “have any clue at a development level” and this hampers the interaction and relations with them.

Currently in the Metro’s relation with SALGA the City Manager believes that there is “no role for us to add value.” The City Manager observes that “SALGA is going through a period when it is weak. SALGA needs political direction.”

The following focus for SALGA was proffered:

- “Councillor training
- Labour relations
- International trends, best practices and partnerships”

2.2.5. Constraints and Opportunities

The key constraints and opportunities facing the Metro are the:

- There is a serious shortage of capacity in the medium term – there is a need to start planning for succession.
- Lack of stability in national government policy and processes
- Planning is right but there are budget constraints
- Need to develop more land for businesses
- Remaining challenges are the backlog

2.2.6. Specific changes that can remove constraints/enable better service delivery

Specific changes flow from the identified constraints of the City Manager to enable better service delivery.

- Change the funding formula
- There needs to be a local government school to train managers and ss57 managers.
- Greater say or control over city/metros land: in particular empower the Metro to have say or control over airport land.
- Let all strategic economic planning be done by cities.

2.3. Technical Perspectives

2.3.1. Technical services Accomplishments

The types of accomplishments identified by the Deputy Manager Procurement and Infrastructure demonstrated the depth of eThekweni's service delivery and how the Metro has developed its own targets for delivery:

- Much progress has been made with backlogs but there is still a long way to go given that the backlogs were huge and under funded
- We have a rates lifeline tariff and have 190 000 units which are exempt from rates.
- Pensioners get discount on rates equal to property value of R400000 which is subtracted from their rates.
- There is no indigent register. One third of 3000000 people live in informal settlements. Administrating a data base of 1000000 indigents would distract from the goal of service delivery.

- The Metro offers 100% discount on rates and water in informal settlement areas. With electricity if the household uses use 150 kw or less qualify for discount on the first 65 kw.
- A new energy office is being established to co-ordinate solar energy for households.

The Deputy Manager Procurement and Infrastructure identified specific changes to enable better service delivery: Increase the budget to enable more deliver; The cumbersome bureaucracy needs to be dismantled – the attempt to replace staff commitment with regulations and compliance formulas is counterproductive as these bureaucratic regulations will only slow down the delivery of those who are working; There should be centralized buying to purchase municipal goods and services at discount prices. The current tender prices for material are inflated across the board. With a national purchasing policy it would be possible to get prices below current tender prices in houses – for cement, bricks, timber, doors and windows – then municipalities would have the opportunities to deliver more.

2.3.2. Municipal finance

In terms of finance eThekwinini is exemplary. The Metro has past its audits every year since 1850 and the Metro is compliant with all MFMA regulations. The cost of compliance to a range of standards is very high. The Metro has spent R500 million developing a comprehensive regulatory accounting system. This system is now up and running. Copies of this system have been sold to other municipalities at a fraction of the cost to facilitate the implementation of their MFMA regulations.

This municipality is one of the few if not the only municipality which spends 100% of its capital budget. In terms of the excellent delivery record of eThekwinini the backlogs are an unfair strategy to measure municipality performance because the lack of funding predetermines failure. Without funding for backlogs, the cost of which can be calculated so there is no mystery, there can be no eradication of backlogs by 2014.

2.3.3. Local Economic Development

The best accomplishment thus far is seen in the roll out IT infrastructure in the Metro. The task is 60% completed. The Metro has an ambitious plan for stimulating future economic development which is captured in the following comment of the Planning Manager “The Romans built roads, the British built railways and today we must build IT infrastructure. This needs new planning.”

The Metro’s comprehensive LED strategy is in place. Plan Two of the Eight Point Plan of the eThekweni IDP is Economic Development and Job Creation. The desired outcomes of this plan are “Strong economic growth, sustainable job creation and poverty alleviation.”

For the Planning Manager the major obstacle facing LED is the lack of support from national. National it is argued only has an abstract grasp of development and such abstractions do not come to grips with the LED problems which are in the details. Sweeping generalizations are fine but they cannot be implemented. The fundamental problem with LED lies in the fact that according to the Planning Manager “National Government does not know what Local Government is. The problems are not in the strategy but in the details – in the intricacies of the delivery policy.”

2.3.4. Human Resources

Human Resources Manager saw that the sheer size of eThekweni makes a challenge “to maintain quality personnel.” There are over 20000 employees and 2000 vacancies. The challenge in hiring is that the Metro is not seen as the employer of choice thus the Metro does “not get first or second pickings.” The challenge in retention is that the youth of today no longer expect to be employed for life. There is often short term employment of not more than 5 years and this type of employment impacts negatively on the institutional memory. The underlying long term challenge is the deterioration in the quality of applicants across the board.

The key accomplishments for the Human Resource department are:

- KPAs in place.
- Web based integrated payroll and HR management system
- Plans in place to recruit on line applications at moment it takes 3 -4 months to process the thousands of applications.
- Using web to monitor annual leave – more efficient system to track the approximately leave applications of 20000 people (Without computer tracking people go on leave but their pay slips show that they still have leave.)

2.3.5. Planning (IDPs, Land use management etc)

The IDP is understood to be the business plan of the Metro and has spatial planning in place. The key competitive advantages are the port and airport. The challenges facing the Metro come from national in that “Every year we are given new IDP priorities. Each year we must deliver a five year plan.” This creates the impression that national does not know what it is doing because “National forces municipalities to have plans that they don’t need.”

The IDP is aligned to province but only junior provincial staff attend meetings and they “do not know what is going on to meetings.” The result of this is that province falls behind the Metro and does not play a supporting role in its planning. The Metro believes that it could achieve more without the interference of national and province. The suggested formula for development is “just stick to basics of how to do business and aim to do it better. Get rid of corruption and the municipalities will flourish.”

3. Conclusion

3.1. Strengths within the municipality

The Senior Managers and City Manager are competent, highly motivated and willing and able to work long hours. Coupled with this is the passion and commitment for development of the Mayor and Speaker. Both the politicians and the administrative staff believe in the words of the CFO that “we can take make Metro truly world class” and they act to realize this vision.

From this basic strength the successful delivery flows. In the words of the Planning Manager they have mastered the art of sticking to basics and aim to do it better each time.

3.2. Weaknesses within the municipality

The most important weaknesses are the growing difficulties to attract and retain qualified staff.

Where a municipality spends 100% of its capital budget, as in the case of the Metro, it should not be held responsible for the inability to eradicate backlogs as the eradication in final analysis is dependant on funding from National Treasury.

3.3. Strengths from the IGR framework that supports service delivery

The Metro has good relationships with province and national though in the words of the Deputy Manager, Procurement and Infrastructure “most Senior Managers feel that we are more effective and efficient than they are.” This statement is born out in the identification of weaknesses of province and national.

The relationship between the Metro and other KZN municipalities is good with the Metro offering support wherever it is feasible.

3.4. Weaknesses with the IGR framework that undermines service delivery

The delivery successes of the Metro are a threat to the province. The clearest example of this in the delivery of 16000 houses per annum. The province is not facilitating the full accreditation of the Metro for housing delivery because then Metro housing delivery would be independent of the provincial portfolio. Province hangs on to the status of delivery. There is the perception of national

and provincial staff that they assume that they are better than local government staff.

National departments and most provincial departments have a high turnover of staff so the skills in the departments remain at an introductory level because of the youthfulness and inexperience of the staff. At national and province no institutional memory of how Local Government works is maintained so the interaction between the Metro and these spheres is one where the implementation programmes of the Metro are slowed down by needless interference. An example of this is national informing the Metro to get community participation and the deadline is one month. Precisely how the Metro is supposed to justify community participation of 3000000 people in one month is not explained. Furthermore the Metro has noticed the communities stick to their opinions and they getting tired of repeating them. Neither is it understood by national that the councillors represent 3000000 people so why not direct the queries through the councillors. These types of excursions are time consuming and counterproductive. The solution to the lack of understanding on the part of national and provincial is for “those who seek to guide municipalities and the IDP should work for at least one year in the municipality.”

The challenge of the Turnaround Strategy is that recycles the IDP thus recycles or leaves untouched the original problems which lead to the need of a turnaround strategy. The failed municipalities were choked to death by the politicians and senior management no Turnaround Strategy can redress the situation as long as those individuals remain in positions of authority. National needed to have been informed by SALGA that not every municipality was failing and therefore not every municipality needed to be sidetracked from its delivery to reproduce its IDP.

4. Role of SALGA

Some Senior Managers pointed out that SALGA has lost its way and has an image crisis. Like the municipalities, SALGA itself, needs to discover the right

leadership and to refocus on its mission which is to be both an employer body and to support municipalities. Some managers felt that SALGA has a serious lack ability to make any interventions. It was suggested that SALGA needs to recruit new staff so that it can focus on its core functions.

On legislation and regulations: The Senior Managers suggested that legislation must focus on the particular needs of municipalities and should be overhauled in line with this focus. The current challenge with national legislation, policy and monitoring is that it overlooks the practical level. It is at the level of implementation where the municipalities either succeed or fail that is overlooked by the legislation. The practical implementation level is the level which needs to be investigated because it is here the problems and challenges arise. What is inadequate is the attempt to keep fine tuning the legislation as though democracy has just begun as though municipalities do not know what to aim for.

In the context of legislation SALGA does not provide support. SALGA does not understand local government. SALGA merely instructs municipalities with National orders but does not carry municipal opinion back to National.

On skills training: eThekweni takes care of its own training. Performance management and good management is the key solving skills and capacity issues. If quality is hired at the top the rest will follow. One manager singled out politicians for training. Councillors need on-going training especially after each elections.

Facilitation of exchange/support: SALGA should create a partnership framework with foreign countries.