

South Africa local government: where do we stand?

GGA Government Performance Index 2016: analysis and interpretation

The good, the bad and the indifferent

Data and methodology

GGA's Government Performance Index (GPI) ranks South Africa's 234 municipalities and covers both local and metropolitan municipalities. District municipalities were excluded on account of limited information and because they are made up of local municipalities. In determining the rankings, GGA gathered data on 15 indicators across three clusters: administration, economic development and service delivery.

Data for the GPI was sourced from Statistics South Africa, the Gaffney Local Government Yearbook (2013-2015), the Auditor General's Reports, the Extended Public Works Programme and the National Treasury. Though the indicators are weighted equally, there are eight service delivery indicators, conveying the service delivery performance of municipalities with the greatest impact on their overall rank.

In addition to these eight, there are four economic development indicators

and three administration indicators. Table 1 lists the indicators and briefly defines them.

Observations

GGA's national ranking of South Africa's municipalities shows that the top three performing municipalities are Swellendam, Hessequa and Bergrivier—all in the Western Cape. In fact, of the top 20 municipalities, 15 are in the Western Cape. Of these, four are run by the ANC, eight by the DA, and a further three by coalitions which all include the DA. The top performer, Swellendam is led by a DA-African Christian Democratic Party coalition and municipalities ranked second to eighth are all DA-led.

The Northern Cape Province has three municipalities in the top 20; these are Emthanjeni and Richtersveld, both held by the ANC, and Hantam, which is run by a DA-COPE coalition. The only other province with municipalities in the top 20 is the Free State, represented by Metsimaholo and Dihlabeng, both held by the ANC.

The top three municipalities performed particularly well with regard to the economic development indicators of unemployment and poverty, with all three municipalities in the top 10 of each of these individual indicators' rankings. The three top municipalities ranked quite well on the service delivery indicator, electricity, with all three featuring in the top 20 in each of the individual indicators' rankings. Interestingly the top three municipalities did not do well on the education indicator: Hessequa stands at 96, while Bergrivier and Swellendam

Table 1: Ranking indicators and descriptions

Indicator		Description
Administration:		
1	Municipal capacity	Drawn from the auditor general's assessment of auditees' key controls at the time of the audit and particularly focuses on the human resources management performance of the local authority
2	Financial soundness	Drawn from the auditor general's opinion on the financial position of the local authority
3	Compliance	Measures how well the annual reporting by a local authority meets the standards set by the National Treasury
Economic development:		
4	Poverty	Indicates the percentage of households with an income below R2,300 per month
5	Individual income	Shows the percentage of the population that receives some form of monthly income, including social grants
6	Work opportunities	Paid work created for an individual on an Extended Public Works Programme project for any period of time, within the employment conditions of code of good practice for special public works programme (1 April 2014 - 31 Mar 2015)
7	Unemployment rate	A person is unemployed only if they have "taken active steps to look for work or to start some form of self-employment in the four weeks prior to the interview"
Service delivery:		
8	Water	The percentage of households in the municipality that do not have access to piped water
9	Sanitation	The percentage of households in the municipality that have no form of sanitation
10	Education	The percentage of the population in the municipality that has a matric qualification
11	Electricity	The percentage of households in the municipality that have access to electricity
12	Informal housing to formal housing	The percentage of informal houses to total dwellings in the municipality
13	Refuse removal	The percentage of households in the municipality that have their refuse collected on a weekly basis
14	Health facilities	The total number of people per clinic and healthcare facilities in the municipality
15	Police coverage	The number of people per police station in the municipality

are at positions 112 and 143 respectively.

South Africa's worst-performing municipality is Mbizana in the Eastern Cape, followed by Ntabankulu, which is in the same province, and Ntambanana in KwaZulu-Natal (KZN). In fact, the

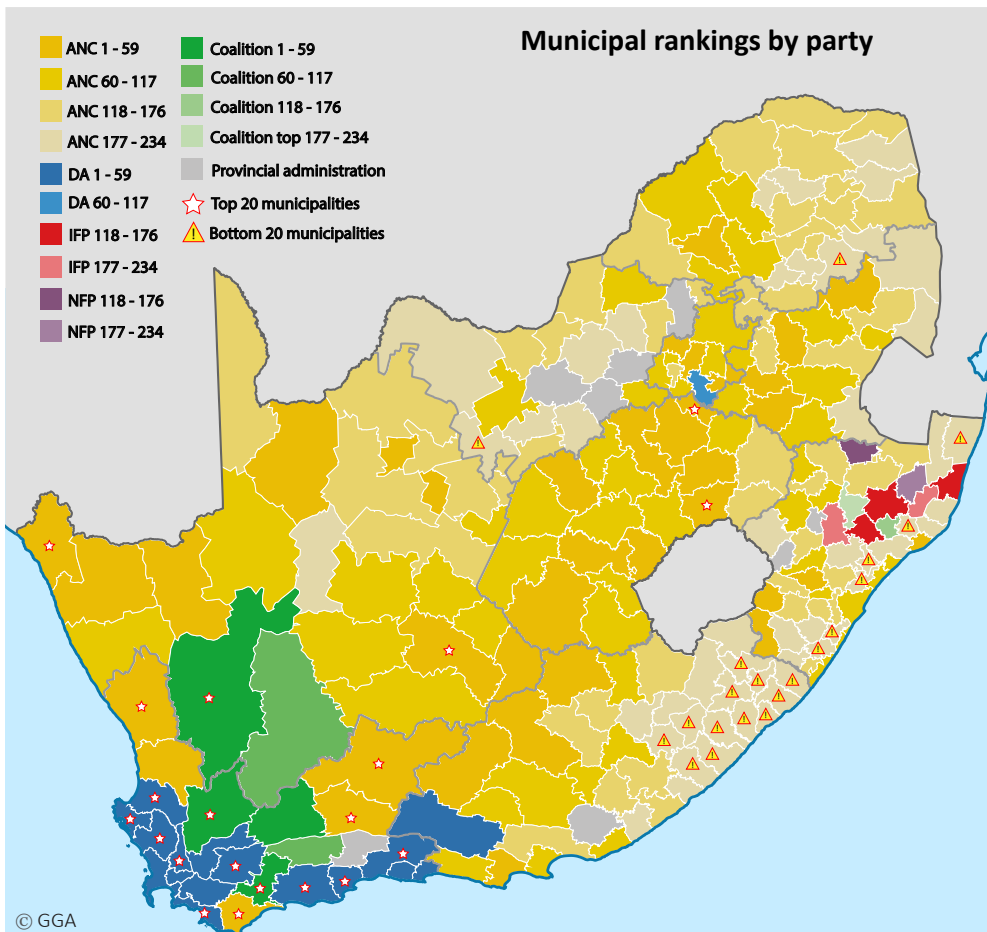
Eastern Cape accounts for 12 out of the 20 worst performing municipalities in the country. A further six of the bottom 20 municipalities are in KZN. Greater Tubatse municipality in Limpopo and Greater Taung in the North West

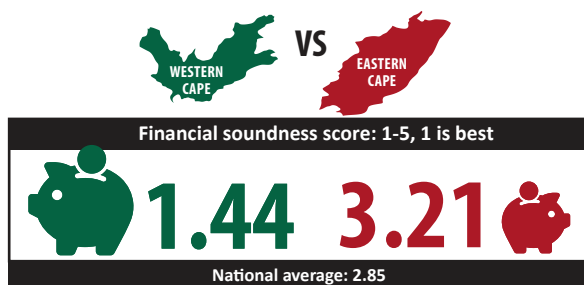
Province complete the bottom 20 list—all 20 are led by the ANC.

The top 20 municipalities performed particularly well as regards two administration indicators, municipal capacity and financial soundness—frequently getting top ratings. There was no discernible pattern with regard to the third, the reporting compliance indicator, with some of the lowly ranked municipalities—among them Big Five False Bay in KZN and Mbashe in Eastern Cape—scoring top ratings for this indicator, while still remaining in the bottom 20 on the overall rankings.

Contrasting the top 20 and the bottom 20 municipalities helps to infer which of the indicators make the largest contribution to performance gaps. Figure 1 summarises eight of the 10 continuous indicators that were used in the rankings, excluding health and policing, which could not be expressed as percentages. The indicators are education, electricity, weekly refuse removal, poverty rates, individual monthly income, water and sanitation.

With regard to electricity, on average 80.3% of households have electricity nationally. This ratio increases to





91.8% for the top 20 but drops quite significantly to 55% for the bottom 20 municipalities. The provision of weekly refuse removal emerged as another important distinguishing indicator, dropping from an average of 79.8% in the top 20 municipalities to only 5.5% of households with this service in the bottom 20 municipalities.

Similarly, the share of households without access to piped water averaged 1.2% for the top 20 municipalities but jumped to 43.1% when the bottom 20 were reviewed. In Mbizana for instance, the lowest ranked municipality, 84.9% of residents have no access to piped water, a marked contrast to Swellendam (the top municipality) where only 1.5%

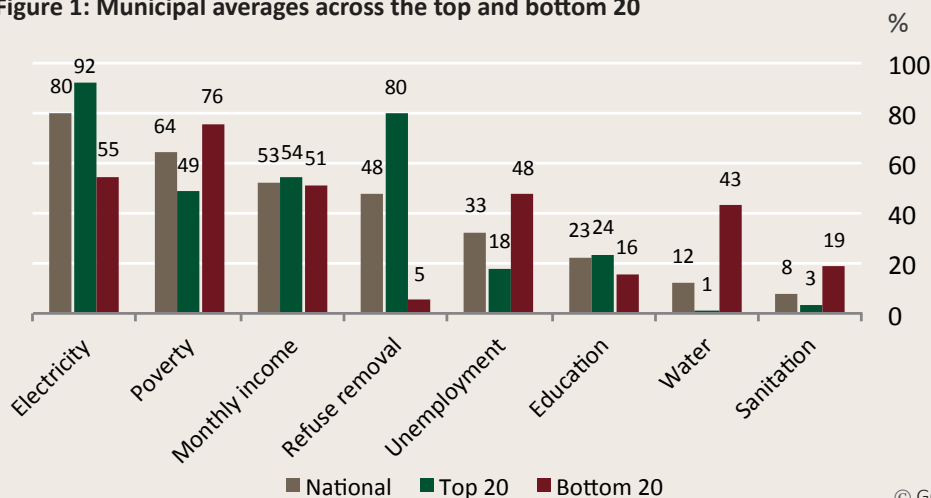
of residents lack this service.

In the best performing municipality, Swellendam, 88.3% of all dwellings consist of formal houses, a massive contrast to the Mbizana, where only 1.1% of dwellings are considered formal. Another service delivery indicator that substantially weighed down bottom-ranking municipalities was sanitation. On average, residents in the bottom 20 municipalities are 5.3 times more likely to have no access to sanitation facilities than residents in the top 20.

The average proportion of people who have obtained a grade 12, or Matric pass in the top 20 municipalities is only slightly higher than the national municipal average (23.8% versus 22.5%), but significantly higher than the 16% average across the bottom 20 municipalities.

Moving on to the indicators on economic opportunity, the proportion of individuals with a monthly income is rather stable across all municipalities. This seeming stability of income in the midst of high unemployment rates

Figure 1: Municipal averages across the top and bottom 20



can perhaps be attributed to the social grants, which are included in the individual monthly income indicator. Unemployment rates, on the other hand, show a sharp contrast (18.2% in the top 20 versus 47.6% in the bottom 20).

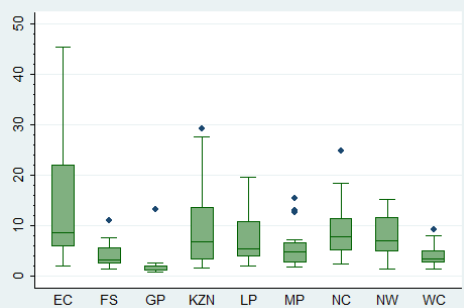
Similarly, poverty levels are much lower in the top 20 performing municipalities. On average, 48.5% of households earn less than R2,300 per month, compared to 76.1% of households in the bottom 20.

Municipalities' administrative capacity was also evaluated. In total, 54 of the 234 municipalities had the highest rating for this indicator, 25 of these in KZN and 17 in the Western Cape. By contrast, 23 of the 39 municipalities in the Eastern Cape achieved the worst possible score. With regard to compliance in annual reporting standards, 41 municipalities were deemed compliant, 11 of them in the Western Cape and 8 in the Eastern Cape. KZN had the largest number of municipalities (18) that did not comply with reporting standards, followed by Limpopo (15), North West and the Northern Cape with 13 municipalities each.

Turning to where the political parties fare best, all of the top-scoring DA-led municipalities are in the Western

Distribution of performance indicators

Percentage of households with no form of sanitation



Dots above and below the box plot indicate municipalities with outlying scores © GGA

Cape. This is not surprising, since 15 of the party's 17 municipalities are in that province, the only two exceptions being Baviaans in the Eastern Cape and Midvaal in Gauteng. The party's top five performing municipalities are Hessequa, followed by Bergrivier, Swartland, Mossel Bay and Langeberg. These perform well in poverty rates, electricity and all the administration indicators: financial soundness, compliance and municipal capacity.

Midvaal in Gauteng is the lowest-ranking DA municipality, though it occupies the 67th position nationally. Its performance was negatively impacted by the population not receiving an income (206th) and by health facilities (201th). The party's second-worst performing municipality is Theewaterskloof followed by Knysna,



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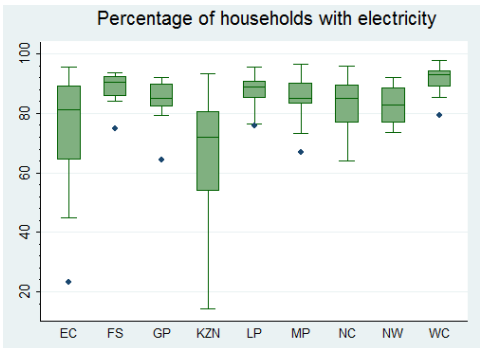
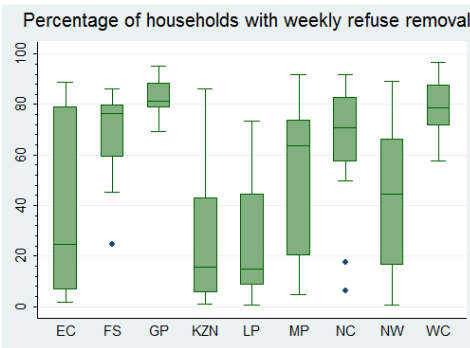
both pulled down by the health and police coverage indicators. The DA municipalities generally performed well across all three performance clusters.

As regards service delivery, the

electricity.

In the discussion that follows, we will make repeated references to Table 2 to give an overview of further observations from the rankings. By

Distribution of performance indicators



Dots below the box plot indicate municipalities with outlying scores

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DA's highlights include refuse removal, water, sanitation and provision of electricity. In administration, its highlights are municipal capacity and financial soundness. In economic development, the DA did well as regards the poverty and unemployment indicators.

Table 2 summarises all 15 indicators. It reports the national averages and averages for each indicator by political party and by province. In seven of these indicators the Western Cape has superior averages which relate to the DA averages in the same table. The ANC's average for the health facilities indicator is the only one that outperformed the DA's. Other political parties and coalitions in KZN, Northern Cape and Western Cape—which are in charge of a total of 16 municipalities—have relatively weak averages for the service delivery indicators, especially refuse removal, sanitation, water and

default, we have already discussed the Western Cape because it has most of the top municipalities. Moving away from the Western Cape, most municipalities are ANC-led such that the discussion from this stage implicitly reports on the ANC-led municipalities.

We mentioned earlier that most of the worst performing municipalities are in the Eastern Cape. The province is significantly weighed down by high poverty rates, unemployment and poor scores on the education indicator. With regard to the poverty indicator for instance, the worst performing eight municipalities nationally on poverty rates are in the Eastern Cape. With regard to education Kouga, the best ranked provincial municipality on that indicator, lies in position 88 nationally, clearly showing the poor performance of the province on education.

It is also important to report that even though Eastern

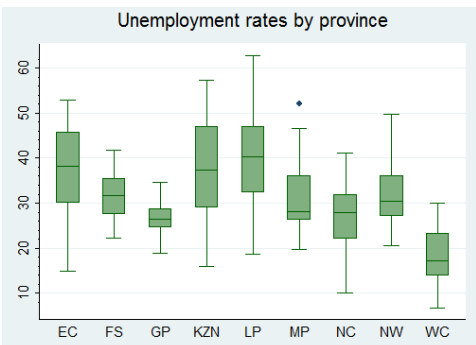
Table 2: Average municipal indicators by party and province

Variable	Political parties				Provinces								National average
	ANC	DA	Other*	EC	FS	GP	KZN	LP	MP	NC	NW	WC	
Municipal capacity	2.29	1.12	1.94	2.49	2.55	2	1.67	2.4	2.28	2.52	2.74	1.44	2.18
Financial soundness	3.01	1.24	2.63	3.21	3.55	2.2	2	3.16	3.22	3.81	3.58	1.6	2.85
Compliance	3.05	2.24	2.63	2.79	2.75	2.2	3.16	3.44	3.11	3.07	3.42	2.28	2.97
Poverty	65.36	48.93	63.74	71.24	65.64	50.98	68.97	69.82	61.07	57.49	66.13	48.67	64.05
Monthly income	52.82	50.12	55.08	53.8	56.03	48.64	51.97	52.4	51.18	54.83	52.27	51.58	52.78
Work opportunities	4.42	4.71	4.81	4.44	4.6	3.3	4.61	4.24	4.06	4.96	4.21	4.8	4.47
Unemployment	33.65	19.08	32.48	37.24	31.79	26.58	37.85	38.78	31.69	26.79	32.65	17.55	32.51
Water	12.47	1.38	21.64	20.34	2.23	1.84	24.88	12.93	10.11	2.84	7.19	1.27	12.29
Sanitation	8.14	3.42	11.25	13.77	3.95	2.61	9.54	6.71	5.59	8.54	7.83	3.95	8.01
Education	22.33	26.03	21.36	16.06	23.19	31.42	24.83	21.58	28.07	20.36	21.68	23.83	22.53
Electricity	80.47	92.03	65.37	76.09	89.01	84.05	66.09	87.3	84.89	83.66	82.5	91.62	80.28
Housing	1.92	1.82	1.25	2.05	1.15	2.9	2.02	1.56	2.17	1.44	2.47	1.56	1.87
Refuse	45.8	83.72	33.11	39.72	68.77	82.23	24.65	25.94	51.83	66.94	41.57	79.03	47.68
Health facilities	2.16	2.18	1.94	1.69	1.5	3.7	2.78	2.4	2.44	1.52	2.05	1.76	2.15
Police coverage	3.7	3.47	3.69	3.54	3	4.8	4.22	4.32	4	2.3	3.95	3.32	3.68

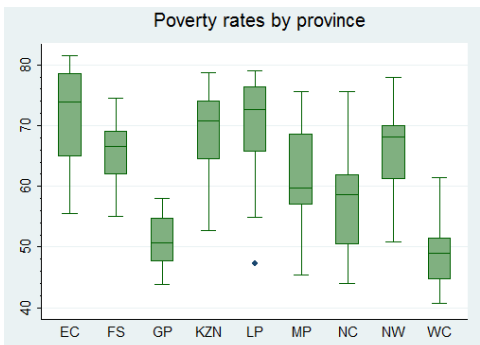
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*Includes IFP, NFP, and coalitions which include COPE, ACDP, ICOSA and INDEPENDENTS

Distribution of performance indicators



Dots above and below the box plot indicate municipalities with outlying scores



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Cape municipalities generally underperformed, we noticed strengths in some of the municipalities. This is indeed the case with Elundini, Senqu and Nyandeni which all had the top scores in the administration indicators of municipal capacity and compliance.

We also observed that areas of strength for a number of the municipalities in KZN were similar to those in Eastern Cape. As reported earlier, 25 of the 51 municipalities in the province had top scores in municipal capacity and nine had top scores on financial soundness.

It would seem that the ANC-led municipalities tend to perform well in administration indicators but underperform on both the service delivery indicators and on economic

development indicators. On electricity for instance, eight of the KZN municipalities are among the worst performing 10 municipalities in the country.

While the underperformance of the ANC-led municipalities on service delivery and economic development indicators may seem to be the plausibly emerging pattern, we noted some exceptions. One such exception is on education, where the results show a rather strong performance in Mpumalanga. This is demonstrated by two of its municipalities, Mbombela and Steve Tshwete, which both feature in the top 10 national municipalities for that indicator. Steve Tshwete also scored well on poverty rates and is ranked tenth nationally. The municipality also



had the top score in financial soundness.

Limpopo and the Free State municipalities performed well on the housing indicator. Of the 25 municipalities in Limpopo, 16 had the top scores on the housing indicator while only three of the 20 municipalities in the Free State did not get the top score. In the North West, the City of Matlosana is the top municipality with its best scores being sanitation and refuse removal.

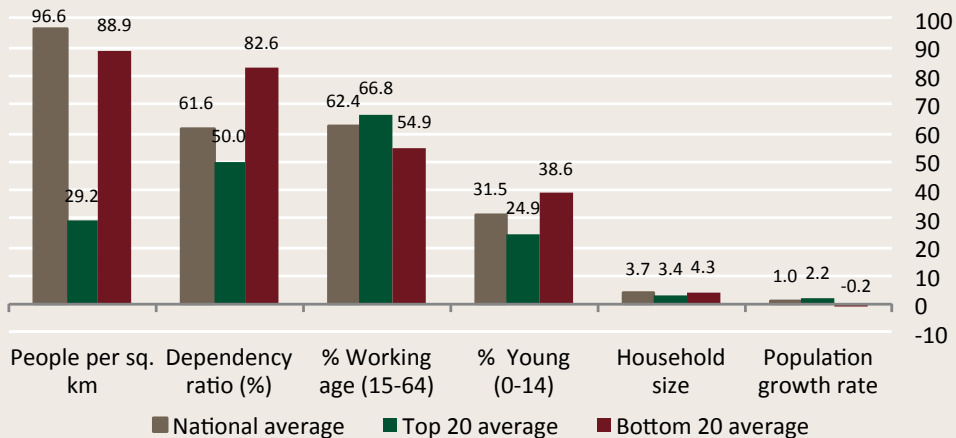
Another North West municipality

more than the economic development indicators.

The Gauteng municipalities, where all but one (Midvaal) are ANC-led, performed well on education and sanitation. Westonaria, the worst performer in Gauteng is significantly weighed down by electricity, individual income and all the administration indicators. As a whole, the province has the worst average on police coverage and health facilities per person.

There have been previous efforts

Figure 2: Demographics of the top and bottom 20 municipalities



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that performed well on sanitation is Tlokwe. Tlokwe was in fact ranked ninth nationally on the sanitation indicator. However, North West has the worst average score on financial soundness.

It was quite difficult to discern a pattern in the performance of municipalities in Northern Cape, except perhaps to reiterate that the province had three spots in the top 20 national rankings. What perhaps weighed down other municipalities were service delivery and administration indicators

to evaluate the performance of all municipalities in South Africa. The 80/20 Report on Local Government compiled by the Institute of Race Relations (IRR) selected 10 of its original 80 indicators to give each of the country's municipalities a "service delivery" score out of 10. We noted, however, that their score also included poverty and unemployment. We then ranked their scores and compared them with ours.

Interestingly, Swellendam obtained

their top rank, as it did on our overall rankings (although it only ranked 13th on our service delivery scorecard). Whereas the IRR score has two indicators each for sanitation and water, ours had one indicator each for sanitation and water, but also included health and policing indicators. When we included poverty and unemployment indicators, which in our ranking fall under economic development, Swellendam also tops the list. This confirms the benefit of teasing out performance-related analysis.

In addition to the above, it is important to note that other important factors must be considered when assessing municipalities' performance. One of these is the demographic spread between and within municipalities.

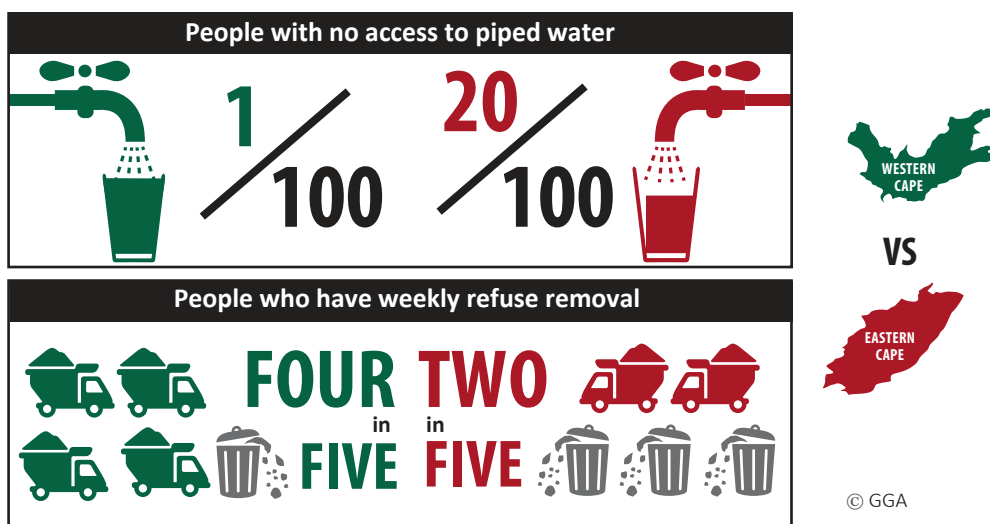
Figure 2 suggests that the higher the population density the higher the likelihood that a municipality will be ranked poorly with regard to these indicators. There are on average 29.2 people per square kilometre in the top 20 municipalities while there are 88.9 people on average in the bottom 20.

Municipalities with higher age dependency ratios are more likely to perform poorly. The age dependency ratio is the number of people aged below 15 years and those above 64 for every 100 people in the working-age population. Figure 2 shows that municipalities in the top 20 have an average dependency ratio of 50, much lower than the average of 83 for the bottom 20 municipalities.

In other words, better-performing municipalities tend to have larger working-age populations relative to their populations above and below working age. In addition, low-ranking municipalities are more likely to have a larger population under the age of 14 and a larger household size than their better-scoring peers.

Trends in population growth are also telling. On average, the bottom 20 municipalities experience a population decrease (as can be seen by an average negative growth rate of -0.2%), possibly as a result of people searching for better living conditions elsewhere.

As a final caveat, we cannot ignore



the historicity involved in the current state of affairs. It appears to be no coincidence that the lowest ranked municipalities in our rankings are also located primarily in a former bantustan or homeland, namely the Transkei and specifically in the area known as Pondoland, which became a British protectorate and which was annexed to the Cape Colony in 1894 (see GGA map on p.109).

Former homeland governments were infamous both for their intentional under-development and endemic corruption. In terms of liberation history, however, it remains somewhat ironic that Mbizana, the lowest ranking municipality, is the birthplace of both Oliver Tambo and Winnie Madikizela-Mandela.

Taken as a whole, our GGA rankings communicate the urgency with which resources need be invested in service delivery in the lower ranked municipalities as is confirmed by our nationally representative governance survey report. Perhaps equally important would be to ensure that social and economic development are fast-tracked, particularly in impoverished and under-developed areas.

Finally, municipal administrators should be constantly assessed and benchmarked against their peers—an initiative that would promote improved accountability and governance.

To reflect the current situation clearly, GGA has created three accessible heat maps. 