



Cacadu District Municipality Report

Mid-Term Review of Municipal Performance

Dr Humphrey Glass

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1. Executive Summary

The District has a healthy dynamic team who know how to argue creatively and then proceed to do the assigned or identified task. The officials are competent and committed. There is creative agreement with each other and the tolerance of agreeing to disagree on some issues, which further strengthens the team and the determination to go forward with implementation. This attitude contributes to the stability and continuity of the entire District staff. There is openness and a very good relationship between politicians and administrators who do not interfere in each others spheres.

The costs of the eradication of the service delivery backlogs for water, access roads and electricity is calculated to be R24 billion. The annual MIG funding received by the District is R500 million thus assuming that current funding patterns continue the backlogs in the District would be eradicated by 2058.

Given the unfunded service commitments and the inadequate level of equitable share grants, the CFO says that by 2014 the District will need bailouts.

1.1. Successes

The District has had three clean audits and has a cash flow budget which keeps the District's cost in line and everything in order. The District has implemented all the MFMA procedures and is fully GRAP compliant. The District has a dynamic creative forward looking administrative staff with a very good working relation with the politicians.

The fulfilling of each of municipal delivery functions is considered an accomplishment: Environmental health (out of a staff component of 240 approximately 160 are employed in health); Fire Service; Disaster management; and Water and sanitation. Other successes include the support

of LMs wherever feasible and providing internet and email access at 24 libraries free of charge creating an enabling environment to assist primary and secondary schools.

1.2. Innovation

The IDP manager function has innovatively been shifted to the municipal manager. This change ensures that the District is driven by the IDP which is seen as central to overall planning. The IDP is thus the business plan of the District. An IDP unit has been established to drive all of the 9 Local Municipalities' IDPs ensuring sharing delivery services, knowledge sharing, cost cutting, and empowerment of the local municipalities.

The District through funding from GTZ is establishing an assessment of the municipality's performance from the consumer's point of view. The Turnaround Strategy will be fine tuned in terms of these findings and then development funding will be lobbied to implement the new strategy.

1.3. Strengths and Opportunities

The municipality has committed, articulate senior managers well able to fulfil their duties. They have created a collective team spirit. The Mayor and Speaker are politicians committed to the well being of the electorate and to the integrity of the municipal administration. The District has the fundamentals in place for a successful delivery. The District understands that the successful delivery is achieved by coming to grips with the practical daily task of administration which creates the systems of delivery.

1.4. Failures

The lack of funding from national and provincial hampers the speedy eradication of backlogs which at current rates of funding will only be

eradicated in 2058. It therefore does not make sense to hold the District accountable for the outstanding backlogs.

The District has a project cash flow problem in 2014 because the service commitments by the District which are not funded by either provincial or national government.

1.5. Capacity – Political and Administrative

The political capacity and commitment of the Mayor and the Speaker were demonstrated by: their keen interest in development issues; desire to improve delivery; and the detailed knowledge of their functions. A challenge with the capacity of the councillors to understand the role of governance was identified by the Mayor. The mayor suggested that the councillors need ongoing training so as to remove political obstacles to planning and delivery.

The team of senior managers and the municipal manager are competent and committed to the municipality's tasks. There is a good team spirit and a creative agreement with each other and the tolerance of agreeing to disagree on some issues, which further strengthens the team and the determination to go forward with implementation. This attitude contributes to the stability and continuity of the entire District staff. The municipality has a good training system in place for all staff funded by the municipality at a cost of R700 000 per annum.

1.6. Key Constraints and Weaknesses

The Cacadu District was formed out of the former Western District after Nelson Mandela Metro was cut out of it. The Metro was given about 95% of the revenue base and Cacadu was left with a massive far flung area with 5% of the budget. The Metro received 70% of the population in contrast to the District which received 30% (400000 people). The District equitable share is

only R10 million which is inadequate for such a large population many of whom are unemployed.

The milieu of the District is one of a lack of funding. Such a constraint does not prevent the District from delivering where it can though it does have a sobering impact on the expectations of the District.

Province does not plan with the District's IDP and thereby hampers the District's service delivery by not always funding its identified programmes and projects. Sometimes province introduces new projects not in the IDP which it expects the District to deliver. In cases such as these, such projects detracted from the carefully thought out development plan as staff must be seconded to work on a project which province deems important.

1.7. Changes Required to Perform Better

The South African municipal model could be reassessed along the lines of the "German model of municipal control where service delivery is done at the lowest level." Thus instead of having everything go through Bisho or Pretoria services would be local right from birth, death and passport registration through to other functions. Such a new procedure would cut out or rationalize the current duplication structures.

The most important specific change would be to reconfigure the equitable share funding formula.

Improvement in national, provincial and district planning is currently under discussion by the Eastern Cape provincial government. The critical point is for a forum to be established of provincial and national departments so that the forum can co-ordinate planning and programmes and role out IDP funding. A new relation would develop between the districts and province.

2. Municipalities Perspective of its Performance

2.1. Political Perspective (Politicians' Interviews)

2.1.1. Accomplishments

The major accomplishments are:

- The shifting of the IDP manager function to the municipal manager. This change ensures that the District is driven by the IDP which is seen as central to overall planning. The IDP is thus the business plan of the District. An IDP unit has been established to drive all of the 9 Local Municipalities' IDPs ensuring sharing delivery services, knowledge sharing, cost cutting, and empowerment of the local municipalities.
- Ward committees are in place which also helps with communication and the flow of information. Although the District deals with the electorate through the Local Municipalities such structures assist the District as well with its planning.
- The District has a well-functioning municipal with separation of roles between the council and administration.
- There is a performance management system in place which facilitates the identification of new areas of human resources which need attention.
- The District through funding from GTZ is establishing an assessment of the municipality's performance from the consumer's point of view. The Turnaround Strategy will be fine tuned in terms of these findings and then development funding will be lobbied to implement the new strategy.
- With the water delivery as much is done in the constraints of the budget and this means that the backlogs will not be eradicated by 2014. (See Technical Services Manager for more detail.)

2.1.2. Failures

The major failings stem from funding. The biggest challenge with backlogs is in housing. Even though the function is with province the District is held accountable by the community.

The water deliver programme is perceived to be failing because of the backlog. In addition to the lack of funding aggravating delivery there is a firstly, climatic problem of insufficient rain for the number of people, and secondly, the rural communities are often isolation and spread out increasing the costs of piping in the water.

Because the inability of province to take the IDP into account there are two clinics in the district right next door to each other: one built by the District and one built by province.

2.1.3. Assessment of political capacity and commitment

The political capacity and commitment of the Mayor and the Speaker were demonstrated by: their keen interest in development issues; desire to improve delivery; and the detailed knowledge of their functions. The Mayor and council play an oversight role in contrast to the implementation role of the administration. Council runs an effective system and ensures that for example the IDP is adopted and that the decisions are implemented. The Mayoral Committee facilitates and campaigns for resources and funding. Although the council interrogates the reports and asks questions in terms of the delivery plan and assesses the progress of each department the Mayor believes that a “major challenge is the poor understanding of ... the role of government in a democracy by councillors. The councillors need ongoing training to ensure that there is no political obstacle to planning and delivery.”

The Mayor believes that the municipality is fortunate with the Municipal Manager who understands the rules of local government and service delivery. There is a very good relationship between them.

The ability of the District to deliver is hampered by the shortage of funds. The skills capacity of the District is “more or less OK” but as the Local Municipalities are short of capacity the District’s support role is overstretched. Some of the Local Municipalities find it difficult to attract and retain skills. The

Mayor believes that this is due to the inability of the municipalities to pay more.

2.1.4. Role of other spheres of government & other stakeholders

The relations with the nine Local Municipalities are good with the District advising the Local Municipality on delivery. Everything is well planned and organised.

In contrast there is no co-ordination of planning between the District and province rather there is competition for delivery. The province does not participate with the District IDP. There is not much a relationship with national department which are “not seen very often”.

The relation with DBSA is good. They provide the District with funding including the funding of interns. The District also works with GTZ. The main relationship with SALGA was during the recent wage negotiations. The rest of the relationship “is not good at all”. The Mayor believes that “SALGA’s capacity has been challenged as the tasks facing SALGA are too big.”

The District does not have a good relationship overall with the private sector. The District does however have a good relationship with the pineapples and citrus sector and the District is working on expanding this to the rest of the sector. The Mayor says that “We are trying to bring business closer to us and we have a new programme to establish business chamber.”

2.1.5. Constraints and opportunities

The important constraint is funding. The issue of funding could be addressed by better co-ordination with province and national. The lack of proper planning by province and national is a major constraint on the District. The Mayor comments that “How national and province plan is a mystery. The real mystery is that they produce plans for this area without even coming here to

see what we are planning. They don't even look at the DM and LM IDPs and in this sense they do not plan.”

The Cacadu District was formed out of the former Western District after Nelson Mandela Metro was cut out of it. The Metro was given about 95% of the revenue base and Cacadu was left with a massive far flung area with 5% of the budget. The Metro received 70% of the population in contrast to the District which received 30% (400000 people). The District equitable share is only R10 million which is inadequate for such a large population many of whom are unemployed. Projections are that by 2014 the District will need bailouts.

With housing there are lots of challenges but the slow delivery – it takes years to get provincial approval for housing – and the quality of the delivered houses impacts negatively on the District.

2.1.6. Specific changes to improve service delivery

The most important specific change would be to reconfigure the equitable share funding formula.

Improvement in national, provincial and district planning is currently under discussion by the Eastern Cape provincial government. The critical point is for a forum to be established of provincial and national departments so that the forum can co-ordinate planning and programmes and role out IDP funding. A new relation would develop between the districts and province.

2.2. Administrative Perspective (MM/CM Interviews)

2.2.1. Accomplishments

The District Municipality has a limited role in many for the Municipal Manager the implementation role of the district is secondary to the oversight role of the nine Local Municipalities. Thus the biggest role is on of building capacity and support of Local Municipality. The District works in the areas of the Local

Municipalities and is limited to the powers and functions entrusted to it. The Municipal Manager considers the fulfilling of each of the municipal delivery functions is considered an accomplishment: Environmental health (out of a staff component of 240 approximately 160 are employed in health); Fire Service; Disaster management; and Water and sanitation. Other accomplishments include: Clean audits; Support of LMs wherever feasible; IDP unit which assists all nine municipalities' IDPs; Providing internet and email access at 24 libraries free of charge creating an enabling environment to assist primary and secondary schools.

2.2.2. Failures

For the Municipal Manager there are no failures: this is within the framework that the old Western District was parted with Cacadu receiving 30% of the population and 5% of the funding. Thus the District has only ever known a funding shortage. The municipality is professional run.

2.2.3. Assessment of administrative capacity & commitment

For the Municipal Manager the "Major and council are to be regarded as employers. They have the role of oversight." In contrast the Municipal Manager's "mandate is to implement."

There is a team spirit amongst the managers each of whom "understands the challenges of this district and the nature of our service delivery." The Municipal Manager believes that he has a healthy dynamic team who know how to argue creatively and then proceed to do the assigned or identified task. The officials are competent and committed. There is creative agreement with each other and the tolerance of agreeing to disagree on some issues, which further strengthens the team and the determination to go forward with implementation. This attitude contributes to the stability and continuity of the entire District staff.

Most senior managers had over 5 years experience. And often a further 5 years in the municipality giving the municipality stability and building institutional memory. The longest serving municipal manager in the municipality was 25 years and the longest serving councillor in a council was 10 years. With this wealth of experience and a strong institutional memory ensuring that the District is well able to meet the challenges of service delivery and be in a position to assist the Local Municipalities.

The challenge in the District and Local Municipalities is to ensure that the young staff are moved to new ideas and processes of governance and work”. And that the young staff members are “channelled and trained.”

2.2.4. Role of others

The relationship between the District and province and national are seen as having “room for improvement.” The challenge with province is that there needs to be more co-ordination to ensure that structures between local and provincial government are rationalized. In contrast, the relation between the District and the local municipalities is good. Where there is no local municipality capacity but there is a need the District does the work. The relation between LM and DM is one of expertise. No such relation of expertise exists between the District and either provincial or national exists where these other spheres of government provide expertise.

The role of SALGA is politely described as one where “SALGA could play a bigger role in municipalities.” At present the Municipal Manager does not see SALGA playing any significant role. The role of DBSA is said to be good as the bank “helps with funding”.

The relations with some sectors of the private sector are good and relations with the entire private sector are improving.

The relations with civil society are limited as the District deals directly with the local municipalities which in turn interact with civil society.

2.2.5. Constraints and Opportunities

The major constraints are the lack of co-ordination with province and the lack of funding. The lack of detailed observation and perceptions of constraints and failures by the Municipal Manager is due to his understanding of the powers and functions of the District. The Municipal Manager said, "As a District Municipality our role is limited ... Our role is limited to the powers and functions entrusted to us." The Municipal Manager sees the constraints as structural and thus only mentions province and funding as challenges.

2.2.6. Specific changes to improve service delivery

The South African municipal model could be reassessed along the lines of the "German model of municipal control where service delivery is done at the lowest level." Thus instead of having everything go through Bisho or Pretoria services would be local right from birth, death and passport registration through to other functions. Such a new procedure would cut out or rationalize the current duplication structures.

From this perspective there is no need to build up provincial structures as the DM and LM would implement the function such as housing. Service level agreements between province and municipalities would hold the municipalities accountable.

2.3. Technical Perspectives

2.3.1. Technical services Accomplishments

The District's main provision of services to the Local Municipalities is water. The Technical Services Manager has calculated the cost of the eradication of

the service delivery backlogs for water, access roads and electricity to be R24 billion. The annual MIG funding received by the District is R500 million assuming that current funding patterns continue the backlogs in the District would be eradicated by 2058.

The best accomplishment for the Technical Services Manager is the “Attracting of grant funding in terms of business plans aligned with IDP. This is based on the strength of the motivation.” Even so given the massive challenges facing the District, i.e., given the 50 year time frame to eradicate backlogs, the Technical Services Manager feels that he has only achieved minimally.

MIG funding is for capital budget to build new water pipes and not for repairing old ones. The Technical Services Manager maintains that in the Districts towns the old pipes are added onto by the new. The old infrastructure is crumbling and needs to be overhauled as its life-span has expired. The problem of old infrastructure is the pattern throughout South Africa. According the Technical Services Manager, “Every performing municipality which has tackled its water and sewerage backlog is or soon will be sitting on an Eskom maintenance problem as the increase is placing an extra load on the old system.”

The Technical Services Manager believes the there needs to be a renewed focus on the practical aspects of service delivery in order to replace the current attention on “fancy reports and fancy budgets.” Rather get the basics right and develop the infrastructure. The Technical Services Manager argues that local government needs to put in place better systems rather than solely focusing on rooting out corruption.

2.3.2. Municipal finance

The District has had three clean audits and has a cash flow budget which keeps the District’s cost in line and everything in order. The District has

implemented all the MFMA procedures and is fully GRAP compliant. The CFO argues that the smaller municipalities are burdened by GRAP compliance and that a “less onerous accounting system” would not hamper the municipality or service delivery.

Notwithstanding the District’s compliance to all standards there is a financial crisis looming because of the income basis of DM and the low number of ratepayers. The problem is that income is growing at 7% pa and expenses are growing at 10% pa so a predictable crisis is foreseen by 2014. These cash flow problems arise from service demands which the District and not national or provincial government funds.

2.3.3. Local Economic Development

The ideal is that LED is formulated within an IDP in terms of the spatial framework. A simple spatial model is used to provide guidelines and prioritization. In reality the IDP is compromised by the great expectations of the community into a wish list of agriculture projects which are good in themselves but there is no holistic plan. Even when development is defined in a particular space the IDP is undermined by provincial sector departments’ implementation and funding programmes. The problem for the Planner is that the province does not “read, digest and incorporate the IDP into its planning”. At provincial level there appears to be little or not understanding of spatial economy.

Within the key sectors of Agriculture and tourism (the District is an agriculture district with tourist opportunities) there has been some success. Tourism is being handled well and successes are the tourism market and Seven Wonders Marketing campaign. The reality is that not much has been achieved in LED because the District is not funded on scale that can have a notable economic impact.

Serious agriculture development – in terms of economic growth and development – is not addressed because of the lack of function and funding

yet the commercial agriculture sector in the District could benefit and through this economic growth create opportunities for massive poverty alleviation.

The worst drought in 100 years has gripped the region ensuring the continued decline of the primary agriculture sector. Farmers claim that climatic change underway with decreasing rainfall making it impossible to sustain their original farming whether fruits or sheep. Farmers are switching to game farming and this switch further exacerbates the decline in agriculture.

2.3.4. Human Resources

The Human Resources Manager enjoys “Meeting the challenges of the job.” Key highlights of Human Resources demonstrate the dynamic strengths of the well functioning Human Resources in a forward looking dynamic municipality:

- Inability to attract skilled personnel;
- Inability to place people of equity targets due to shortage of skills in the market;
- Appoint personnel based on merit;
- About 70% of workforce is skilled and are developed and trained on continuous basis;
- Retention of skills a challenge because of remuneration packages – for example even the DBSA has taken staff after they are with them on a project. The District is training ground for others
- Council has an automated Performance Management system which is cascaded down to a General Worker;
- Council budgets about R700 000 for all training related matters for all employees which is based on priorities as identified by the WSP;

2.3.5. Planning

The achievements of planning outlined below are frustrated by a provincial process which does not support the District’s planning. Province by choosing to operate outside of the IDP orbit curtails the potential development of the District. Province further complicates matters by offering funding for projects the implementation of which it holds the District accountable. It is difficult to assess whether such projects, which drop down from the sky, “are motivated purely by cronyism or whether they are the result of simply misunderstanding development by unqualified staff.” The planning achievements are:

- Production of the IDP in co-operation with the District Departments
- Shared service with Local Municipalities: Perform LUM function – capacity building and modelling for non-town planners. This planning has a direct impact on economic environment even though there are still lots of challenges.
- LUM created a meso zone in the District's planning: Road networks for region, tourism slant, social slant. Use technical criteria. LUM contributes to overall plans.
- Create area based plan – area focus
- Lot of planning documentation that indicates where to start from and with which sectors:
 - Waste management; Infrastructure assessment (and financial model to monitor infrastructure); Deal with priority roads (roads hierarchy); and Land redistribution.

Because of the lack of planning and aligned with IDPs by province money is handed out according to unplanned criteria. Arising out of this poor provincial planning framework there is a steady shift in focus from the planning and implementation process the annual reports. Planning compliance becomes report writing.

3. Conclusion

3.1. Strengths within the municipality

The municipality has committed, articulate senior managers well able to fulfil their duties. They have created a collective team spirit. The Mayor and Speaker are politicians committed to the well being of the electorate and to the integrity of the municipal administration. The District has the fundamentals in place for a successful municipality and the wisdom to know that municipality service delivery is coming to grips with the practical aspects of delivery.

3.2. Weaknesses within the municipality

The lack of funding from national and provincial hampers the speedy eradication of backlogs which at current rates of funding will only be eradicated in 2058.

The District has a project cash flow problem in 2014 because the service commitments by the District which are not funded by either provincial or national government.

3.3. IGR strengths that supports service delivery

There was little identified support for the District's service delivery from province though province is the conduit for most of the grant funding for service delivery. Similarly there was no comment on national government's support. The point is that the District expects provincial and national government to adhere to the rules and thus focuses attention on this.

The relations with the local municipalities are good and enable the District to offer services and advice to facilitate the development of the local municipalities.

3.4. IGR weaknesses that undermines service delivery

The relationship with province is one which lacks any co-ordination leading the Planner to say that province "comes to lunch" as an assessment of the contribution of province to planning. Whereas the Technical Service Manager observation of province is that it "does its own thing without co-ordinating with us." Such lack of planning undermines the District implementation strategy. The relationship with national government is also largely unsupportive and it is termed by the Municipal Manager as one in which "there is room for improvement".

Province does not plan with the District's IDP and thereby hampers the District's service delivery by not always funding its identified programmes and projects. Sometimes province introduces new projects not in the IDP which it expects the District to deliver. In cases such as these, such projects detracted from the carefully thought out development plan as staff must be seconded to work on a project which province deems important.

4. Role of SALGA

SALGA is seen to be in a state of decline and it is no longer an active force in the District or indeed any municipality. In the past, SALGA ran regular meetings with municipalities today every municipality functions on its own. The concept of SALGA is good but it has lost touch with the practical day to day aspects of the municipality and it has drifted in the shelter of abstractions and generalizations so often found in national policy documents. There is also a lack of leadership as SALGA *prima facie* has become the voice of national relaying orders to the municipality and it does not reflect the interests or concerns of the municipalities. SALGA has chosen the path of policy and other abstractions and it has lost sight of the cultural, social, educational and economic diversity between municipalities. The fact that the Turnaround Strategy was driven by a one size fits all template demonstrates the degree to which national and SALGA are removed from the unique challenges of each municipality.

On Legislation and regulations: The core problem with regulations is that they are driven by compliance and the more regulations there are the more compliance is required. Such an upward spiralling of regulations has led to the situation where compliance usurps the role of implementation: accounting and reporting dominate the job and replace action and infrastructure.

The point is not that no regulations are required - of course they are. The current legislation and regulations are more than adequate in fact they require trimming and streamlining. The core challenge with the legislation is not the legislation itself but with the failure to understand it by the councillors. Councillors systematically misunderstand their role and think that they are councillors in order to run and administer the municipality. Given their power in a municipality they are in a position to get their way in the short term. Compounding this situation is the high unemployment driving many individuals to seek jobs in politics. The natural consequence of this is that pressure is brought to bear on all the administrative systems including the tender process by those driven by money and self-aggrandizement and not

development. The fact that province is not committed to IDP planning, and does not follow the IDP process, opens up a yawning chasm in the system for crony projects to be willingly implemented across the province or to wasteful duplication of projects as in the case of this District.

This dynamic of overregulation is what a reinvigorated SALGA must address.

On skills training: The District has an annual budget of R700 000 for training and DBSA is training interns. Training in the District for the administrative staff is under control with a good system in place.

SALGA can play an important role in training though there needs to be focus on all the councillors so that they learn and understand the rules of the game. Ideally there needs to be some minimum qualification for councillors but that is unlikely to happen so SALGA must face up to the simple fact that councillors need massive training to bring them from simplistic utopian dreams into the reality of administrative systems which overtime can achieve miracles in service delivery.

On facilitation of exchange/support: Exchanges would be useful but this might need to be introduced or reintroduced after the issues of overregulation and training councillors have been addressed.