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# In the public eye

## *Six stops Gordhan must make on the road to better service delivery*

**One year into his position as Cooperative Governance Minister, Pravin Gordhan seems to have settled in and now has a very clear insight into what the most pressing issues are that need to be tackled in our local government . Over the past year the Minister has touched on issues of poor service delivery, improper financial management, lack of skills, underspending and corruption within municipalities.**

With one in three municipalities regarded as “dysfunctional”, Gordhan and his team have a tough task on their hands to repair this fundamental link in the service delivery chain of government. Some of these challenges have been there for decades and we need to give Gordhan the time and support he needs in order to make a difference in the long term.

While it might not be solely in his hands, Gordhan needs to remain in the department for an extended period of time, to not only ensure that targets are met, but that there is continuity in the programmes that are currently being implemented. Here are the six steps that Gordhan must take to steer his ship in the right direction.



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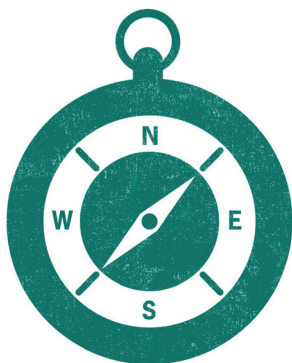
# Six stops for better service delivery

## STOP 1

### Hire the Right People

Gordhan's Back-to-Basics Programme has focused his department on the challenges that need to be addressed. When he joined the department, one of the imperatives for improving municipalities was the need to employ the right people with the right qualifications to manage service delivery.

By prioritising the human resource aspect, Gordhan should focus more on the skills capacity challenges that have debilitated municipalities for years. The biggest failure the public sector has experienced in general has revolved around the lack of suitably qualified employees in key positions and or unfilled vacancies. Employing a skilled and competent work force, especially at senior level, will be the foundation for what Gordhan has termed "the professionalisation of local government".



## STOP 2

### Become MBMs (Masters in Business Management)

Gordhan's success will hinge on his ability to get municipalities to operate as a business, thereby improving systems, processes and efficiencies, eliminating waste and ensuring sustainability.

Eskom's acting CEO Brian Molefe recently announced that it was impossible to provide electricity without getting payment in return, a statement that signals that Gordhan's message of professionalism is filtering through the public sector. It indicates that leaders are starting to take seriously the issue of sustainable service delivery.

Municipalities that are run as a professional business will have systems and processes internally to manage revenue correctly and eliminate waste. Every year the Auditor General reports on billions of rands of fruitless and wasteful expenditure incurred by municipalities. In a professional environment this would not be experienced as the emphasis is on gaining value for every rand spent.

For many years little has been done to professionalise the public sector, which has had a direct bearing on municipalities' general ability to service debt and their respective communities.

"One of the imperatives for improving municipalities is the need to employ the right people with the right qualifications to manage service delivery."

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### **STOP 3** **Curb the Constant Changes**

At local government level continuity is a challenge. After five years a new council is elected and new priorities and policies are created. This situation creates a state of constant building and rebuilding; planning and re-planning; structuring and restructuring. At either national or political level this constant change needs to be addressed – perhaps a true separation of the administrative function from the political structure would assist in addressing the issue.

In terms of management of a municipality there needs to be a way of creating long term administrative structures. If the incumbent is performing they need to be kept in their positions, especially at the most senior levels such as Municipal Managers and Chief Financial Officers. The people aspect is a key element of the service delivery vehicle and Gordhan must ensure that once the right people are in place they remain there to ensure that the improvements are maintained.

### **STOP 4** **Hit Top Gear**

Setting the right tone at the top will be a priority for Gordhan. He will therefore have to take stock of the governance structures in municipalities and all oversight mechanisms to ensure functionality, efficiency and professionalism. It is critical that oversight structures, such as Municipal Public Accounts Committees (MPACS) as well as audit and risk committees, be professionalised.

The internal audit function, if functioning properly, is an immense resource to municipalities. The internal audit function supports the audit committee and does the ground work. Many municipalities do not have a properly capacitated internal audit unit that is independent and well capacitated and therefore they lose the “independent eye” on their operations.

### **STOP 5** **Mind the Finances**

Poor financial management is the root cause of dysfunctional municipalities and is undoubtedly one of Gordhan’s top priorities. The Municipal Finance Management Act sets very clear guidelines for managing municipal finances. In addition, National Treasury offers guidance in such areas as supply chain management, asset management, budgeting and expenditure management. Once again, if the skills are lacking in the following of these financial management guidelines there will be little hope of success.

Financial management is the lifeblood of any organisation as it ensures effective revenue and expenditure management to achieve service delivery priorities. If municipalities can’t manage the two then consequences have a direct bearing on service delivery because either the entity would not have enough money coming in or it would be spending unnecessarily and without getting any value for money.

With more than R94-billion in outstanding payments, municipalities are not collecting what is owed to them yet they are expected to offer services and pay suppliers such as Eskom. Although the failure to collect is attributable to a number of factors, including broader economic challenges facing the country, poor debt control systems within municipalities are largely to blame.

### **STOP 6** **Synergise**

Transformation of the local government requires coordination and collaboration from various stakeholders that provide support to the local government. Institutions such as the SA Local Government Association (SALGA) drive programmes and interventions to support municipalities independently but a lack of coordination is clearly evident.

Gordhan must ensure that the various interventions and programmes are not duplicated or overlap and that there is one central reporting line. There is no debate over whether the interventions are needed but rather that having several parallel programmes may not be effective and in some cases may even add to administrative challenges of municipalities.

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