

# Municipal replacement funding

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Mention the words 'unfunded mandate' to anyone involved in public library management and you are sure to get a reaction indicating a sudden attack of heartburn. For the past sixteen years the unfunded mandate has been a bone of contention and a stumbling block, creating uncertainty and impeding the growth of public library services countrywide.

## What is the unfunded mandate?

To explain that, we have to go back to the 1950s, when the practical and legal cooperation between the then Cape Province and the municipalities regarding public libraries was established. It was a relationship that worked well for decades. The Provincial Library Service was then responsible for the provision of new books and other library material, as well as a number of support services. Municipalities were responsible for the establishing, staffing and running of public libraries.

All of this changed with the Constitution of South Africa (Act no 108 of 1996), which stipulates that libraries, other than national libraries, are the exclusive legislative competence of the provinces. In other words, municipalities were written out of the script.

That changed everything, but then, nothing really changed. Provinces did not have the funds to go with their new constitutional responsibility. Municipalities continued with the funding and managing of public libraries, some of them under protest. It was therefore, practically speaking, still a case of business as usual. Municipalities still carried the library mandate, but because it was no longer their constitutional responsibility, it became known as an unfunded mandate.

Not everything stayed the same, though. Because of the unfunded mandate, many municipalities adopted a 'survival budget' approach. The quality of library services rendered in the province consequently suffered. With library budgets being cut, or at least not expanding

to keep up with growing needs and demands, huge service backlogs developed over the years.

The Conditional Grant paid to municipalities since 2007 provides some relief, but is not nearly enough to effectively fill the growing gap between the needs and the actual spending on libraries. The Western Cape, like the other provinces, has been grappling with this problem ever since. Numerous investigations and proposals came and went over the years, but time and again the plans were shipwrecked due to financial implications. In short, although the Constitution made libraries a provincial responsibility, no funds followed the function.

At last, after fifteen years, things really did start changing. The breakthrough came in January 2011 when Provincial Treasury announced a 'start-up' Municipal Replacement Fund, the first ever Western Cape funding to municipalities that would directly address the unfunded mandate. This came after much behind-the-scenes activity during 2010, resulting in a new multi-year, phased-in funding proposal, including a detailed, budgeted plan of action. This proposal was developed by a departmental task team, working in close cooperation with Provincial Treasury.

Several options were considered in the strategic problemsolving process:

- The option of the Western Cape Library Service assuming full responsibility by taking over the municipal function of staffing and running all the public libraries in the Western Cape was considered and rejected. The management and administration of such an extensive service would put an enormous strain on the existing Library Service. The cost of enlarging the service to the capacity where it would be able to cope with the total management and administration of the library function on local level would be considerable.
- With provincialisation those aspects of the library function which are best performed at municipal level will be taken away and handed over to the Library Service where there is no current capacity to perform those functions.

- Legislative assignment of the library function to municipalities were considered and rejected as impractical and unconstitutional.
- Delegation agreements with municipalities, in which Province would have to carry the responsibility for the detailed management of the function in all libraries, with municipalities only responsible for the administration of the function, were also not really considered, as it would involve most of the negative aspects of provincialisation.
- The preferred option is the executive assignment of the library function to municipalities. This option would keep the responsibility for those aspects of the library function at the level of government where it is currently best performed and it would cause the least disruption of service delivery during the transition.

This option allows Province to focus on its core functions as well as allowing the retention of municipal expertise in operating libraries. Municipalities would still be responsible for the day-to-day running of the public libraries, including local planning, policies, budgeting and financial management, daily operations, maintenance, et cetera.

Executive assignment would in many respects formalise the status quo, which has proven itself over more than half a century as a practical and effective system of co-operation between province and municipalities. It would simply formalise and provide funding and certainty to municipalities regarding the current arrangements. Although the Municipal Replacement Funding is based on the principles of executive assignment, the initial phase is done in terms of annual memorandums of agreement with the municipalities.

The initial Municipal Replacement Funding (MRF) from Provincial Treasury was, as mentioned earlier, to be considered a 'start-up' fund, as it only covered about 7% of the total municipal own spending on libraries in the Western Cape. It was decided to initially focus on the fifteen B3-category municipalities, the smallest, rural, most vulnerable municipalities in the province, with the possibility of expanding the funding to the other municipalities in future when sufficient funds become available.

#### Category B3-municipalities

Beaufort West	Langeberg
Berg River	Matzikama
Bitou	Prince Albert
Cape Agulhas	Swartland
Cederberg	Swellendam
Hessequa	Theewaterskloof
Kannaland	Witzenberg
Laingsburg	

The first transfer of R31,268 million was made to these fifteen municipalities in January 2012. That amount covered most of the library personnel costs, as well as part of the operational costs for the 2011/12 financial year. The total amount of MRF transfers for 2012/13 will be R43,403 million, covering 97% of the previously unfunded mandate costs of the B3-municipalities for this financial year.

A MRF Unit was established in the Library Service, with the responsibility to ensure that fair and timeous allocations and payments

are made to these municipalities, memorandums of agreement and business plans are drawn up and signed, and monthly reports are submitted. They have implementation, monitoring and capacity building responsibilities.

Although this is a very positive start, enormous changes are still needed. It remains a challenge to ensure sufficient funding to eventually cover the full unfunded mandate for all 25 municipalities providing library services in the Western Cape. Apart from the current funding provided by Provincial Treasury, a multi-provincial proposal was recently made to National Treasury regarding the unfunded mandate. Resulting from that, an inter-provincial task team was established to work with National Treasury towards a practical solution.

## DRINK NOW, READ LATER!

### A short history of library services in the Western Cape

Public library services in what is now the Western Cape, commenced in 1818 when Lord Charles Somerset, the Governor of the Cape Colony, issued a proclamation providing for a special tax on wine in order to establish a public library in Cape Town, the predecessor of the South African Library.

Many subscription libraries were later established by civil society in bigger centres in South Africa. During the first half of the 20th century subscription libraries flourished, with benefactors ranging from the Rand Lords and especially the Carnegie Corporation from the United States of America, as well as ordinary inhabitants of the towns providing funding for the establishment and building of libraries. These buildings were constructed on land made available by municipalities. To this day, many public libraries in rural towns in South Africa are still housed in these original subscription library facilities, with extensions having been made to accommodate the growing needs of a public library.

Since 1945, shortly after the end of World War II, when a free public library service was established by the Provincial Administration of the Cape of Good Hope, several draft library ordinances were promulgated and circulated, but it was only in 1955 that the Provincial Library Service effectively started operating. That came about with a new Library Ordinance, No 4 of 1955, which made the provision of a public library service a shared responsibility between the Provincial Administration and municipalities. Subscription libraries were also required to be affiliated with the Provincial Library Service to ensure that they meet the norms and standards and had access to the provincial library service.

Since 1972, the Provincial Administration provided subsidies to municipalities for the provision of standardised library infrastructure, specifically to address the needs of previously marginalised communities. Municipalities provided the land for the construction of these facilities. In some cases where new municipal complexes were planned, library facilities were incorporated in the plans and subsidised.