



South Africa considers scrapping its provinces

Performance is an issue as the nine provinces struggle to carry out their mandate.

BY **DONWALD PRESSLY**

The future of South Africa's provinces has never been secure even though the constitution of 1996 states that the provinces are one of three specified "spheres of government" along with the national and local governments.

Indeed, in mid-2006 the governing African National Congress (ANC) leaked to the press that it was considering abolishing the provinces entirely, which took many citizens by surprise. The ANC's rationale was to streamline the delivery of government services.

The ANC has political control of the provinces wrapped up and enjoys majorities – albeit slender ones in KwaZulu-Natal and the Western Cape – in all nine provincial legislatures. Its majorities in Gauteng, North West, Northern Cape, Limpopo, Mpumalanga, Free State and Eastern Cape, mirror its huge majority in the national parliament.

Why, then, does the central government not support the provincial system and why do the provincial governments appear to be so troubled and struggle to carry out their mandates? One answer is a lack of efficiency at the provincial level. The Eastern Cape, the ANC's traditional home province, also power base and home to former President Nelson Mandela and current President Thabo Mbeki, lurches from one administrative crisis to the next. In October 2006, *The Mail & Guardian online* reported that the Eastern Cape administration couldn't account for 30.2 billion rand (about \$4.2 billion U.S.) out of 34.1 billion rand (about \$4.7 billion U.S.) of its spending in the 2005/06 fiscal year. It quoted the Public Service Accountability Monitor as expressing concern that the cumulative figure disclaimed had almost doubled from the previous financial year, when the Auditor-General disclaimed a total of 16.8



Photo: REUTERS/SIPHWE SIBEKO
President Thabo Mbeki of South Africa celebrates the 95th anniversary of the ANC with former Deputy President Jacob Zuma on January 13, 2007.

billion rand (2.3 billion U.S.) or 54 per cent of the provincial budget. (Audit disclaimers are issued when the Auditor-General is unable to confirm that designated funds are used for their authorized purpose.) The 2005-06 report added social development to health, education and housing as departments with heavily qualified audit reports.

Lack of capacity

Most of the problems encountered in the management of provincial finances appear not to be linked to corruption. Instead, annual financial reports reflect significant underspending, suggesting a lack of administrative capacity rather than dishonesty. And figures released in November 2006 by the National Treasury indicate that provincial governments were improving their spending. But in spending on education, which takes over 40 per cent of provincial budgets, the provinces were not doing well. Six months into the financial year, the provincial education departments' percentage of funds spent was only 31.7 per cent.

Problems of provincial governance relate largely to a lack of skills. In part this is a result of "old order" public servants – appointed during the *apartheid* era – gradually leaving.

Donwald Pressly is political correspondent for I-Net Bridge, a South African financial wire service. He also corresponds for News24 online and *The Mail & Guardian*.



Ebrahim Rasool, Premier of Western Cape Province, shares a word with Trevor Manuel, South Africa's Minister of Finance.

Some are effectively forced out as government responds to the need to construct a civil service that reflects the demography of the country while others leave through natural attrition. This has inevitably meant that institutional knowledge is lost. Yet the civil service was never strong. The task of ensuring a uniform standard of services to the entire population of South Africa demands more skills than the *apartheid* government ever had – and more than the new government is able to attract. This problem is even more acute in the provinces than at the national level.

In response to concerns about poor delivery, provincial governments have already been reduced in fiscal importance by having been stripped of the authority to deliver social welfare grants – a task taken over by the South African Social Security Agency. The Agency was set up in April 2005 to streamline delivery of grants and cut down on corruption in the system. The South African government has been losing some 1.5 billion rand a year (about \$205 million U.S.) to fraud committed through social grants. The national Department of Social Development argued that pooling buying power for the payment of grants could result in a saving of 500 million rand per year (about \$70 million U.S.), and that cutting down on fraud could save a similar amount. The agency took over the payment of grants in Gauteng, Northern Cape, and Western Cape in April 2006. By March 2007, it will have taken over all grant payments of some 55 billion rand a year (about \$8 billion U.S.) for more than 10 million impoverished South Africans – mainly in child support grants and old-age pensions.

A politically-charged issue

It is too early to judge whether this shift of responsibility will bring the improvements its advocates claimed. Sceptics point out that the grants will continue to be paid out from the same offices by the same officials. The only real change is that the officials now answer to distant Pretoria and not to their provincial capitals. Others suggest that the change is good for provincial governments. Paying social grants at values set by the national government turned provincial administrations into payment offices. They had no discretion in implementing the grants system. This burdened provincial governments with no palpable benefits. Thus, placing the responsibility at the centre was appropriate.

In truth, concern about inadequate delivery is only one of the reasons for the national government's thinking about changing the provincial system. The issue of the existence of the provinces is highly charged politically and many ANC politicians resent the fact that provinces were imposed on the country as part of the compromise that led to the *apartheid* government relinquishing power in 1994. Recently,

both the ANC's key alliance partners, the Congress of South African Trade Unions (Cosatu) and the South African Communist Party, have reiterated their disquiet about the very existence of provinces. For instance, Cosatu General Secretary Zwelinzima Vavi wants a unitary state and the outright scrapping of provinces. The question of whether the provinces should be retained had been a recurring theme in political discussions, but until very recently the ANC has downplayed concerns about abolishing provinces. That a reconsideration of the system was a serious possibility first became clear in December 2005 when the national Minister of Provincial and Local Government said a potential cut in the number of provinces was on the table and that an appropriate time for that to happen might be before the 2009 national election.

Provincial legislatures may change or disappear

An ANC document, "Towards a Discussion on the Division of Powers and Functions between the Three Spheres of Government," suggested several other scenarios ranging from the abolishing of the provincial legislatures and retaining appointed or elected executive bodies to the extreme of complete abolition of the provincial administration. Effectively, this would mean that central government – and to some degree local government – would take over existing provincial functions.

A visiting political science professor at Rhodes University, Stephen Friedman, has argued that South Africa is too big a country to be run from the national capital. Even if provinces were to be eliminated, he argues, regional administrations, together with their officials, would likely remain in some form. The change would occur in the reporting and accountability structure, and the likelihood is that reporting would be made to a national minister. A number of national functions such as justice are currently run on exactly the model that Friedman describes. Their poor performance does not support arguments that centralisation will improve delivery. And, adds Friedman, centering powers at the national level, for example anti-poverty programmes, will simply mean that they are carried out from a greater distance.

It is difficult to establish what the thinking of the national government is on the issue. In November 2006, the national Minister of Provincial and Local Government said once again that he was putting the possibility of changing the shape of the provinces firmly on the table, indicating that some provinces could be scrapped. There has been discussion about reducing the number of provinces. President Thabo Mbeki has not dispelled concerns about the loss of provinces. Indeed, he has added to the uncertainty by saying that some functions of provincial government may well be better carried out by municipalities.

New ANC leader crucial to provinces' fate

At the moment, all political debate in South Africa takes place in the shadow of the question of who the next leader of the ANC and national president will be. Mbeki completes his second term as national president in 2009 and, under the Constitution, may not be re-elected. Suggestions that

Continued on page 8

Continued from page 4

South Africa considers scrapping its provinces

the ANC will use its 70 per cent majority in Parliament to amend the Constitution and enable Mbeki to run for a third term as president of South Africa remain pure conjecture. But who the next leader of the ANC will be is a separate question. The future of the provinces in South African politics may depend more on who the next president of the ANC is than on who the next president of South Africa is. Mbeki could run for a third term as ANC party president in the party elections scheduled for December 2007. He was elected unopposed as party president at the ANC's 1997 national conference and re-elected unopposed five years later. Thus far, he has not faced a challenger for president of the ANC, and he has hinted that he could stand for a third term. But, although the important Eastern Cape provincial ANC has passed a resolution supporting Mbeki's third term as party president, his most likely opponent, Jacob Zuma, has significant public support.

Part of Mbeki's legacy has been the centralization of the political system. For instance, under his leadership, the ANC has given him the power to identify potential provincial premiers. Consequently, although premiers are formally elected by their provincial legislatures, in practice they are not accountable to their provincial constituencies but to the national ruling party elite. A new leader may be less concerned about changing the provincial system but, if President Mbeki retains power after the December 2007 elections for the ruling party leadership, the centralization process that he appears to favour is likely to continue.

Thus, the battle over the future of South Africa's provinces is by no means done. Even if President Mbeki retains power he will face opposition to attempts to make significant modifications to the provincial system. First, practical questions will be asked about the ability of the national government to perform the functions that are currently the responsibility of provinces. The performance of the new South African Social Security Agency may well be critical in this debate. Second, changes to the provincial system, whether by merging provinces or abolishing provincial legislatures and changing provincial functions, will encroach on many vested interests – of both provincial politicians and bureaucrats. Third, just as provincial functions are cut and proposals are made for reducing the number of provinces or changing their functions, at least two provinces are planning to expand their fiscal grasp. Gauteng and the Western Cape – the two provinces that are performing well – are taking the initiative of extending their revenue base. Currently, less than four per cent of the revenue of provinces is “provincial own revenue” – that is, revenue raised by the province. The remainder comes from constitutionally mandated national transfers. Now the Western Cape intends to exercise its constitutional right to impose taxes for the first time by introducing a fuel levy and Gauteng is considering a surcharge on personal income tax.

Clearly, evidence that certain provinces do have some autonomy may make politicians in other provinces less willing to give up power without a modicum of resistance. ☺

Continued from page 6

Pakistan's provinces uneasy as election looms

the apparently disintegrating rump of a state, but successive military interventions, culminating in the Musharraf regime, have severely strained that national consensus on power sharing. The country's stability now depends, as it did then, on Islamabad's willingness to finally devolve meaningful power to the constituent units. ☺

Pakistan's six main ethnic groups:

- Balochs: 7 million, a majority in the south and the east of Balochistan province. Language: Baluchi
- Punjabis: 76 million, most of whom live in the multi-ethnic province of Punjab, which has more than half of Pakistan's population. Language: Punjabi
- Pashtun: 25 million, a majority in the North West Frontier Province, the Federally Administrative Tribal Areas, and in the north of the province of Balochistan, and in areas across the border in Afghanistan. Language: Pushto
- Seraiki: 19 million, most live in Punjab. Language: Saraiki
- Sindhi: 24 million, most of whom live in the province of Sindh. Language: Sindhi
- Muhajir: 14 million, most of whom live in the province of Punjab. Muhajir are the Urdu-speaking people who came as refugees from India after partition in 1947. Language: Urdu

Pakistan's population was estimated at 169 million in 2006.

Continued from page 7

Book Review

In comparison to Burgess, Hueglin and Fenna's book is not really about federalism *per se*; rather, it examines the conceptual distinctions among federal countries and considers federalism as a process. Hueglin and Fenna concentrate primarily on the concepts that underlie this process and demonstrate how they play out in critical case studies. To this end, practitioners may find Hueglin and Fenna more immediately useful than the Burgess offering.

Identical titles notwithstanding, these are very different books that stake out their own analytic ground and will appeal to different audiences. ☺