

# THE POLICY IN **The numbers**

There is more to the 2011 Local Government Budgets and Expenditure Review than numbers. The review tells a story about the policy behind the numbers. It lays down the policy line, sends clear signals about policy shifts on the way, issues warnings, educates us, and sometimes brings out the big stick or applies the brakes.

The Organisation for Economic Co-operation and Development defines 'policy reform' as an evolutionary process in which 'changes to the formal "rules of the game" – including laws, regulations and institutions – are made to address a problem or achieve a goal'. ('Practices' are among the 'rules of the game' that can be changed in this way.) Governments use many different policymaking tools to lead public opinion, prepare a country for change, build consensus and manage cycles of continuity and change in policy. This article looks at four such policymaking techniques used in the review.

## Fitting the pieces of the puzzle together into a story about local government

The 2011 review tells a story about the evolution of local government policy, what works, what doesn't and why, where policy is going and where the review fits in. It tries to show policy continuity – how all the pieces of the local government puzzle fit together over time – and it does that in several ways.

*Treasury documents all follow the same simple format*  
National Treasury budget documents generally follow the same simple format, structure and layout, and that style hasn't changed much over the years. This consistency gives Treasury documents a familiar look and feel, which makes it easier to find and compare information across different documents and periods. This is a very simple technique which other departments should use.

*The 2011 review talks to the 2006 and 2008 reviews*

The 2011 review explains how it relates to the 2006 and 2008 reviews. We can tell how the 2011 review builds on the

earlier reviews. That continuity makes it easier to trace the evolution of policy thinking over the years.

*Data improvements and limitations are clearly explained*

The improvements in data from one review to the next, as well as the current data limitations, are clearly explained in a technical note. That tells us what capacity government has to do evidence-based policymaking and how that capacity has evolved over time. The data from Census 2011, which is under way, will add enormously to our knowledge of municipalities.

*The 2011 review clearly indicates how it relates to external context, government policy and the budget*

The review is contextualised in relation to the socio-economic challenges facing the country, the national budget and fiscal policy, and general government policy and priorities. We can thus clearly see how the analysis and proposals in the review relate to national priorities, the money and the broader constraints of the external environment.

## Laying down the law: Municipalities must get back to basics

The HSRC research referred to in the review, the frequency of protests and the rise of rates boycotts all tell us the same thing: the South African public is fed up with the way things are going in local government.

The 2011 review sends out a clear message that the local government sector must get back to basics. Municipalities must be run by qualified managers and staff. Councils must take their oversight role seriously. Budgeting must be realistic and cash-backed. Waste and spending on non-priorities

should be eliminated. Revenues due to the municipality must be collected. Services must be properly costed. Assets must be maintained in line with regulatory standards. National and provincial governments must use the intervention powers that are there when they need to. The regulatory framework for spatial planning and land use management is being overhauled.

## Signaling policy shifts: In future there will be a much stronger national focus on our big cities

The National Treasury uses its reviews of local government to signal shifts in policy thinking and approach. One such signal relates to the vital role that cities play in our society and economy. There are clear signals in the review that national government intends to pay much closer attention to the big cities specifically:

Government is reviewing the existing institutional arrangement and fiscal framework to strengthen the management of South African cities. The programme explicitly seeks to differentiate cities from other municipalities in order to recognise their specific contexts and needs. In particular, cities need to play a far larger role in economic growth, dealing with urban poverty and facilitating improved built environment outcomes, across land management, transport and human settlement sectors.

## Educating practitioners and the public: How municipal finances relate to service delivery

Educating the public and officials about how government works is an important part of good policymaking. An example of this educating technique in the 2011 review is the way it unpacks the linkage between finances and service delivery into a set of five key relationships, between

- community needs and the local government fiscal framework;
- the local government fiscal framework and actual revenue collection;
- the municipality's various spending choices;
- the municipality's government and management systems and its spending plans; and
- service delivery, value for money and equity.

## Putting the brakes on: Differentiation

Treasury reviews often marshal data to put the brakes on policy ideas that are not properly thought through or costed. For instance, previous reviews

raised a concern about the costs involved in establishing a single public service for all three spheres. That idea has quietly disappeared. A new idea doing the rounds is that we need a more 'differentiated' institutional framework for local government because our one-size-fits-all system ignores the geographic, economic and institutional differences in the country.

This idea became a priority in government's programme of action under Outcome 9. The review addresses the issue from multiple directions.

First, because the main focus of the review is explaining the different contexts in which urban and rural municipalities operate, in effect the review has defined the terms of any future debate about 'differentiation'.

Second, the review then challenges the notion that there is a one-size-fits-all system by showing that there is in fact significant differentiation in the system already.

Third, it cautions against using a general approach to classifying municipalities, arguing for purpose-specific classifications.

Fourth, it argues that further development of differentiation will depend on better municipal data, which will only be available after the completion of Census 2011.

## A superb barometer of local government policy

The 2011 Local Government Budgets and Expenditure Review is a superb document. It is one of the few sources of genuinely robust information about local government. A document of this quality can only be produced by an organisation with deep layers of knowledge, experience and skill. But it needs to be used if all of that effort is to have real practical value.

The Community Law Centre would like to see more attention given in future reviews to the serious problems of irregular expenditure, corruption, mismanagement and impunity in the governance, management and administration of municipalities.

The effectiveness of the supervision and intervention framework should also be examined more closely.

Given the level of public concern about the quality of local governance we receive, National and provincial departments must take their public reporting responsibilities under the Municipal Systems Act more seriously.



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