

GREEN PAPER
o n
LOCAL GOVERNMENT

Issued by the Ministry for Provincial Affairs
and Constitutional Development

OCTOBER 1997

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FOREWORD
BY MINISTER MOOSA
FOR THE GREEN PAPER ON
LOCAL GOVERNMENT

Local government in South Africa is undergoing a process of fundamental transformation. It is a process which effects us all, and will impact on the places we live, the services we have access to, the economies we are part of, and the social communities which give us identity and security, and define who we are as local communities and as a nation. This Green Paper on local government is presented to you for your comments and recommendations. We invite you to consider the policy options set out and also urge you to enter into the spirit in which this Green Paper has been drafted. This Green Paper is an important step in a process of ensuring that the views and opinions of all South Africans shape the final local government policy that will be contained in the White Paper on local government.

The Local Government White Paper process will lay the basis for the establishment of a comprehensive national policy framework in terms of which the existing local government system will be transformed.

Local government will, until 1999, remain subject to the precepts of the transition process as negotiated during 1993 in the Local Government Negotiating Forum, and as regulated by the Local Government Transition Act; 209 of 1993. This transition process had as its major objective the de-racialisation and democratisation of existing local government structures, and the establishment of democratically elected structures in those parts of South Africa not previously governed by local government.

The 1996 Constitution however envisages a complete transformation of the local government system. It not only incorporates the local sphere of government as an integrated component of the democratic state, it also prescribes and envisages a new, expanded and developmental role for the local sphere as a whole and for each of the municipalities that currently constitute the sphere.

Whereas the objects of democratisation and de-racialisation have been successfully achieved with the finalisation of the local elections held between November 1995 and June 1996, and whereas the overall system of local government and its functioning has to a large extent been stabilised after the transition, the transition to fully democratic, accountable, efficient, and effective developmental local government is far from being completed.

The next local elections, to be held in 1999, will usher in the final phase and signal the end of the transition process. The White Paper will therefore not only establish what local government will look like after 1999, but it will also indicate what systems, institutions and practices require to be put in place in preparation for the final phase.

The successful development of this new system for local government needs to be a combined effort which reflects the inputs of the public and all interested and affected parties. All South Africans

have a role to play in the national efforts to achieve democratic, accountable, efficient, and effective developmental local government. I call on every South African — through all spheres of government, business, industry, trade unions, community organisations and NGOS — to participate towards the effective development of local government policy and its implementation.

I take this opportunity to thank everyone who has contributed their time and energy to the Green Paper and the extensive accompanying consultative process. I am convinced that it has immeasurably contributed to the quality of this Green Paper on local government.

INTRODUCTION TO THE GREEN PAPER
BY MR PRAWN GORDHAN
Chairperson of the White Paper Political Committee

The process to date

The 1996 Constitution of South Africa establishes local government as a dynamic sphere of government with a new and innovative role. Local government has a constitutional obligation to play a developmental role and to strive to achieve developmental objectives.

The formulation of a new policy for a democratic system of local governance provides us with a rare and historic opportunity to shape and restructure that part of government which is closest to the millions of its population.

Local government stands at the threshold of an exciting and creative era in which it can make a powerful impact on reconstruction and development in our new democracy.

Every effort has been made to ensure that the process of policy formulation has been inclusive, transparent and interactive and that as many roleplayers as possible have been included in the process. “

A committee of political advisors, known as the White Paper Political Committee, and a drafting team known as the White Paper Working Committee, were appointed to co-ordinate the White Paper process. The White Paper Political Committee developed a three stage process to elaborate a new local government policy framework or White Paper.

The first phase produced a Discussion Document containing the initial strategic questions to be addressed in the White Paper.

The **second phase**, which consisted of extensive research processes (both secondary and primary research), workshops and other consultation mechanisms, produced the **Green Paper**.

The **third and final phase** will identify the necessary policy choices with regard to the options set out in the Green Paper. A **White Paper** describing government policy on these matters will be drafted and presented to Cabinet for approval.

The Green Paper on local government

The Local Government Green Paper puts forward a vision for a developmental local government system, and outlines some options for each aspect of that system.

Current Reality

This section of the paper provides:

- O a history of local government, which outlines the dynamics of apartheid local government, and which explains the origin of existing divisions within local areas
 - O an overview of the existing transitional system of local government, based on an extensive primary research project undertaken
 - O an overview of human settlement patterns and trends, which illustrates some of the challenges
-

faced by municipalities in the social geography of the settlements they manage, and
O a conclusion defining the challenge for local government.

Co-operative Government

This section outlines the constitutional framework for local government within a system of inter-governmental relations, and suggests that strong and capacitated local governments will be a key resource in the development of national and provincial programmes. It also deals with organised local government.

Development Role

The most important difference between the new form of local government in this policy framework and the past, is the creative and dynamic developmental role for local government. A role which requires a new energetic brand of leadership and institutional forms to take local government into the next millennium.

This section provides a definition of developmental local government, and proposes four inter-linked approaches to assist municipalities to effectively play a developmental role:

- O integrated planning, budgeting and management
- O managing the growth of human settlements
- O mobilizing capacity for effective service delivery, and
- O linking growth and development.

The developmental role for local government is premised on local government thinking widely and planning through a broad lens, using and developing its delivery capacity to meet the basic needs of its communities. The concern is to ensure maximum impact on poverty alleviation within resource constraints, and to address spatially entrenched socio-economic inequalities.

Institutional Systems

This section sets out various types of municipalities and lies at the basis for criteria which will have to be elaborated in legislation and which will determine the choice of type of municipality for a particular area.

Political Systems

This section looks at models of political structuring (eg, Executive Mayor and Council-Manager forms), municipal committee systems and democratic participation. It suggests that the current number of municipal councillors should be reduced. It also briefly speaks to traditional leadership and municipal elections.

Administrative Systems

This section flags the need for fundamental administrative transformation and reorganisation to support the establishment of a developmental local government. This aspect of transformation is indispensable in the creation of a new culture of service and delivery.

Finance

This section outlines the basic elements of a new local government finance system. It notes that while total municipal expenditure is large, there are great differences between municipalities with

respect to ability to generate revenue. It identifies the important roles of property taxes, user charges from trading services and RSC levies in the current system. Changes to the system of intergovernmental transfers are suggested to increase rationality, predictability and accountability. The issue of determining the 'equitable share' of the national fiscus to which local government is entitled in terms of the Constitution is highlighted.

A potentially important role for the private sector in municipal infrastructure, and improving municipal budgeting, accounting and financial reporting systems is envisaged.

Conclusion

The Local Government Green Paper aims to stimulate and structure debate on a range of issues. It takes few strong or categorical positions on the options put forward in the paper. However, it does establish a framework for thinking about local government as a sphere with an enormous potential for addressing many of the development problems faced within South Africa.

The Green Paper will serve as a very substantive basis for national consultation and a vigorous debate on what is best for SA in the 21st century. As important as the ideas in this document will be the development of concrete programmes for the transformation of local government in accordance with these ideas. A unique opportunity exists for a co-operative partnership between the national, provincial and local spheres in leading the transformation of local government.

I take this opportunity to thank my colleagues in the White Paper Political Committee and Mr Mashinini and his colleagues in the White Paper Working Committee, Mr Zam Titus and his team in the Department and all the researchers who contributed to this process.

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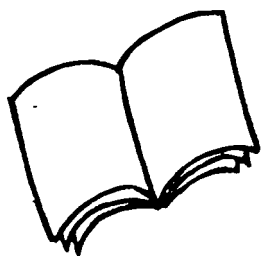
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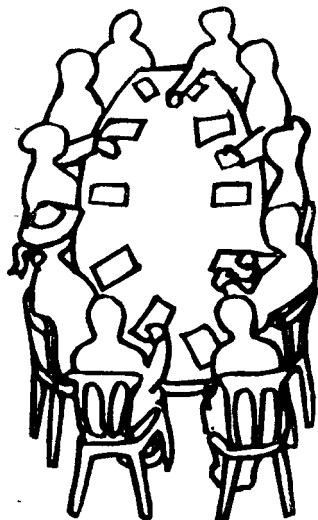
THE LOCAL GOVERNMENT WHITE PAPER PROCESS



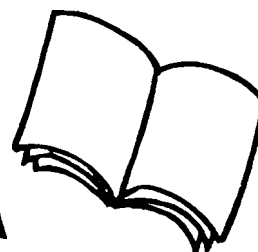
Publication of Discussion Document
**"Towards a White Paper
 on local government
 in South Africa"**
 March 1997



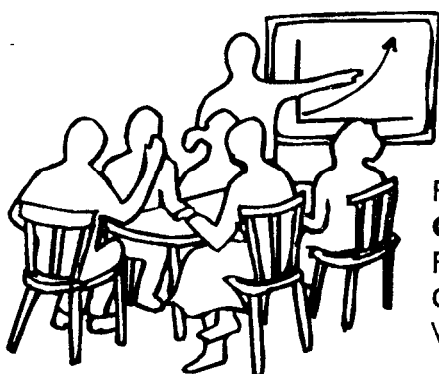
Extensive Research
Primary as well as secondary
 research on both local and
international experiences.
**Consultation with Government Departments,
 Provinces and other relevant stakeholders**
Consideration of inputs received on Discussion Document
Consultation with MINMEC and Technical MINMEC



October 1997
 Cabinet approval of Green Paper



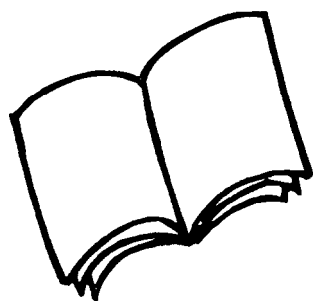
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**Provincial Workshops /
 Conferences,
 Parliamentary Portfolio
 Committee Hearings,
 Workshops on selected topics**



**National Conference on Local Government White Paper
 4-5 December 1997
 to finalise policy options to be contained in White Paper**



White Paper submitted to Cabinet
 for approval and then published
 February 1998



White Paper referred to Parliament
 Parliamentary Public Hearings **on White Paper**
 Drafting of new local government **legislation**

How to respond to the Green Paper on Local Government

The Ministry for Provincial Affairs and Constitutional Development invites written submissions from Council l^ors, Council Officials, National and Provincial Departments dealing with local government affairs and all other interested parties (individuals and organisations) on the contents of the Green Paper.

Please send your written comments before 01 December 1997 to:

The White Paper Secretariat
P Bag X804
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The White Paper Secretariat at (012) 3343700

VISION

Local government should be developmental. It should exercise its powers and functions in a way which maximises the social development and economic growth of communities. It should plan and manage development in an integrated and sustainable manner, and promote spatial and social integration. Local government should be responsive and accountable, and deliver services which meet community needs in an efficient and equitable manner. It should seek to promote democratic values, both within the community and within its institutions.

Local Government in South Africa is a distinct sphere of government, interdependent and interrelated with the national and provincial spheres. Municipalities have the right to govern, on their own initiative, the local government affairs of their community, subject to national and provincial legislation. They are required to give priority to the basic needs of the community, promote the social and economic development of the community, and participate in national and provincial development programmed.

Within a co-operative system, the Constitution mandates local government to:

- provide democratic and accountable government for local communities
- ensure the provision of services to communities in a sustainable manner
- promote social and economic development
- promote a safe and healthy environment, and
- encourage the involvement of communities and community organisations in the matters of local government.

This mandate places local government at the centre of building local environments in which our communities can develop and grow. The task is daunting: apartheid has fundamentally damaged the spatial, social and economic environment in which people live, work, raise families, and seek to fulfil their aspirations. Local government can only rise to the challenge of reversing the legacy of the past, and constructing sustainable living environments for the future, if municipalities are financially and institutionally empowered. It is therefore critical that we transform and capacitate local government.

SECTION A

CURRENT REALITY

In this section

Section A provides a brief history of local government — an understanding of this history is necessary in order to transform local government. The section also includes an overview of the existing transitional system of local government. This is necessary as any new system of local government should build on the strengths of what exists, and address the constraints and difficulties which municipalities currently face.

In addition, Section A includes an overview of human settlement patterns and trends — the movement and settlement of people. Human settlement patterns have a major impact on local government. They influence demands on resources, the flow of resources, the constraints and possibilities for services, and many other aspects of local government.

Finally, Section A defines the challenge for local government.

1. A HISTORY OF LOCAL GOVERNMENT

The major influences on local government in South Africa have been apartheid, local struggles against apartheid, built-in financial strengths and weaknesses and the negotiations process in the early 1990s. In particular, apartheid has left its imprint on South Africa's human settlements and municipal institutions. Transformation requires an understanding of the role local government played in separating people and in perpetuating inequity. We also need to understand how national apartheid policies affected municipal institutions. Equally important is the history of resistance to apartheid at the local level, and the struggles which were waged against apartheid local government.

Racial segregation and disadvantage

Group areas and spatial separation

Apartheid was not the beginning of geographic, institutional and social separation at the local level. Segregation was already a policy by the time apartheid was introduced in 1948. However, apartheid entrenched the segregation of black residents in urban townships and bantustans and the disadvantages that this spatial segregation imposed on them. The Group Areas Act, the key piece of apartheid legislation, instituted strict residential segregation and compulsory removal of blacks to 'own group' areas. Through spatial separation, influx control, and a policy of 'own management for own areas', apartheid aimed to limit the extent to which affluent white municipalities would bear the financial burden of servicing black areas. The Group Areas Act restricted the permanent presence of Africans in urban areas through the pass system, and reserved a viable municipal revenue base for white areas by preventing townships from attracting industry.

'own management'

Various attempts were made under apartheid to introduce 'own management' structures for blacks at the local level. This was in part to compensate for restricted rights, and in part to bolster racial privilege and exclusion.

- In bantustans, limited local government was established. Traditional leaders were given powers over land allocation and development matters on communally owned land. Some small rural townships (the so-called R293 towns) were given their own administrations, but these lacked real powers.
- In the 1960s, 'coloured' and Indian management and local affairs committees were established as advisory bodies to white municipalities.
- The Bantu Affairs Administration Act of 1971 established appointed Administration Boards, which removed responsibility for townships from white municipalities.
- In 1977, Community Councils were introduced. These were elected, but were given no powers and resources. They never gained political credibility.
- In 1982 Community Councils were replaced by Black Local Authorities (BLAs). BLAs had no significant revenue base (sources of revenue), and were seen as politically illegitimate from their inception. They were rejected by popular (and sometimes violent) community mobilisation in the mid 1980s.

to some extent these forms of 'own local government' acknowledged the permanent presence of blacks in urban areas. However, they were designed to reinforce the policies of segregation and economic exclusion. None had resources to make any real difference to the quality of life of their constituents.

Financial constraints

Most revenue self generated

Historically, most local government revenue in urban South Africa is self-generated, mainly through property taxes and the delivery of services to residents and business. This particularly suited white municipalities which had small populations to serve and economic resources to tax.

Black urban areas deprived of revenue sources

Financial shortfalls were built into local government for black areas. Apartheid regulations barred most retail and industrial developments in black areas. This limited the tax base and forced residents and retailers to spend most of their money in white areas. Municipalities in black areas were therefore deprived of the means to meet the needs of local residents.

In rural areas, most resources directed to whites

In rural areas, discrimination and segregation was equally stark. Water and electricity were supplied to white residents in rural areas at enormous cost, while scant regard was given to the needs of the rural majority. Crisis and collapse was inevitable.

UDF launched - communities reject BLAs

The United Democratic Front, at its launch in 1983, gave prominent attention to the Koornhof Bills which established the BLAs. BLAs attempted to impose rent and service charges on township residents to increase revenue. This revenue source could never have provided for meaningful delivery. It only served to anger increasingly politicised communities. The rejection of BLAs in the mid 1980s led to a popular uprising which

shook the foundations of the apartheid order.

Protesting against a distorted system

1984 uprising

As the 1984 uprising gathered momentum, civics and other community bodies started to organise. Their rallying cry was the poor social and economic conditions in townships and bantustans. Their chief weapons were the organised boycott of rents and service charges, and consumer boycotts. For the first time people began to protest systematically against the way human settlements were spatially and economically distorted.

Late 1980s -
apartheid fails
to prop up **BLAs**

In the late 1980s the apartheid state attempted to prop up collapsing BLAs and calm political tensions by redirecting funds to disadvantaged areas. A system of *ad hoc* intergovernmental grants was developed to channel resources to collapsing townships. Regional Services Councils and Joint Services Boards were established to channel funds to black areas. However, these interventions were 'too little too late'. By the late 1980s there was no effective government in most townships and many homeland rural areas, and it was clear that BLAs (or any similar structures) would never be viable.

Talks begin

The crisis opened up by the collapse of local apartheid eventually led to the realisation that a new deal was needed. White municipalities, experiencing the financial impact of organised consumer, service and rent boycotts, began to enter into negotiations with civic and other organisational representatives from townships. Initially these forums were little more than crisis management structures. However, these initial talks formed the basis for later local negotiations, and the system of local government we have now.

Local
Government
Negotiating
Forum

Local forums recognised that the legal constraints which separated black residents from the municipal tax base, had to be addressed nationally. The popular slogan, 'One City, One Tax Base', could only be realised through national legislation. Local forums collectively pushed for the establishment of a national forum, the Local Government Negotiating Forum.

An incomplete transition

A negotiated
transition
process for local
government

The crisis in local government was a major force leading to the national political transition process that started in 1990. However, debate around the future of local government only took place near the end of the national negotiating process, in talks within the Local Government Negotiating Forum. The Local Government Negotiating Forum put together the Agreement on Finance and Services, signed by Nelson Mandela and F.W. De Klerk, writing off arrears to BLAs. It also negotiated the Local Government Transition Act (LGTA) of 1993. The LGTA did not provide a blueprint for a new local government system, but simply sketched a process for change. The process was essentially a locally-negotiated transition, which has resulted in a wide diversity of forms of local government.

Three phases of transition

The LGTA mapped out three phases:

- O the **pre-interim** phase, which prescribed the establishment of local forums to negotiate the appointment of temporary councils, which would govern until municipal elections
- O the interim phase, beginning with municipal elections in 1995/96 and lasting until the next elections in 1999, and
- O the final stage, when a new local government system will be established.

The Interim Phase

We are now in the interim phase, While the LGTA has effectively deracialised the system of local government through the amalgamation of former racially-based structures, real transformation has yet to occur. The weaknesses of the LGTA, such as its bias towards urban areas and the lack of structured support processes to enable municipalities to manage the change process, are reflected in our current municipal system.

New LG to meet development challenge

While newly elected councils in many areas have made significant progress with respect to addressing backlogs and extending services, they face many constraints. The huge infrastructural disparities and inequalities resulting from apartheid local government remain. The transition process has clearly shown that the old institutional framework will not permit local government to deliver on its new democratic municipal mandates, namely, to overcome the injustices and imbalances of apartheid and promote development and prosperity for all.

2. THE CURRENT STATE OF LOCAL GOVERNMENT

2.1. Existing local government institutions

Our existing system, established as a transition measure to bridge the gap between the old apartheid councils and the new local government system, comprises a number of types of municipality. Each existing type presents specific challenges:

Metropolitan Councils with Metropolitan Local Councils

Types of municipality

This two tier system comprising a metropolitan council and metropolitan local councils (MLCS) has been established for the six areas identified by the demarcation process as metropolitan areas: four in Gauteng Province (Greater Johannesburg Metropolitan Council, Vaal/Lekoa Metropolitan Council, Pretoria Metropolitan Council and Khayalami Metropolitan Council) together with the Durban Metropolitan Council and the Cape Metropolitan Council. The demarcation process in metropolitan areas has resulted in considerable variation in the number and geographic size of MLCS in each metropolitan area. Some areas which comply with the definition of metropolitan area in the LGTA were not demarcated as metropolitan councils.

The LGTA allowed for a local negotiation process to define the allocation of powers and functions between the metropolitan council and MLCS, resulting in different allocations in each area. Some metropolitan councils have assumed core co-

ordinating and redistributive functions, but play a limited service delivery role. Others play a larger operational role and are responsible for more service delivery functions directly to the public.

Metropolitan governments also differ in the extent to which they permit the redistribution of municipal resources within their area of jurisdiction. Redistribution was one of the key original justifications for metropolitan government. In all metropolitan areas some redistribution occurs between high income and low income consumers of services. Redistribution can be structured within a specific service, and between services. Redistribution also occurs through the allocation of old RSC levies (employment and turnover levies) to underdeveloped parts. In other metropolitan areas a metropolitan levy is also charged on MLCs, and re-allocated across the metropolitan area.

There are also differences in property rating systems: in some areas there is a common property rating system (site and improvements and site as a minimum respectively), but MLCS are allowed to set their own rate. In other areas the metropolitan council has not only determined a common rating system, but has also set a common rate for the entire metropolitan area, and redistributes rates income across the metropolitan area in accordance with various equity criteria (a set of principles and rules to ensure fairness and justice). Significant tensions exist around redistribution within a given metropolitan area, and the new system of metropolitan local government will need to spell out clearly the mechanisms which are to be used for redistribution.

The existing forms of metropolitan government, where metropolitan councils play either a stronger or weaker role in relation to their MLCs, have achieved varying degrees of success in enhancing co-operative government, and ensuring the equitable distribution of metropolitan resources. The nature of the current system of metropolitan government, as defined by the LGTA, has proved very open to different interpretations by local players. A new system of metropolitan government will need to be more clearly defined, and provide both clear guidance on the role of metropolitan government, and sufficient powers to fulfil this role.

District Councils

There are considerable variations in the size of the budgets and staffing complements of District Councils. The LGTA did not provide for clear powers for District Councils, hence the roles played by District Councils vary, as their powers and functions derive from provincial proclamations which are different in each province. In most of the country, District Councils build on the old Regional Services Councils and Joint Services Boards. In some areas District Councils are completely new structures established during the transition. Generally they are responsible for the bulk service functions (for example, bulk supply of electricity) of the old RSCs. They also have the task of assisting in the development of new primary structures in rural areas.

Most District Councils have sufficient managerial and technical capacity to fulfil 'original' (or old RSC) functions. However, some have been slow to implement new functions, including support to rural local governments, and direct delivery on their behalf. Others have been innovative in assisting small towns and rural areas, and in extending services to poor rural communities. Some have adopted a flexible approach to addressing priority issues that are not formally within their functional scope. Most, however, have not adopted a major role as development agents.

District Councils are intended to have a strong redistributive function. This redistributive function is not without problems. The large proportion of District Council levy income is collected from urban areas, and urban municipalities complain that not enough of this income is re-invested in urban infrastructure. It should also be noted that wealthy metropolitan areas do not fall within District Council areas. The levy income collected in metropolitan areas is thus used exclusively for the metropolitan area. Non-metropolitan areas may perceive this as being unfair, since it could reinforce the development disadvantages that struggling urban centres, outside of the major metropolitan areas, already face. The role of District Councils in redistribution is-complicated by a perception that powerful special interest groups continue to wield undue influence over the allocation of funds.

District Councils operate in very different contexts and serve areas of very different size and settlement patterns, ranging from areas of dense settlements to vast, sparsely populated regions. Generally, however, District Councils have at least some administrative capacity, and consideration should be given to building on this capacity in the design of a new local government system.

Transitional Local Councils

A Transitional Local Council (TLC) model has been applied to most urban areas (excluding metropolitan areas), ranging from major cities to small rural towns, with very different economic and social realities. There are significant differences between towns: some towns are emerging economic growth points, others are in rapid decline. Some are expanding, others are depopulating.

There are major variations in the capacities of municipalities serving cities and larger towns on the one hand, and small towns on the other. Municipalities in cities and larger towns face problems of poverty and uneven development, but have relatively solid administrative and financial capacity that enables them to address their current responsibilities to a significant extent with their own resources. Many small town municipalities, on the other hand, do not have the financial, administrative or service delivery potential to provide adequate services and governance without strong external support or rationalisation. A system whereby larger towns or District Councils provide financial and accounting as well as other administrative services for smaller municipalities on an agency basis is becoming increasingly common.

Generally TLCS have tended to focus narrowly on service delivery. Few have adopted

strategic planning or integrated development planning systems. In addition, comprehensive human resource development strategies for staff are uncommon, as are structured mechanisms to ensure greater gender and racial balances in staff complements. Environmental development functions have also not received much attention. However, some TLCS are increasingly focusing on Local Economic Development.

TLC relations with District Councils are often conflictual and TLCS are critical of the level of infrastructure funding provided by the District Councils.

Rural municipalities

There are essentially three types of government in rural areas: Transitional Representative Councils (TRepCs), Transitional Rural Councils (TRCs), and District Councils with Remaining Areas. TRepCs have been established in most provinces. TRepCs have only a representative function and no executive powers. There is an expectation that they will graduate into fully-fledged TRCS as their capacity increases. TRCs, which have similar powers to their urban counterparts (TLCs), have been established across two provinces: the Free State and Northern Province, as well as in some parts of others. In KwaZulu/Natal and parts of the North West there are no primary rural structures and the District Council administers what are termed "Remaining Areas". In these areas, voters directly elected representatives onto the District Council through proportional representation.

It is generally true that very few powers and duties have been devolved to rural municipalities due to their lack of capacity. TRepCs generally do not have their own administrations, and remain little more than advisory structures to District Councils, on whom they rely for administrative, technical and financial support. Although TRCS have taxing powers, they have very limited potential to generate adequate tax and service charge revenue, and thus very little ability to sustain a level of fiscal autonomy (the ability to raise sufficient revenue through taxation). They are reliant on grants from and through the District Councils. This financial support is limited, and the basis for transfers is not entirely clear and so does not generate financial certainty. The limited powers and resources of rural municipalities, and their consequent inability to serve local communities, has lessened their credibility. This loss of credibility poses a threat to the future development of local government in these areas.

The Transitional Representative and Transitional Rural Council models have been applied to a range of vastly different contexts, from sparsely populated commercial farmland to densely settled areas in former homelands. Consideration should be given to different policies or types of institution which will be able to address issues of rural democracy, development and services in the very different contexts which are categorised as 'rural'.

2.2. The local government system

While the unique challenges of each type of municipality need to be considered, a number of more general issues which cut across the various types should also be taken into account.

Local government finance

Financial stress

The amalgamation of previously divided areas has markedly increased the population which municipalities must serve. However, there has not been a corresponding increase in the tax base. Combined with service backlogs, collapsed or deteriorating infrastructure, deteriorating creditworthiness and borrowing capacity, administrative inefficiencies and non-payment, South African municipalities are experiencing financial stress, and in some instances crisis. However, there are great differences between municipalities with respect to financial position, and many municipalities are financially stable and healthy, despite these difficulties.

Need for improved finance systems and capacity building

In some municipalities, current budgeting, accounting, financial reporting and management practices are weak. Problems include under-capacitated financial staff, unrealistic budgeting, and a lack of meaningful popular participation in the budgeting process. Improved municipal accounting systems and capacitation programmed are required.

Administration

Problems in Administration

There is a lack of centralised information regarding local government staffing, as well as a lack of adequate municipal-level information to facilitate human resource planning. Municipalities are understaffed in some functions, and over-staffed in others. Given that many municipalities have only recently amalgamated, the extent of over/under staffing is difficult to determine. However, given the changed mandate of local government (with additional developmental functions) it is generally the case that local governments lack adequate capacity with respect to some skills. Rural municipalities are generally under-capacitated, and urgent attention must be given to building delivery capacity in these areas.

National Bargaining Council for LG

Other administrative problems experienced by municipalities include a breakdown of staff discipline, a reluctance to enforce staff discipline, a lack of performance management systems, gender imbalances, a lack of career planning, and a complex and ineffective national training system.

Agreement has recently been reached on the establishment of a National Bargaining Council for Local Government. The National Bargaining Council will have to address the urgent question of parity in conditions of service between municipal employees, as well as investigate the development of a single job evaluation system for local government.

Legislative complexity

Old laws remain

There have been changes in the local government system since 1993. However, many of the laws and regulations which supported the old system remain in effect and continue to impact upon the operation of new municipalities. (See *the list of these laws in Annexure A at the back of this book.*) These inherited pieces of legislation are often applied differently in different parts of the country, resulting in considerable confusion and uncertainty. The current legislative complexities and legal gaps have to be addressed. Inherited laws must be rationalised (adapted or removed) to support the new vision and role of local government.

Powers and functions

Powers listed in Constitution

Local government has a range of powers and functions at its disposal. Municipal powers are defined in the Constitution, in Part B of Schedules 4 and 5:

O The powers listed in Schedule 4, over which national and provincial governments have concurrent legislative competence*, include air pollution; building regulations; child care facilities; electricity and gas reticulation; fire fighting services; local tourism; municipal airports; municipal planning; municipal health services; municipal public transport; municipal public works (only in respect of the needs of municipalities in the discharge of their responsibilities to administer functions specifically assigned to them under the Constitution or any other law); pontoons, ferries, jetties, piers and harbours (excluding the regulation of international and national shipping and matters related thereto); stormwater management systems in built-up areas; trading regulations; water and sanitation services (limited to potable water supply systems and domestic waste water and sewage disposal systems). National and provincial governments have the right to legislate on these powers and functions, and the executive authority to ensure that municipalities perform these functions adequately.

O The powers listed in schedule 5, over which provincial government has exclusive legislative competence, include beaches and amusement facilities; bill boards and the display of adverts in public places; cemeteries, funeral parlours and crematoria; cleansing; control of public nuisances; control of undertakings that sell liquor to the public; facilities for the accommodation, care and burial of animals; fencing and fences; licensing of dogs; licensing and control of undertakings that sell food to the public; local amenities; local sports facilities; markets; municipal abattoirs; municipal parks and recreation; municipal roads; noise pollution; pounds; public places; refuse removal; refuse dumps and solid waste disposal; street trading; street lighting and traffic and parking.

Other legislation

Other local government powers are defined in national and provincial legislation. For example, the Local Government Transition Act (Second Amendment Act) gives local government powers for integrated development planning.

Potential powers and functions

In addition, municipalities have potential powers and functions, that maybe devolved or delegated to therefrom provincial and national government. These national and provincial powers and functions are listed in Parts A of the Constitution's schedules 4 and 5. The Constitution provides that a Minister or an MEC may delegate powers and functions to local government if municipalities are regarded as the most efficient site from which these may be exercised. Again, local government's exercise of these powers and functions is subject to national and provincial oversight.

Relationship with **national** and **provincial** spheres needs clarification

Local government's core function needs to be understood as part of the functioning of the state and its three sphere government system as a whole (national, provincial and local). The constitutional definition of local government's powers and functions in relation to provincial and national government, is, however, not clear in some respects, and requires further clarification. This situation is further complicated by the fact that most powers and functions have several components, and not all of these components are best performed by the same sphere of government. While the Constitution goes some way in drawing these distinctions (between trade and trading regulations, for example), grey areas remain.

Global and national **trends**

Local economy part of wider economy

No municipality can ignore the economic changes taking place in its locality, in the surrounding region, in the nation, and internationally. As industries rise or decline, there can be a significant impact on local income, employment and tax revenue.

GEAR and international competitiveness

The Growth Employment and Redistribution Strategy (GEAR) places greater emphasis on exports and will lead to increased international openness and competition. The ultimate aim is to achieve internationally competitive industries and enhance economic growth and well-being. In the immediate term, local governments will need to manage consequences such as the restructuring and relocation of industries.

Competition and co-operation

Local government has an interest in attracting investment based on promoting the comparative advantages of the area for competitive industries (what makes the area a better investment than other areas), as well as supporting the growth of local enterprises, It will become increasingly important for municipalities to find the right balance between competition and co-operation amongst themselves. Whilst some competition will improve both efficiency and innovation, co-operation between South African municipalities can enhance the global competitiveness of all.

The transition process

Problems of transition process

Municipalities are all experiencing problems arising from the transition process.

These include:

- costly and complex administrative reorganisation
- the need to focus energy and capacity inwards, rather than towards delivery or innovation
- prolonged uncertainty (over which types of municipalities will be legislated, final boundary demarcations and allocation of powers and functions)

- increasing demands and expectations on delivery
- unfunded mandates (having functions and responsibilities to perform without the necessary resources)
- awkward realignment with a range of sectoral policies and programmed; and
- inadequate information and capacity.

Resistance to **democracy**

While grappling with inherited inefficiencies and inequities, municipalities have also had to put in place a system of democratic and equitable governance, often in the face of resistance from a range of local players who benefited under apartheid.

Need for support - programmed

It is essential for the successful implementation of a new system of local government that support programmed are implemented to assist municipalities during the next phase of the transition process.

Fewer municipalities and **councillors?**

The transition process has resulted in a local government system consisting of 843 municipalities and close to 12 000 democratically elected councillors. Serious consideration needs to be given to reducing the number of municipalities and councillors to ensure a viable sphere of local government, directed towards development.

30 HUMAN SETTLEMENT PATTERNS IN **SA**

Introduction

Understanding settlement types

Understanding settlement types is critical for policy makers seeking to create appropriate municipal institutions to manage the diversity of settlements across the country, for several reasons:

Demands on resources

○ settlement dynamics (the movement and settlement trends of people) have a major influence on the resource demands made on local government, particularly demands for access to basic services and infrastructure. Factors such as the population density and economic base of a settlement influence proximity to bulk services, the cost of installing services and levels of affordability for households. Settlement conditions therefore need to be taken into account when defining approaches to service delivery and appropriate municipal institutional arrangements

Cost and levels of services

Changes in population affect functional boundaries

○ changes in population distribution affect the size of functional boundaries. Boundary demarcation needs to take into account, and anticipate, the population distribution and concentration which is to be served by any municipality

Rapid urbanisation

Over half of the nearly 40 million people who live in South Africa are currently urbanised. It is estimated that, by the year 2020, this number will increase dramatically to over 70% of the population. Metropolitan areas and secondary cities are expected to absorb most of the urban population growth. This urbanisation trend

is driven by both natural urban population growth and migration into urban areas from rural areas. The population of rural areas is not expected to grow in either proportional or absolute terms, and according to some estimates, it may even decline. Rapid urbanisation needs to be seen in relation to other migration trends. An analysis of rural populations reveals that a significant number of people below and above the economically-active age live in rural areas. This suggests that circular migration (where people move to an urban area for a period of time before returning to the rural areas) is an important trend to consider in planning for rural development needs.

Challenges posed by current settlement patterns

Addressing distortions of post	Apartheid influenced South African settlement patterns in profoundly inequitable ways, and imposed enormous costs on movement between rural and urban areas, and within urban areas. Municipalities can play a key role in transforming settlement types, and addressing some of the existing distortions.
Homeland areas	A few examples of the particular challenges posed by current settlement patterns are: <ul style="list-style-type: none"> ○ creating viable municipal institutions for those settlements in former homeland areas, which as a result of influx control measures, are overcrowded. These settlements have large populations with very little access to services, and little or no economic base.
Integrating fragmented towns	○ great spatial separations and disparities between towns and townships and urban sprawl (the ever-outward spread of cities), which increase the costs of service provision and transport enormously. Most urban areas are divided along racial lines with discontinuous land use and settlement patterns — townships and informal settlements in particular tend to be far from amenities and employment opportunities and are separated from city centres and former white areas by areas of undeveloped land. Municipalities in urban areas will need to develop strategies for integrating the fragmented areas. At the same time they will have to manage the continuing consequences of rapid urbanisation and service backlogs.
Managing rapid urbanisation and service backlogs	
Urban / rural linkages	○ creating municipal institutions which recognise the linkages between urban and rural settlements. There are a wide variety of urban settlements, ranging from those which play the roles of local or regional service centres (supplying services to rural areas and other towns), to functionally specialised towns (most commonly based on mining) and administrative centres (such as former homeland towns). Importantly, almost all towns are functionally part of rural areas, relying on their surrounding areas for productive economic activity and providing important centres for the delivery of social services.
Major changes in migration trends and settlement patterns	The end of apartheid and the removal of legal restrictions to movement (influx control and group areas), the demarcation of new boundaries, and migration trends within Southern Africa have not (yet) meant fundamental changes in national population distribution, urbanisation and migration. However, research reveals that major

changes may be under way in migration trends and settlement patterns, which will have a major impact on local government in the years to come.

Settlement types

There is no single, simple way to categorise settlement types. Even the definition of 'urban' and 'rural' is hotly debated. However, the following categorisation of settlement types indicate the wide diversity of settlements, and should assist in discussions about what types of municipal institutions can best manage the specific challenges posed by different settlement types:

- Settlement types
- 0 URBAN CORE refers to the formal city and town, including the former white municipal and former townships areas. A key characteristic of these areas is their high population density, with generally over 10 dwelling units per hectare. These areas have high levels of economic activity, and consequently higher land values.
 - 0 URBAN FRINGE refers to various settlement conditions which exist within the boundaries of municipalities, but outside the urban core. This includes low-income settlements on the outer edges of towns and cities, many of which display middle order densities and large service backlogs. However, it also includes high-income low-density settlements, particularly on the outskirts of metropolitan areas.
 - 0 SMALL TOWNS, most of which have intermediate density levels and the typical apartheid urban form, namely, a former white area with intermediate to high service levels, and former black areas with little access to services. Small towns vary greatly, but all are economically and socially linked to surrounding rural hinterlands (areas).
 - 0 DENSE RURAL SETTLEMENTS: There are two predominant kinds of dense rural settlement, namely
 - 'Betterment' settlements which are common in the former homeland areas. These are dense planned settlements, with populations of over 5 000 people.
 - Informal settlements which are unplanned and largely unserved settlements, with populations of over 5000 people. Some are close to urban areas, and others are located in rural areas with a minimal local economic base. Some intensive commercial farming settlements also fall within this category.
 - 0 "VILLAGES", or smaller rural settlements with populations of more than 500, but less than 5000 people. These are often unplanned traditional settlements or resettlement areas.
-

- DISPERSED OR SCATTERED SETTLEMENTS, which are mostly unplanned homestead settlements with a population of less than 500 people. Extensive settlements in commercial farming areas, some located on communal land and others on privately owned land, also fall within this category.

○ **“AGRI-VILLAGES”** are planned dense settlements in rural areas, which service the surrounding farms.

Each category is complicated by variations in such features as land tenure systems (for example, individual freehold ownership, tenancy, communal rights).

LG can address local needs and aspirations

Across categories, the individuals and households living within a settlement system attach more specific, localised meanings to their living spaces based on the activities, interactions, needs and opportunities that colour their daily lives. Local government is ideally placed to address these local needs and aspirations in the transformation of human settlements.

4. DEFINING THE CHALLENGE FOR LOCAL GOVERNMENT

A new local government system needs to build on the strengths of the current system, but equally, it needs to address its weaknesses, and build the capacity of municipalities to address the considerable challenges they face.

In addition to the challenge of managing viable urban and rural systems faced by municipalities the world over, our municipalities must also address:

South Africa's specific challenges for LG

- Skewed settlement patterns which are functionally inefficient and costly
- Irrational concentrations of taxable economic resources in formerly white areas, demanding redistribution between and within local areas
- Huge backlogs in service infrastructure in historically underdeveloped areas, requiring municipal expenditure far in excess of the revenue currently available within the local government system
- Entrenched ways of decision-making, administration and delivery inherited from municipalities which were designed to implement urban and rural apartheid
- Substantial variations in capacity, with some municipalities having little or no pre-existing institutional foundations to build on, and
- The historical lack of credibility and legitimacy of local government in the eyes of many local residents.

Concluding Comment

Local government has been given a new constitutional mandate to create and sustain humane, equitable and viable human settlements. It is doubtful whether local government, as it is presently designed, can fulfil this developmental mandate. Local government has been democratised, but the local government system is still structured to meet the demands of the previous era. A fundamental transformation is required.

SECTION B

CO-OPERATIVE GOVERNMENT

1. LOCAL GOVERNMENT IN A FRAMEWORK OF INTER-GOVERNMENTAL RELATIONS

Co-operative relations between spheres of government

The South African constitutional order is founded on two inter-related concepts: 'sphere of government' and 'co-operative government'.

Definition of "sphere of government"

'Sphere of government' captures the idea that national, provincial and local government are each distinctive and have equal status. This is an important change from the previous order, where "levels" of government were arranged in an hierarchical order, with the national level on top, and the local level at the bottom. In the new system, the Constitution grants each sphere of government the powers to define and express its own unique character.

Definition of "co-operative government"

'Co-operative government', however, means that, although each sphere is distinctive and has equal status, the spheres are also inter-dependent within the overall structure of the state. The three spheres must work together to ensure effective government in the whole and each of its parts. Co-operative government recognises the complex nature of government in modern society. No country today can effectively meet its challenges unless the various parts of government:

- co-ordinate their activities to avoid wasteful competition and costly duplication
- develop a **multi-sectoral** perspective on the interests of the country as a whole, and respect the discipline of national goals, policies and operating principles
- settle disputes constructively without resorting to costly and time-consuming litigation
- collectively harness all public resources within a framework of mutual support
- rationally and clearly divide between them the roles and responsibilities of government, so as to minimise confusion and maximise effectiveness.

System of intergovernmental relations as it relates to local government

System of intergovernmental relations

A system of intergovernmental relations is emerging to give expression to this concept of co-operative government. Within this system, each sphere of government has been given clear responsibilities in relation to each other. These are as follows:

Responsibilities

National government:

- Must support and strengthen local government
- Needs to establish an adequate legal framework within which local government operates

- Needs to establish the different types of municipality that a province may establish, as well as the criteria (rules and conditions) according to which the different categories are to be established, and
- Must pass legislation on and determine the local government's 'equitable share of revenue raised nationally', as well as a range of other fiscal matters such as municipal budgeting.

Provincial government:

Responsibilities

- Must support and supervise local government's proper functioning, and must monitor the ongoing performance of municipalities
- Must pass legislation to determine the different types of municipality to be established in each province, in according with criteria set by national legislation
- Needs to intervene when a municipality does not fulfil its functions, and
- Can regulate and legislate aspects of the functioning of local government in each province.

Local government:

Responsibilities

- As a sphere is neither independent and autonomous from, nor sub-ordinate to, national and provincial government. It needs to maintain open, co-operative and constructive relations with both provincial and national government, operating as one component of the broader state structure
- Can maintain direct relations with both provincial and national government. This means that local government's relations with national government do not need to go through provincial government (for example, local government can be directly represented on the Financial and Fiscal Commission and the National Council of Provinces), and
- Needs to participate in national and provincial development programmed such as the spatial development initiatives (SDIs) and provincial growth and development plans.

Spheres in support of each other

This list of responsibilities says that national and provincial government are constitutionally required to take an active interest in ensuring the development of strong local government, capable of fulfilling its constitutional mandate. In return, municipalities are required to ensure the effectiveness of provincial and national government in their respective areas of jurisdiction.

What does co-operative governance mean practically for local government?

Decentralisation and the assignment of powers

Powers and functions to LG

National and provincial government are constitutionally permitted to devolve (hand on) powers and functions to local government. At present, several national departments are in the process of decentralizing functions to local government. These functions include housing, safety and security, health and transport.

Problem of
“unfunded
mandates”

While decentralisation is often desirable to improve the effectiveness of government as a whole, it is not without problems. The devolution of a new function to local government may occur without it being accompanied by the financial and administrative capacity required to sustain it — what is called “unfunded mandates”. Unfunded mandates strain local government’s limited resources and, ultimately, result in a lack of delivery.

Funds to
support
additional
functions

Any decentralisation of responsibilities therefore needs to be carefully managed with national and provincial government following clear procedures. National government is committed to avoiding unfunded mandates, and to providing a basic minimum of funding to support any additional local government responsibilities. The definition of a basic minimum of funding is yet to be clarified. Criteria could be set by the FFC taking into account such factors as the standard of service to be provided, increase in demand due to population growth, and so forth.

Procedures for
transfer of
powers

In addition, clear procedures for the transfer of powers as well as a system of performance monitoring of assigned functions, could be developed.

Rationalisation and co-ordination of fiscal flows, service boundaries and public investments

Funds
channelled to
institutions
other than LG

Many national and provincial departments allocate funds to the local sphere. However, much of this funding is channeled to local institutions other than local government, for example, to local offices of national and provincial departments. These fiscal flows often cover both operational and capital funding.

Funds
channelled
directly through
LG

If national and provincial departments commit themselves to working through local government directly, substantial resources could be made available to local government to conduct their constitutionally assigned powers and functions. Depending on the nature of the funding, it may contribute significantly to local government institutional development, as well as general development and delivery programmed. This will be particularly beneficial for rural municipalities.

Overlapping
functions and
boundaries
make
integrated
planning
difficult

Municipalities today find themselves working in parallel with a range of local institutions. Several departments have established local institutions which bypass local government. Their boundaries (on maps) do not always match each other, or municipal boundaries. Because these initiatives are sector-based (for example, water, housing, public works), integrated development planning in the local sphere becomes difficult to carry out (because each sector tends to look primarily at its own area of concern — not at the overall picture).

Parallel
structures can
undermine LG

Parallel structures may also undermine the authority of local government to govern in those areas over which it has constitutional jurisdiction. If local government is to govern effectively and play an integrating, co-ordinating role locally, some of these structures may need to be brought under local government authority.

Co-ordination
of national,
provincial and
local
programmed

Municipalities are expected to develop local infrastructure investment plans on the basis of integrated development plans. However, national and provincial departments have major infrastructure programmed of their own, which are not always executed with the active and informed participation of municipalities. Some of these national and provincial investments may impose unforeseen future costs on municipalities. Integrated planning is needed to co-ordinate national, provincial and local investments in municipalities' areas of jurisdiction, to ensure that scarce resources are utilised for maximum impact.

Monitoring and capacity building of local government by national and provincial departments

Monitoring
capacity and
support needs

Monitoring involves the design and application of national and provincial systems for observing, detecting and recording the operation of a municipality. Such systems are needed to determine what capacity must be built and what kind of support or intervention is required. Some monitoring systems are already in place, such as Project Viability in the Department of Constitutional Development. These will be expanded and improved over time. However, additional systems, in particular performance enhancement systems in provinces, are required.

Capacity
building
programmed

The devolution of functions to local government should be accompanied by nationally co-ordinated capacity building programmed. This could include training, institutional development, staff secondment, and so forth. Some national departments are considering capacity building initiatives for local government at present. This is encouraged, provided that such efforts are in line with the broader local government training system.

Intervention

Notional and
provincial **govt**
can intervene to
ensure
adequate
performance of
LG

The Constitution provides that a provincial executive may intervene, in certain circumstances and under certain conditions, in local government. Although the distinct nature and integrity of the local government sphere must be respected, other spheres of government must reserve the right to impose sanctions where municipalities do not perform adequately, and to retain mechanisms for direct assistance in the carrying out of local government functions if municipalities cannot fulfil their mandate. These powers should be seen as a measure of last resort, where the particular difficulty cannot be resolved through ordinary intergovernmental processes.

Procedures for
intervention

National government is committed to building local government to ensure that interventions are exceptional and not regular occurrences. If intervention does occur, it must follow clear and uncumbersome procedures. National legislation may regulate the intervention process. Such legislation may also establish alternative forms of intervention to those provided for in the Constitution, such as the power to request another municipality to assume responsibility for an obligation which has not been adequately fulfilled.

2. ORGANISED LOCAL GOVERNMENT

- Municipal associations

The Constitution allows for municipalities to organise forms of municipal association. A national organisation, the South African Association of Local Government, and nine provincial associations have been established.

LG representation

Organised local government has a mandate to represent local government on a range of intergovernmental bodies and in a range of processes, including:

- On the National Council of Provinces
- In the drafting of legislation in all spheres (of government) that affects the status, institutions, powers and functions of municipalities, and
- On the Fiscal and Financial Commission, and in the drafting of the legislation that provides for the equitable division of revenue raised nationally.

Effective representation requires skills and capacity

For organised local government to effectively represent municipalities, a decision making system must be developed to allow for thorough consultation and for building consensus (broad agreement). Organised local government must be supported by the necessary skills in areas such as policy analysis, policy development, advocacy, lobbying, negotiation, mediation and conflict resolution.

Employers' organisation

Organised local government in South Africa is also an employers' organisation in terms of the Labour Relations Act of 1995. It represents municipal employers in appropriate bargaining structures on matters of remuneration, conditions of service and so forth. As an employers' organisation, organised local government needs considerable expertise in bargaining, conflict resolution and human resource management and development.

Organised LG can provide services to strengthen municipalities

In other countries, organised local government does not only represent municipalities. It also provides specialised services to supplement and to strengthen the capacity of municipalities. Municipalities pool some resources to support research, information and organisational assistance activities such as: information exchange; publication of bench-marks (for measuring and evaluating performance) in areas such as expenditure, income and delivery; training, consultancy, organisation development, advice and brokering. These mechanisms could contribute considerably to strengthening South African municipalities.

Additional funding required

Organised local government is primarily funded by and dependent on membership fees payable by municipalities. This keeps local government associations accountable to the municipalities that constitute them. However, the functions performed by organised local government require wide-ranging, high level and specialised human resources. For organised local government to be effective, additional sources of funding will need to be accessed. Funding of organised local government and of the equitable share for local government as provided for in the Constitution, could make a significant improvement to its capacity.

Other forms of inter-municipal co-operation

Municipalities need not relate to each other through formal associations only. Inter-municipal co-operation may take many varied forms including: exchange of learning experiences; sharing of staff, technology and equipment; joint investment projects and collective purchasing.

International co-operation

Municipalities can also engage with municipalities in other countries, through a range of mechanisms from informal linkages to formal twinning arrangements and membership of international municipal institutions. These linkages may provide numerous benefits to South African municipalities, including facilitating the sharing of international expertise and best practice experience.

Concluding comment

Strong and capacitated local government can play a critical role in enhancing the success of national and provincial policies and programmes, and building sustainable human settlements for the nation. In a spirit of co-operative governance, national and provincial government should seek to support and enhance the developmental role of local government.

SECTION C

DEVELOPMENTAL LOCAL GOVERNMENT

In this section

This section explores the developmental role of local government — its central responsibility to enhance the growth and development of local communities. It provides a definition of developmental local government, and proposes four **inter-linked** approaches to assist municipalities to effectively play a developmental role:

- integrated planning, budgeting and management
- managing the growth of local settlements
- mobilizing capacity for effective service delivery, and
- linking growth and development.

1. DEFINITION OF DEVELOPMENTAL LOCAL GOVERNMENT

Three aspects of developmental LG

The developmental role of local government has three inter-related aspects:

- **Maximizing economic growth and social development:** The powers and functions of local government, as assigned by the Constitution and as practised by local government, should be exercised in a way that has a maximum impact on economic growth and social development of communities
- **Integrating and co-ordinating:** As the sphere of government closest to the ground, local government has a broader role to play: it has to integrate or co-ordinate the activities of other agents — including other spheres of government — within a municipal area. This is part of local government's responsibilities in terms of co-operative governance
- **Democratizing development:** Local government has a unique role to play in terms of building and promoting democracy. This goes well beyond simply representing their constituents. It involves facilitating and encouraging the fullest possible participation of citizens. Local government is uniquely placed to promote the active participation of citizens in budgeting, planning and implementation of development. In this way, local government becomes the vehicle through which citizens work to achieve their vision of the kind of place in which they wish to live.

Strategic, visionary LG

This role can only be realised if local government becomes more strategic, visionary and ultimately influential in the way it operates. Municipalities have a crucial role as policy makers, as thinkers and innovators, and as institutions of local democracy. A

developmental local government should play a strategic policy and visionary role, and seek to mobilise a range of resources to meet basic needs and achieve developmental goals.

LG has major influence on local economies

Maximizing economic growth and social development

Through its traditional responsibilities (service delivery and regulation), local government exerts a great influence over the social and economic well being of local communities. Each year municipalities collect a large sum in rates, user charges and fees. They employ thousands of people throughout the country. In many cases they are responsible for the price and quality of water-, electricity and roads, and they control the use and development of land. In parts of the country they own substantial amounts of land. They purchase goods and services and pay salaries. They set the agenda for local politics, and the way they operate gives strong signals to their own residents and to prospective migrants or investors. These functions give local government a great influence over local economies.

Changes to existing procedures

Simple changes to existing procedures — such as buying local, linking municipal contracts to social responsibility, speeding up approval procedures or proactively identifying and releasing land for development — could have a significant impact with no additional cost. In addition, new policies and programmes can be initiated, aimed specifically at alleviating poverty.

Basic services a constitutional right for all

Local government is also responsible for the provision of basic services, an essential component of social and economic development. According to the Reconstruction and Development Programme and the Constitution, all South Africans are entitled to basic services, and government must take reasonable steps within its available resources to fulfil these rights. The starting point must be to prioritise the delivery of at least a basic level of services to those who currently enjoy little or no access to services. This can be achieved with the assistance of grants from the Municipal Infrastructure Programme (MIP), through local cross-subsidisation and through mobilizing private investment in municipal infrastructure. Good basic services, apart from being a constitutional right, are a prerequisite for labour market participation and economic activity. Where municipalities can provide higher levels of services to residents and businesses, on a sustainable basis, this should be encouraged.

Integrating and **co-ordinating**

LG provides leadership and vision in development effort

Any local area is a place where many different agencies, such as other spheres of government, parastatals, trade unions, community groups and private sector institutions, act. Developmental local government must see itself as the steward of all these other actors, providing a vision and leadership for all those who have a role to play in achieving local prosperity. Poor co-ordination between sectors and spheres could severely undermine the development effort. The Constitution gives local government jurisdiction over local areas (within the framework of co-operative governance). Municipalities, both individually and through organised local government, need to begin to fully exercise their jurisdiction of local areas.

Democratizing development

LG must
- promote
community
involvement

Municipal Councils, as elected structures representing the diversity of community interests, play a central role in promoting local democracy. In addition to representing community interests within the Council, municipal councillors should promote community involvement in the design and delivery of municipal programmed.

LG must
support
individual and
community
initiative

Municipalities should see themselves as not simply administering to residents, but also responding to them. There is a deep well of untapped innovation and creativity in communities. This creativity seldom gets drawn out. Ordinary people do not always know how to access information and institutional and financial support, to enable them to turn ideas for local development into real programmed. Municipalities can do a lot to support individual and community initiative, and to structure community energies into projects and programmed which benefit the area as a whole.

Participation
and delivery -
getting the
balance right

At the same time, the participative processes must not become obstacles to development, and narrow interest groups must not be allowed to "capture" the development process. It is important for municipalities to find the right balance between delivery and participation.

System to
facilitate
interaction with
communities

It is important to develop a system which facilitates and promotes interaction and communication with residents, to allow for meaningful participation in activities such as planning, budgeting, implementing specific projects, and community campaigns.

Human Rights

The Constitution and the Bill of Rights ensure that every person in South Africa is accorded human rights, which reflect the nation's values about human dignity, equality and freedom. These rights are intended to guarantee certain essential freedoms, personal security and privacy. They include freedom of religion, expression, movement, trade, fair labour practices, ability to own property, and political rights. They further include access to a healthy environment, adequate housing, health care services, education, information, and to courts. They recognise the importance of protecting cultural heritages, and the rights to just administrative actions.

Municipalities should strive to ensure that these rights become part of the daily life experience of every person in the nation. With rights come responsibilities. Each of the rights described above will exist only as concepts unless each and every individual respects such rights, and commits himself or herself to work towards realising a society in which respect for rights is an every day reality.

Gender Equity

The Constitution compels local government to actively establish gender equity in society, through eradicating and replacing (internal and external) practices that systematically discriminate against women on the basis of their sex. A comprehensive strategy is required to bring about fundamental change as required by the Constitution.

There are a number of ways local government can promote gender equity, including the development of a Gender Policy in conjunction with its Affirmative Action policy, as required in terms of the Labour Relations Act. A Gender Policy should clearly express the commitment of the municipality to the principle of gender equality and specify concrete strategies in all aspects of operation, in systems and procedures, to advance women's interests, participatory governance and human resources policies and practices.

Such a policy should further specify procedures for consultation and mechanisms to ensure that staff, councillors and community representatives have an opportunity to monitor the implementation of the policy. It should also be linked to clear performance targets.

2. APPROACHES FOR DEVELOPMENTAL LOCAL GOVERNMENT

2.1. Integrated planning, budgeting and management

Prioritise most urgent tasks

Municipalities need to develop a vision and to identify the key contribution they can make — along with many other actors — to achieve this vision. Local government is tasked with a wide range of powers and functions. While no task can be neglected, there is a danger that resources and capacity will be spread too thinly and that impact will be minimised, unless the most urgent and important tasks are clearly identified and energies and resources directed towards addressing these as a matter of priority.

Ways to focus on development priorities

How can municipalities develop an integrated vision (a broad vision which takes into account all key factors) and ensure that both their own and additional resources and capacity are mobilised behind this vision? This Green Paper proposes a number of core interventions which will assist municipalities to achieve this. These are:

- integrated development planning
- financial and investment planning
- environmental management
- performance management.

Integrated Development Planning (IDP)

Key elements of - Integrated Development Planning

Integrated Development Planning is an important way in which municipalities can start to develop a strategic policy capacity, to mobilise resources and to target their own activities.

Integrated Development Planning is a process through which a municipality can establish a development plan for the short, medium and long term. As envisaged, it will involve:

- a close assessment of current social, economic and environmental reality in the municipal area
- a determination of community needs through close consultation
- an audit of available resources, skills and capacities
- a prioritisation of these needs in order of urgency and long term importance
- the development of frameworks and goals to meet these needs
- the formulation of strategies to achieve the goals within specific time frames
- the implementation of projects and programmed to achieve key objectives, and
- the use of monitoring tools to measure impact and performance.

Advantages of integrated Development Planning

In effect, IDPs are planning and strategic frameworks to help municipalities to fulfil their developmental mandate:

- IDPs enable municipalities to direct their financial and institutional resources towards agreed policy objectives and programmed
 - IDPs are a vital tool to ensure the integration of local government activities with other spheres of development planning at provincial, national and international levels, by serving as a basis for communication and interaction. In future, the planning requirements of national and provincial departments will be linked to IDPs
 - IDPs serve as a basis for local government to engage with citizens and with various stakeholders and interest groups. Participatory and accountable government only has meaning if it is related to concrete issues, plans and resource allocations
 - They enable municipalities to weigh up their obligations and systematically prioritise programmed and resource allocations (what are the most important things to do and how best these can be addressed within available resources be used). Given the great inequalities of our society, IDPs provide a framework for municipalities to prioritise their actions around meeting urgent needs (addressing backlogs and promoting development), while at the same time maintaining the existing economic, municipal and social infrastructure, and
 - They help municipalities to develop a holistic strategy for poverty alleviation. Poverty is not just about low household income. It includes other aspects of deprivation such as a lack of assets to help households cope with shocks and
-

stresses, a lack of legal rights, a lack of the resources or contacts necessary to secure political advantage, a lack of access to education, health care and emergency services, and lack of safe, secure, and adequately sized housing with basic services.

Integrated development planning is a challenge as well as an exciting opportunity for a new system of local government. It can help municipalities to find a focus within an increasingly complex and diverse set of demands, and help them to discipline resource allocations and institutional systems around a new set of development objectives.

Financial Planning

5 year financial planning

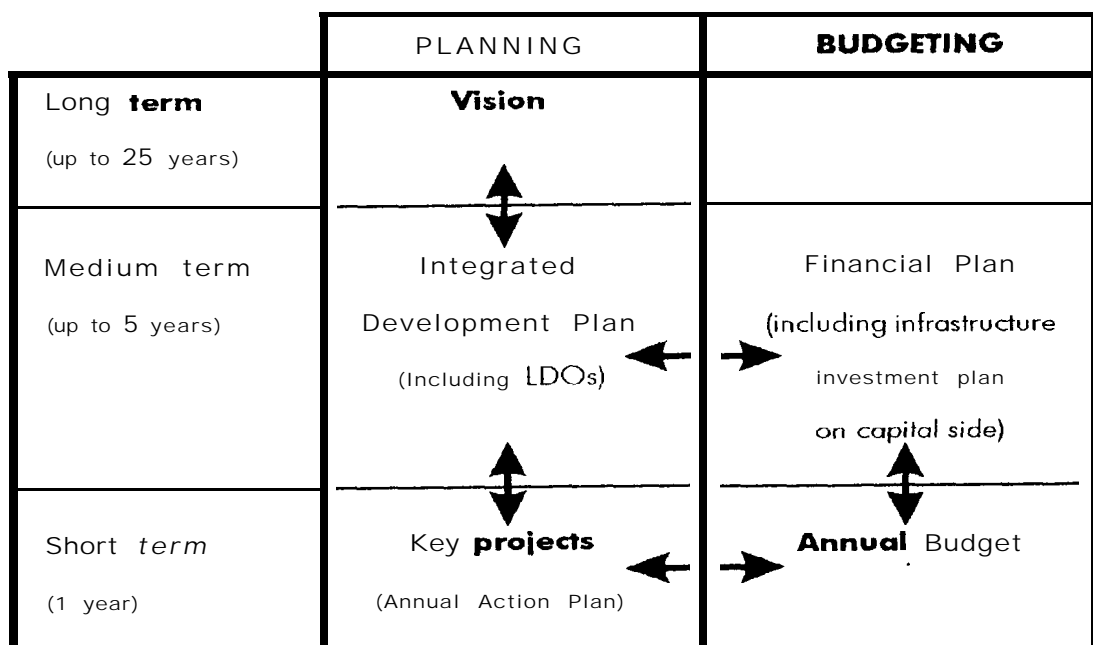
Integrated development planning should be linked to financial planning. A Financial Plan involves producing a medium-term (5 year) projection of capital and recurrent expenditure. This means incorporating municipal Land Development Objectives (LDOs) and other strategies into the normal medium term planning for capital and recurrent expenditure. Municipalities should also develop a plan for raising the revenue to support these strategies and make sure that their plans are affordable over the long term. The Financial Plan should show how the priorities in the budget change over the five-year period in order to achieve the IDP and the LDOs.

Funding for infrastructure development

On the capital side municipalities need to develop a coherent infrastructure investment plan, which sets out how they will achieve infrastructure targets, and mobilise public and private funding sources for this purpose.

Annual budgets based on 5 year plan

The medium term financial plan forms a basis on which annual budgets can be drawn up. The following diagram shows the relationship between planning and budgeting.



Environmental Management

Planning for sustainable development

Sustainable development is development that delivers basic social and economic services to all, without threatening the viability of the ecological and community systems upon which these services depend. In other words, it is development which takes due care not to cause harm to the environment or to the community in general, recognizing that human development depends on a healthy environment and healthy social structures. Municipalities can enhance sustainability by including environmental issues in their planning processes.

Local Agenda 21

Many municipalities are participating in Local Agenda 21, to reach towards sustainable development in their local areas. Local Agenda 21 requires municipalities to develop long term strategic action plans that address priority sustainable development concerns. These plans are based on similar principles to the IDP process.

SEAS and State of Environment Reports

Tools such as 'Strategic Environmental Assessment', which is a process of anticipating and addressing the potential environmental consequences of proposed activities, can assist municipalities to integrate environmental concerns into policy and planning processes. 'State of the Environment' reports are another tool that could provide baseline information to assist with environmental planning.

Performance Management

Monitoring and evaluation

Planning processes, including IDPs, financial plans and environmental planning, should be monitored and evaluated effectively. A municipality must set performance indicators, sometimes called Key Performance Indicators (KPIs), against which it can measure its own performance.

Key Performance Indicators

KPIs should focus on the key development areas, and include both efficiency measures and human development indices. Some examples of KPIs which have been used by municipalities are:

- average response time to complaints from residents regarding service provision
- unit cost of delivering water/ electricity to households
- general administration and salary costs as a percentage of the overall budget
- average commuting time for residents to and from work
- incidence of diarrhoeal disease in the community
- gender development index (the levelling of the playing field between men and women in terms of opportunities and access to resources).

Performance indicators should be used to measure whether the various projects and strategies contained in the IDP are working as expected. Over time, performance indicators allow municipalities to adjust and adapt their IDPs to take account of past experiences.

2.2. Managing the growth of local settlements

Planning for future growth

In a context of rapid urbanisation, and complex changes in national settlement patterns, municipalities will need to place an emphasis on managing the growth of human settlements. For example, in expanding urban centres, growth management should anticipate and provide for the needs of rapidly growing populations. Growth management implies planning and investing now to meet future land-use and infrastructural needs for residential, commercial and industrial development.

Influencing growth

There are a number of ways that growth can be influenced and managed, such as through land zoning, building regulations, property taxation, and land development. Further, investment in transport, basic services and housing infrastructure, is central to growth management.

Growth with equity

The way in which municipalities manage growth is also critical for addressing inherited spatial distortions (for example, the way in which human settlements were fragmented along racial lines under apartheid). Unmanaged growth may simply entrench existing inequities.

Spatial Integration

Mixed-use, mixed-income development

Spatial integration is a central principle for growth management. Proactive (forward-looking) policies are required to encourage spatial reintegration and make land available in a way which promotes mixed-use and mixed-income development. For example, apartheid created townships which were intended only as dormitories for low-income workers and hence provided little or no work opportunities or social amenities. Mixed-use development seeks to provide for industrial, commercial, recreational, agricultural, conservational and cultural needs within a reasonable distance from residential development.

A useful starting place for physical planning and land development are the principles set out in Chapter 1 of the Development Facilitation Act (DFA). These principles are the basis for Land Development Objectives and Integrated Development Plans, and for all decisions taken by a municipality which relate to the development of land.

The DFA Principles

The DFA Principles state that all laws, policies and administrative practices affecting land development should:

- facilitate the development of both formal and informal, existing and new settlements — there is therefore no bias in favour of any one sort of development and no individual community or group in an area can claim preferential treatment without a good reason
- discourage land invasions without ignoring the reality and history of informal land development processes
- promote efficient and integrated land development that, amongst other things:
 - integrates rural and urban areas, integrates poor and rich, black and white areas in towns and cities, and integrates different land uses rather than

- keeping them strictly separate
- discourages urban sprawl and contributes to more compact towns and cities
- makes maximum use of all available resources and avoids duplicating existing infrastructure and services;
- promotes development of housing and work opportunities near to each other, and
- encourages environmentally sustainable practices and processes
- be clear and easily understood — they should also provide guidance and information to people in or affected by the land development process, rather than simply trying to control the process and the people
- promote sustainable development that:
 - is within the fiscal, institutional and administrative means of the country
 - establishes viable communities
 - protects the environment
 - meets the basic needs of all citizen in an affordable way; and
 - ensures the safe use of land.

Conflict management

Authorities in each sphere of government must co-ordinate the different sectors in or affected by land development so as to minimise conflict over scarce resources.

Growth management

To manage growth effectively, it is essential to ensure that **sectoral** interventions, mainly in transport, housing and land functions, are coordinated, and support the municipal vision for how the local area will develop spatially over a period of time.

Housing

LGs can actively promote housing development

In terms of recently proposed decentralisation of housing functions, municipalities are now required to be proactive in ensuring that housing development takes place.

Amongst other things they must ensure that:

- residents have access to adequate housing opportunities on a progressive basis
- conditions not conducive to the health and safety of residents are addressed, and
- services in respect of **water**, sanitation, electricity, roads, stormwater drainage and transport are provided in a manner which is economically efficient.

In addition a municipality must:

- set housing delivery goals in its area of jurisdiction
- identify and designate (set aside) land for housing development
- create and maintain a public environment conducive to housing development which is financially and socially viable
- promote the resolution of conflicts arising in the housing development process (unless the municipality is involved, or has an interest in, the matter)
- initiate, plan, co-ordinate, facilitate, promote and enable appropriate housing development in its area of jurisdiction

- provide bulk engineering services, and revenue generating services where such services are not provided by specialist utility suppliers, and
- plan and manage land use and development.

• Subsidies for housing projects

Municipalities can become active developers of housing and undertake housing development projects. For these purposes municipalities can get access to housing subsidy funds via Provincial Housing Boards.

Transport Authorities

Transport

Transport planning and infrastructure functions may also be decentralised to local government. The Provincial MEC responsible for transport may, in agreement with the municipalities concerned, designate a municipality, or a combination of municipalities, as a transport authority for its or their areas of jurisdiction, to be known as a transport area. The transport authority itself could include nominees from the constituent municipalities, MECS, and metropolitan and district governments. The MECS may designate Transport Authorities for the purpose of planning, co-ordination and integration, implementation, ensuring transport law enforcement, and monitoring and funding of land transport in the provincial and local government spheres.

A transport authority may enter into an agreement with a municipality or other institution to perform specific duties in relation to a transport area. Functions will include the establishment of fare structures, concessionary fares, travel demand management, marketing, promotion and publicity associated with provision of transport services, etc.

Resources available for transport

There are a number of resources which municipalities may access to assist them with transport functions:

- The Land Transport Fund can be used for grants for the establishment and maintenance of centres for development in transport engineering, transport economics, or related subjects connected with land transport
- A transport authority may make available a grant for the promotion of transport planning, specific studies that need to be conducted, or updating a transport plan, for training in transport engineering or economics or related matters, and for the provision of public transport infrastructure and facilities required in terms of an approved transport plan, and
- The MEC may make grants available to assist Transport Authorities in financing capital projects, the introduction of new technology, transport projects and enhancing economic development or incorporating private investment, etc.

Land administration powers

Land

The Land Policy White Paper notes that much of the land administration function is likely to be delegated or assigned to Provincial government. Eventually, it may be appropriate for many of these functions to be located at local government sphere. This would bring the situation in rural areas in line with that in urban areas, where substantial land administration functions (related to planning and development

control) are already vested at the local level. Land administration powers contribute significantly towards enabling municipalities to manage the growth of human settlements.

2.3. **Mobilising** capacity for effective service delivery

It is clear that developmental local government will require significant capacity, both to meet existing backlogs, and to continuously promote the social and economic well-being of the community. This is contrasted with the very real skills shortages and administrative problems faced by many municipalities, particularly in the rural areas.

Core business

Focus 011
meeting basic
needs and
quality of life

Choices about how scarce resources and capacity are utilised need to be guided by a clear focus on the core business of the municipality, ie, delivery of a core package of services aimed at meeting basic needs and progressively enhancing the quality of life of the poor, in a manner which is integrated and democratic. A focus on core business will entail some hard choices, and may mean cutting or re-directing programmes whose benefits are unclear.

Mobilizing additional capacity

Wide variety of
delivery
mechanisms

Scarce capacity and resources also imply that municipalities will need to proactively search for appropriate delivery instruments. Partnerships with other organs of state, the private sector, NGOs, CBOS or other civil society structures can mobilise additional capacity. Central to this approach is the notion that while a municipality remains the ultimate authority responsible for ensuring that a service is provided, and regulating that service, it should be able to use different service providers to fulfil municipal development objectives. This means that a wide variety of delivery mechanisms can be developed to address the capacity constraints facing local government.

Partnerships for
delivery

Service delivery mechanisms include public delivery, public utilities, public-public partnerships, public-private partnerships, and public-community partnerships. These options are not mutually exclusive, and can be combined in a number of ways. Municipal choices about delivery options should be guided by clear criteria such as coverage, cost, quality and the socio-economic objectives of the municipality (such as job creation, equity, and integration).

○ Public delivery could be enhanced through a focus on core business, realistic integrated planning, and sound financial management. Interventions in administrative structuring could include the establishment of a strong centre for planning, performance management, auditing and information; combined with an emphasis on front-line innovation (new approaches to dealing directly with citizens), re-skilling, and training for transformation.

○ Public utilities (such as transport or bulk infrastructure utilities) have operated successfully in many parts of the world. They are usually agencies funded by

Partnerships for delivery
{continued}

public capital, owned completely or in part by a municipality (or jointly between spheres of government), with their own management structures. Public utilities provide an effective way to deliver public services to a large number of constituents, and may be best located at a metropolitan or district level.

- Public-public partnerships, or public joint-ventures, allow for horizontal co-operation between municipalities to exploit economies of scale, or vertical co-operation (within municipalities) to improve co-ordination at the point of delivery. In addition to service partnerships, public-public partnerships are common in areas such as joint purchasing-consortia, training initiatives, technical support and information services. Public-public partnerships are relatively unexplored in the South African context. Methods to encourage these partnerships within a framework of co-operative governance (such as linking specific grant funding to collaboration between different spheres of government and/or different municipalities) should be investigated.
- Public-private partnerships are a vehicle for combining the skills and assets of the public and private sectors. They can take many forms, such as service contracts, joint ventures, BOTS and concessions, and are often used as a mechanism to maximise private sector investment in municipal infrastructure. Where this type of partnership is 'municipality-driven', and aims to harness the capacity of the private sector to meet public interests, substantive benefits can be derived, including getting cheaper services, of better quality, to more consumers. If poorly managed and structured, the risks of these partnerships are high. In recognition of this, national government is currently developing a regulatory framework, which aims to ensure that forms of public private partnerships are properly regulated to ensure public accountability and the protection of consumer and worker rights as well as the interests of the private investor. In particular, regulation is important to guard against monopoly pricing, "cherry-picking" of high-income customers (serving only the wealthy and limiting access for low-income groups), poor quality services and unfair labour practices.
- Public-community partnerships take many forms, ranging from community contracting for service delivery (usually maintenance functions) and neighbourhood-safety associations, to collaboration between municipalities and corporations which promote specific community interests (eg, inner-city regeneration). Where well conceived, these partnerships can contribute towards improved public services and promote constructive community-municipality interaction. These partnerships should be structured as part of an integrated delivery programme, and municipalities should guard against abdicating responsibility when they enter partnerships. It is particularly important to ensure that the poor benefit from partnerships and that their interests are not neglected.

• **Government assistance for building and managing partnerships**

While alternative delivery mechanisms bring additional capacity to bear on the challenges facing municipalities, municipalities will need to develop the capacity to manage new delivery mechanisms. National government will provide support to municipalities who wish to engage in service delivery partnerships, in the form of:

- the development of a regulatory framework

- ensuring that municipalities can access technical assistance for service delivery partnerships, and
- specific capacity-building programmed.

2.4. Linking growth and development

LED - all municipal activities should address inequality and poverty

Local economic development (LED) is not something separate from the daily work of the municipality. It does not require a department of its own. *Rather, all* the activities of local government need to promote economic growth. The overriding economic challenge for South African local authorities is inequality and poverty — which can and should be addressed through all the functions of a municipality.

Promotion of investment and entrepreneurialism

Ways to promote investment and enterprise

Municipalities should promote local investment and entrepreneurialism. Some ways in which municipalities can do this are:

- marketing the local area to potential investors
- providing investment support to ensure that potential investors are able to make
 - their investments easily. For example, bureaucratic approval procedures can be shortened, as long as environmental and developmental standards are not compromised
- assisting in small business development, through, for example, facilitating the establishment of Local Business Support Centres which provide credit, training, premises and so forth, and
- the identification and release of land for development to ensure that land development is not subject to speculation and delays. If government identifies appropriate land for residential and commercial development and assigns development rights up front, it can speed up the development process and encourage spatial integration.

Growth and redistribution

ways to promote growth and redistribution

There are a number of ways in which municipalities can promote growth and redistribution through development:

- **Public Works** such as labour-intensive construction of roads, schools, clinics and other social infrastructure contribute both to basic services and **job** creation.
- **Local Procurement** (buying goods and services) from small and disadvantaged businesses can provide a **major** stimulus to local producers. A municipality is often one of the largest purchasers of goods and **services** in a locality, and as such can stimulate demand from local businesses through buying locally. The '10 Point Plan on Public Sector Procurement' produced by the Department of Public Works proposes that preference in procurement should be given to those persons 'disadvantaged by unfair discrimination'. A clearly stated policy and selection criteria would be required to ensure fair application of any such preference system. Other strategies that might advantage local small enterprises are the division of large contracts into smaller parts, a reduction in the requirements to put up securities (guarantees), use of more accessible

advertising media, and the provision of training and institutional support to small suppliers.

In addition to supporting local enterprises, procurement can be used creatively to impose certain developmental conditions on suppliers. For example, suppliers might be required to employ local labour, provide employee training, work together with small enterprises or implement affirmative action policies. Municipalities can follow the example set by provinces in attaching conditions on banks wishing to handle government accounts. Similarly investors requiring building permits for profitable investments might also be required to fulfil certain developmental conditions. It is important to ensure that conditions are not so stringent that the benefits are offset by disincentives. This emphasises the need for clear development goals to be established up front.

- **Planning Linkage** can mobilise resources and capacity for development of housing and other infrastructure. Where significant profitable investment in a particular locality has raised property values and created a competitive market, municipalities can consider linking development rights in such an area to development of housing and services for the poor. This strategy may be appropriate where townships border growth areas. This technique has been used very effectively elsewhere in the world, and although it may initially generate some opposition from developers, it generally tends to lead to a climate of social responsibility and balanced development over time.
- **Local Training Programmed** can promote investment and assist the poor in sharing in the benefits of economic development. Municipalities may contribute through, for example, improving the training provided to their own employees, or requiring that all companies contracted to the municipality provide a minimum level of training to their employees.

Concluding Comment

Municipalities face great challenges in addressing past backlogs and spatial distortions, meeting the needs of local communities, and planning for a sustainable future. In order to meet these challenges, municipalities will need to take a developmental approach which:

- enhances their capacity as policy and planning centers, able to mobilise and manage a range of development initiatives, resources and processes through a coherent vision and integrated planning framework for their local area, and
- focuses their own institutional and financial capacity on the efficient delivery of target-ted programmed, and harnesses additional capacity and resources from other sectors.

A developmental role for local government offers substantive benefits to local residents, communities, provincial and national spheres of government, and the nation as a whole.

SECTION D

INSTITUTIONAL SYSTEMS

See also
Annexure B (Tables) and
Annexure C (Mops)
at the back of the book

1. INTRODUCTION

Three
categories of
municipality
provided for by
Constitution

The Constitution establishes the following categories of municipality:

Category (A): A municipality that has exclusive municipal executive and legislative authority in its area	<i>For example, a "free standing" local municipality</i>
Category (B): A municipality that shares municipal executive and legislative authority in its area with a category (C) municipality within whose area it falls	<i>For example, a "Metropolitan local municipal" or rural municipality</i>
Category (C): A municipality that has municipal executive and legislative authority in an area that includes more than one municipality	<i>For example, a Metropolitan municipality or District municipality</i>

Legislation to
define types
and criteria

National legislation must define the different types of municipality that may be established within each category, and establish criteria (conditions and rules) for determining when an area should have a single category (A) municipality or when it should have municipalities of both category (B) and (C). Provincial legislation must determine which type is to be established in the different localities within the Province.

The discussion in this section of the paper aims to stimulate debate about which types of municipality should be established in respect of each category provided for in the Constitution.

Discussion about types of municipality is informed by:

Spatial
distortions of
the past

○ **the legacy of (colonial and apartheid) separation**, which has created distortions in our settlement patterns. Existing spatial distortions include racial separation, the locational disadvantage of the urban poor (the fact that they reside in underdeveloped areas, far from work opportunities, amenities and services), unsustainable and costly patterns of urban development (eg, urban sprawl), rural settlements with no economic base (often created through forced removals and sustained through subsidies) and highly unequal access to services and amenities (both within urban areas and between urban and rural areas)

Urban / Rural
disparities in
capacity

○ **the uneven distribution of municipal capacity, particularly** between urban and rural municipalities. Previous legislation such as the Remuneration of Towns Clerks Act and grading systems for municipalities created disincentives for skilled

staff to work in rural and small town areas. Further, under apartheid there was little commitment to building sustainable municipal capacity in large parts of the country

Urgent need for measures to address inequity and backlogs ○ **the need for rapid intervention in the management of urban and rural systems**, to tackle entrenched patterns of inequity, increase economic competitiveness and viability, and harness concentrated capacity and investment to address the massive backlogs we have inherited, and

Transformational and developmental LG ○ **the new vision for local government, and** the need for empowered and capacitated municipalities to play a transformational and developmental role in building viable human settlements which meet the needs and aspirations of local communities.

What is required of LG ○ The factors listed above lead to the following requirements for local government:
○ the need for capacitated municipal institutions at an appropriate level to **address spatial distortions in settlement patterns**
○ **a focus on district and metropolitan governments** as centres of municipal capacity to manage integrated development planning and to ensure rapid delivery where local municipal capacity does not exist, and
○ a focus on the **need for urban and rural linkages** to be recognised in our municipal institution forms.

2. METROPOLITAN GOVERNMENT

Characteristics of metropolitan areas

Metropolitan areas are large urban settlements characterised by high population densities, complex and diversified economies, and a high degree of functional integration across a larger geographic area than the normal jurisdiction of a municipality. Economic and social activities transcend municipal boundaries, and metropolitan residents may live in one locality, work in another, and utilise recreational facilities across the metropolitan area. Typically metropolitan areas constitute a single labour market, a single retail and housing market, and a single environmental and ecological unit. To the outside world, the metropolis constitutes a single tourist destination, a single location for investment, a single climatic region and a single sporting and cultural community.

Metropolitan governments are governments whose area of jurisdiction covers the whole metropolitan area. Where there is no metropolitan government, the metropolitan area is divided into many municipalities.

2.1. The need for metropolitan government in metropolitan areas

There are many metropolitan areas in the world which are not governed by metropolitan governments. However, it is widely recognised that the lack of a

metropolitan government makes it more difficult to govern a metropolitan area in an integrated, **just** and viable manner.

**Strengths of
- metropolitan
government**

Metropolitan government:

- creates a basis for equitable and socially **just** metropolitan governance
- helps to minimise spillovers and externalities
- promotes rational and integrated planning and coordinated public investment
- enhances the economic competitiveness and well-being of the city.

**Metropolitan government creates a basis for equitable and
just metropolitan governance**

**Interests of
urban poor/
- all residents**

When there is no metropolitan government in metropolitan areas, municipalities may operate in ways which impact negatively on the urban poor in the short-term, and impact negatively on all metropolitan residents in the longer-term.

**Municipalities
seek to increase
tax base**

Urban municipalities derive the bulk of their revenue from locally raised taxes. They use their revenue to attract new residents and businesses, and thereby increase their own tax base. However, new residents and businesses only increase the tax base if the municipality is able to attract residents who contribute more to the tax base than they cost the tax base.

**Exclusion of
urban poor**

Municipalities therefore have an interest in excluding residents who cost the tax base more than they contribute, such as the urban poor, who are often unable to invest in property or establish new businesses which the municipality can tax. Municipalities try to maximise their per capita tax base by using land-use regulations to exclude **low-rateable** forms of development, such as low-income housing or less formal settlements.

**Pockets of
poverty**

The result is that the urban poor are pushed to the metropolitan peripheries (outer areas) or into spatial 'pockets of poverty', which are expensive to service and far from job opportunities and recreational and social amenities. Because these areas are excluded from the jurisdiction of affluent municipalities, the cost of servicing these areas is not covered by the municipal tax base.

**Inequalities in
service costs and
quality of
service**

The actions of affluent municipalities in metropolitan areas therefore reinforce inequalities between parts of the metropolitan area in the cost and quality of services, as wealthier municipalities defend their tax bases from claims beyond their borders, and exclude 'undesirable' residents through exclusionary policies. This dynamic, which structures the spatial location of poverty, is **self** reinforcing: a municipality with a large per capita tax base can provide better services at a lower tax rate, while poorer localities have to tax themselves at higher rates but generate revenues sufficient only to fund relatively inferior services.

**Apartheid
legacy**

South Africa's major cities, which until the implementation of the LGTA had no metropolitan government and were governed by many racially-based municipalities,

Apartheid legacy
- (continued)

have suffered extensively from this pattern of uneven, inequitable development. Urban apartheid provided a legal framework for affluent white municipalities to effectively exclude the largely black majority of the urban poor from their areas of jurisdiction, and ensure that high-rateable commercial development (most commercial investment) fell within their jurisdiction. Although the consumer and labour power of township residents contributed to the tax base of white municipalities, services in the townships were not funded from this tax base.

Equity and social justice in interests of all

Metropolitan government provides a mechanism for addressing this dynamic of inequity, and ensuring that everyone who contributes to the tax base benefits from it. A more equitable and socially just form of metropolitan governance not only benefits the urban poor, but in the long term benefits all metropolitan residents. Numerous studies have shown that the overall economic prosperity of metropolitan cities is greater where there is less inequity between constituent parts of a metropolitan area. Social justice and equity are not merely desirable ends in themselves, but also make good economic sense.

Additional mechanisms for redistribution

It should be noted that while metropolitan government should play a key role in intra-metropolitan redistribution, no type of metropolitan government can be solely responsible for redistribution. National revenues or taxes need to play a primary role in effective redistribution and the alleviation of urban poverty.

Metropolitan government helps to minimise **spillovers and externalities**

"User pays" principle

It is a generally accepted principle within local government systems characterised by locally-generated revenue, that local services should, as far as possible, be self-contained so that they are paid for by the citizens who use them. In metropolitan areas without metropolitan governments such self-containment is almost impossible, and some local services are inevitably consumed by citizens resident outside the local boundaries (spillovers).

Services which benefit 011 should be paid for by 011

While there are high levels of **spillovers** for most **infrastructural** services, the problem is particularly acute for communications, bulk infrastructure and roads infrastructure. Similarly, public services such as art galleries, reference libraries, museums and so forth, are usually housed in the central city but utilised by all metropolitan residents. Residents who do not directly utilise these services may still benefit indirectly from these services through the enhanced 'livability' and attractiveness to investment with which they endow the metropolitan area. The provision of such services is usually costly, and, in line with the principle that services should be paid for by the urban residents who consume them, the costs of such services should be shared across the metropolis.

Metropolitan government promotes rational land-use planning, and coordinated public investment

Municipalities in metropolitan areas are part of a continuous urban area that extends

Irrational land-use planning

beyond their individual boundaries. Urban economic, social and spatial dynamics play themselves out at a scale larger than the boundary of any particular municipality. However, municipalities exercise their planning powers and functions within their particular areas of jurisdiction. This mismatch *between* the scale of municipal boundaries and the scale of economic and social activity in the metropolitan area often results in irrational land-use planning decisions. Given that planning frameworks are intended to guide public investment (for example, investment in infrastructure and transport systems), poor planning tends to result in less than optimal use of public funds.

Metro-wide land-use planning more responsive to urban trends

The establishment of metropolitan government with land-use and regulation powers expands the jurisdiction within which land-use planning occurs, so that plans are better able to respond to and influence metropolitan spatial, social and economic trends.

Metropolitan government is able to enhance the economic competitiveness and well-being of the city

Investment for city as a whole, in line with IDP

Metropolitan areas are often assessed as single entities for purposes of determining their investment attraction potential. Metropolitan government is able to market the city as a whole, and direct investment in line with an integrated development plan. In the absence of metropolitan government municipalities may compete excessively for investment, and create negative perceptions through separate and uncoordinated international marketing strategies.

Overall economic well-being versus narrow local interests

Further, the decisions of individual municipalities may impact on the economic condition of the whole metropolitan area. The aggregate effect of economic policies which protect narrow local interests can damage the overall economic well-being of the metropolitan area.

2.2. Structural options for metropolitan government

There are four common ways of structuring metropolitan governments:

Metropolitan legislature without statutory executive powers

○ The first is the establishment of a metropolitan legislature, with no statutory executive powers (powers to make and implement policy). The metropolitan legislature is usually indirectly elected from municipalities which fall within the metropolitan area. The legislature provides a forum in which policy-makers can discuss issues of metropolitan-wide significance, and reach agreements on horizontal cooperation between municipalities within the metropolitan area. Real collaboration on issues of metropolitan-wide significance depends on constituent municipalities reaching agreement in the metropolitan legislature, and translating such agreement into executive decisions within their own municipal Councils.

Metropolitan utilities

○ The second option is the establishment of single or multi-purpose delivery institutions at a metropolitan level (metropolitan utilities). This system attempts to preserve maximum autonomy for municipalities while exploiting metropolitan economies of scale (the advantages of larger over smaller markets) for the delivery of bulk infrastructure or other services. Metropolitan utilities are usually governed by a Council or Board which is indirectly elected from municipalities in the metropolitan area. This is a limited form of metropolitan government. While there may be a significant administrative capacity at metropolitan level, there is limited scope for the metropolitan government to develop and implement an integrated policy perspective on the development of the metropolitan area.

The above two types are not 'true' models of metropolitan government, as executive powers in these types rest exclusively with the local, as opposed to metropolitan level. Neither of these types recognises the economic and social unity of the metropolitan area in their institutional form. These types allow for the perpetuation of fragmented and unequal development between parts of the metropolitan area. Neither type provides a sound basis for social justice, for addressing negative externalities, promoting integrated development planning and enhancing economic prosperity and competitiveness.

The types which follow are 'true' models of metropolitan government, in that they allow for the existence of a multi-purpose metropolitan government with executive, legislative and administrative functions.

Two-tier system

○ the third type is a two-tier system of metropolitan government, where both levels (metropolitan and local) exercise legislative, executive and administrative powers and functions. The basic logic of this model is that issues of metropolitan-wide significance are best addressed at a metropolitan level, and issues with local significance are best addressed at the local level.

Relationship between levels

Within this type, several variations are possible. The combination of factors which will determine the exact nature of metropolitan government in this type are: the allocation of powers and functions between the levels, the criteria used to demarcate the metropolitan and local boundaries, the manner in which the Metropolitan Council is constituted, and the mode of delivery. Two basic variations are put forward for debate:

Co-ordinating, redistributive metropolitan tier

- **a coordinating metropolitan tier:** which plays a coordinating and redistributive role between local municipalities, which are seen as the primary level and operate as largely autonomous municipalities, delivering directly to the public and dealing with most municipal powers and functions. Metropolitan powers are likely to be phrased as the "co-ordination of (for example, land-use planning)" and allow for limited metropolitan intervention in areas where metropolitan and local municipal

interests differ. Intra-metropolitan redistribution occurs through the allocation of the RSC levies. Local municipalities are likely to be large enough to allow for the efficient delivery of most services, and may contract with utilities, private sector companies or the metropolitan tier for bulk services.

Integrating metropolitan tier

- an integrating metropolitan tier: which, in addition to its co-ordinating and redistributive role, assumes responsibility for a range of functions seen as essential for the integrated management and governance of the metropolis as a single economic and social entity. For example, land-use planning and regulation, transport planning, bulk infrastructure planning, and promotion of economic development. Bulk delivery could occur through the metropolitan administration, or be contracted out. Intra-metropolitan redistribution occurs through both the allocation of RSC levies, and through the re-allocation of a metropolitan levy on the local municipal rates base. Local municipalities may be smaller, and responsible for fewer delivery functions.

(The definition of these types includes the mechanism for redistribution. It is possible to dissociate the mechanism of redistribution from the type of metropolitan government. This is discussed later in this section, under the heading 'Addressing Inequity')

"Single city" metropolitan government

- The fourth type is a 'single city' metropolitan government. This form of metropolitan government consists of a single elected political Council vested with all municipal powers and functions, and a single administration. Administrative functions may be delivered on a decentralised basis. The single city type may have a provision for the decentralisation of some powers and functions to sub-municipal structures, such as ward or neighborhood committees. The nature of these sub-municipal structures will depend on the extent to which powers and functions are decentralised to the sub-municipal level. National legislation may prescribe the establishment of ward or neighborhood committees, and may also specify certain powers and duties (typically related to community participation) for these structures.

2.3. Assessing the options

This section discusses which of the different types of metropolitan government are **appropriate for South Africa's** metropolitan areas.

"Single city or two-tier types?"

Addressing inequity

In addition to national redistributive measures (such as inter-governmental grants), metropolitan government should play a central role in addressing inequity through intra-metropolitan redistribution.

Intra-metropolitan redistribution



Redistribution in the single city type	The single city type of metropolitan government vests all municipal powers and functions at the metropolitan level. The single city type intrinsically recognises the economic unity of the metropolis, and is able to redistribute resources across the metropolis in a number of ways, including through the normal budget process. In order to ensure that intra-metropolitan redistribution in the single city form occurs in a transparent (open) manner and is perceived as fair and equitable, care should be taken to ensure that single city municipalities make the motivation, basis and process of redistribution explicit and open to public debate.
Redistribution in the two-tier type	In a two-tier system, intra-metropolitan redistribution in the ‘co-ordinating’ type will occur when the metropolitan tier allocates revenues derived from inter-governmental grants and RSC levies to different municipalities in its area of jurisdiction. In the ‘integrating’ type, this form of redistribution will be supplemented by the re-allocation of a metropolitan levy on local municipal rates bases.
Possibility of conflict over redistribution in two-tier types	The mechanism through which intra-metropolitan redistribution occurs in two-tier systems is critical. In the absence of an explicit basis for determining the allocation of funds from the metropolitan to local level (in the ‘co-ordinating’ type) and also for the determination of an equitable levy (in the ‘integrating’ type), there is a strong possibility of local political conflict. Uncertainty regarding the basis for redistribution may negatively effect financial planning, as well as municipal credit ratings.
Formula required for redistribution in two-tier type	An explicit basis or formula for intra-metropolitan redistribution which is binding on members of both metropolitan and local Councils, is therefore required in the two-tier system. National government should play a role in defining the criteria which determine the extent of a metropolitan levy on local tax bases, and criteria to guide the re-allocation of funds from the metropolitan to local tier.
Alternative redistributive mechanisms	While this paper has discussed intra-metropolitan redistribution in the context of the redistributive mechanisms provided for in the existing legal framework (ie, the allocation of RSC levies and a metropolitan levy on the local tax base), the mechanism of intra-metropolitan redistribution could be separated from the type (and corresponding powers and functions) of metropolitan government. For example, intra-metropolitan redistribution could occur through a horizontal grant formula regulated by national government. This option can apply in any two-tier metropolitan system, and can even be applied to municipalities in areas where there is no metropolitan government.
Direct transfers could undermine metro-wide spending priorities	The key difference between this means of redistribution and that discussed above, is that funds are transferred directly between metropolitan local councils, as opposed to re-allocated through the metropolitan tier. This may operate to defuse some tensions between the metropolitan and local tier, but may also undermine metropolitan governments’ ability to prioritise need and spending across the metropolis.

Cross-subsidisation

Intra-metropolitan redistribution, between low and high income households, can also be facilitated through cross-subsidisation within and between services that are delivered by metropolitan government (or other metropolitan level delivery agencies).

Metro-wide land-use planning and regulation avoids negative effects of local area planning

Facilitating integrated planning

Metropolitan governments with land-use planning and regulation functions are able to recognise and address socio-economic spatial trends in the metropolitan area. They are thus able to avoid negative or irrational aggregate effects which may arise if planning decisions are taken from the perspective of only one part of the metropolitan area. The single city and 'integrating' two-tier types of metropolitan government are best placed to promote integrated land-use planning. The 'co-ordinating' form of two-tier metropolitan government lacks land-use planning and regulation powers, and, while it may be able to minimise the negative unintended consequences of local planning decisions through its co-ordinating role, it is in a weaker position to do so than the other models.

Metro-wide integrated planning to promote equity and meet residents' aspirations

Land-use planning and regulation is not simply a technical instrument for ordering physical space. If combined with other functions such as transport planning, and bulk-infrastructure planning, land-use planning may facilitate the development of a particular kind of urban living environment. Metropolitan governments able to integrate these functions are in a unique position to facilitate the development of city-wide vision which articulates the kind of urban environment in which citizens wish to live, and translates that vision into reality through the combined exercise of land-use planning and other powers. In this sense land-use planning can become an instrument of social equity, which challenges the existing spatial location of poverty, and redirects market dynamics in line with the aspirations of metropolitan residents.

Is one type of metropolitan government necessarily more efficient than another?

There are many arguments about the relative efficiency of different forms of metropolitan government.

Arguments for largely autonomous municipalities

Some people argue that types of metropolitan government which place minimal powers and functions (and administrative capacity) at the metropolitan level, such as the 'coordinating' two-tier system, are more efficient. Common arguments include:

Competing municipalities offers citizens choice

○ a multiplicity of largely autonomous municipalities within a metropolitan area can act as a mechanism to match individual preferences with a particular package of services, taxes and regulation through the creation a metropolitan market place. Assuming that all metropolitan residents are equally mobile (which is not necessarily true), this market place is facilitated by movement between municipalities, as citizens exercise their ability to choose between competing packages by moving from one municipality to another. It is argued that this approach leads to competitively priced services and greater responsiveness to end-user preferences.

Large metropolitan administrations increase costs

○ metropolitan governments may incur **diseconomies** of management scale (ie, costs in large metropolitan administrations increase due to increased management and personnel requirements and costs), and increased cost escalation pressures.

Arguments for maximum powers/ functions at metropolitan level

On the other hand, some people argue that metropolitan governments which place maximum powers and functions (and administrative capacity) at the metropolitan level, such as the single city type, are more efficient because:

Less duplication leads to savings

○ the duplication of functions, structures and personnel in each local municipality can be avoided, which reduces administrative and operational costs. There is also less need for co-ordination functions and structures, and the concomitant bureaucracy to manage these structures.

Metro-wide co-ordination can lead to optimal use of resources

○ a lack of metropolitan coordination can lead to the less than optimal use of facilities and infrastructure across the metropolis, which may increase both capital and operational costs, and wastage resultant from the under-utilisation of existing resources.

Improves ability to respond to and maximise opportunity

○ structural constraints in formulating metropolitan-wide policy and strategy may result in opportunity costs, for example, reduced success in promoting and marketing the city as a attractive investment opportunity for global capital.

Weighing up the arguments for efficiency of different types

There are numerous studies and statistical surveys which support both sides of the argument. While there are grounds for dismissing or supporting some of the specific assertions made on both sides of the debate, on balance, there is no conclusive evidence internationally for the efficiency of one model over another. Efficiency is not a function which can be 'read off' from any one type of metropolitan government. It has more to do with how capacity and resources are organised within any type. However, certain functions may operate more efficiently where vertical integration is possible and other functions may require a high degree of administrative decentralisation to operate efficiently.

Are single city and/or two-tier systems able to enhance participative local democracy?

Citizens' participation central to metro government

The promotion of local democracy should be seen as a central role for any type of metropolitan government. The local sphere is an arena where citizens can participate in decision-making to shape their own living environments, and exercise and extend their democratic (social, economic and political) rights.

"Smaller is better" claim

The local sphere is often seen as critical for enhancing participative democracy because citizens may have greater incentives to participate at the local level. An individual is more likely to exercise some influence on a policy decision within a

government process which involves fewer rather than more people.

Single city and 'integrating' two-tier types can balance claims and rights of all residents

However, in the South African context of vast inequities within metropolitan areas, and racially-divided cities, the crude assumption that smaller government bodies with maximum autonomy will operate to enhance everyone's democratic rights is not necessarily true. Metropolitan residents should have a voice in decisions which affect them at their work, at home and at places of recreation. As in all democratic systems, there is a need in metropolitan systems to ensure that the exercise of the democratic rights of some groups do not infringe on the economic, social or political rights of other groups. Both the single city and 'integrating' two-tier systems are able to balance claims from parts of the metropolitan area for extended autonomy and ensure that democratic rights of all metropolitan residents are not compromised by any one group within the metropolitan area.

In both systems diverse communities, with different histories, priorities, needs and aspirations will be incorporated into a single metropolitan jurisdiction. Metropolitan governments need to be responsive to diverse needs, and ensure that all citizens are able to contribute effectively to the governance of their communities.

Large MLCs do not enable citizen participation....

Theoretically, in a two-tier system, the local tier provides a forum where community groups can influence decisions which impact on their community. However, in our current two-tier system some Metropolitan Local Councils are very large (over a million people), which may mitigate against direct participation.

... but small MLCS may entrench racial divisions

On the other hand, given the geography of apartheid, small MLCS may simply entrench the racial divisions in our cities. It therefore cannot be assumed that the existence of MLCs necessarily increases local democracy.

Additional forums for participation

Additional forums and processes to ensure that citizens are able to effectively participate in local governance are required.

Ward/ 'neighborhood structures, and other forums and processes

In a single city system, ward or neighbourhood-level structures are required to ensure that citizens can participate at an appropriate level, and articulate the needs and aspirations of their communities to a responsive government. These structures should be scaled to facilitate direct participation, and additional forums and processes to enhance citizen participation in local governance should also be established.

Concluding comment

Single city and 'integrating' two-tier types most appropriate for South Africa

Given our current needs, the single city and 'integrating' two-tier types of metropolitan government appear to be the most appropriate for South Africa's major cities.

○ Both the single city and 'integrating' two-tier types provide a basis" for metropolitan governance concerned with social justice and addressing intra-metropolitan inequity. Both can minimise spillovers and externalities. The 'coordinating' two-tier type is less able to redistribute and address systemic

inequities across the metropolis (the inequities built into the apartheid urban system), and less able to 'level out' spillovers than other types.

O Both the single city and 'integrating' two-tier types facilitate integrated land-use planning. The 'coordinating' two-tier type has weaker powers to promote integrated land-use planning, and is less able to integrate land-use planning with other complementary powers and functions.

O Both the single city and 'integrating' two-tier types enhance economic competitiveness and prosperity; can operate efficiently and can facilitate democratic participation (although the single city type, and two-tier types with large local municipal jurisdiction, should be supplemented by forums which allow for direct participation). The 'co-ordinating' two-tier type may face problems of conflicting municipal local economic development strategies and administrative duplication. The ability of metropolitan residents to have a voice not only at their place of residence, but also at their place of work and recreation, may be hampered by the limited executive powers at the metropolitan level.

Costs and benefits need to be weighed

The costs and benefits of the different types of metropolitan government need to be assessed as part of the process of deciding which type of metropolitan government is most appropriate for the governance of our major cities.

Lessons from past three years

In addition to the considerations raised above, the decision should be informed by our experiences with metropolitan government from the past three years. The current legal framework for metropolitan government has proved ambiguous and inadequate. As a result, municipal structures in some metropolitan areas continue to operate as largely autonomous structures, while the urgent needs for redistribution, integrated development and the sound management of the metropolitan urban system (the metropolitan area as a whole) are not addressed. Clearly, a less ambiguous institutional arrangement is required if the benefits of metropolitan government are to be derived.

3.1. The need for District government

The challenge outside of metropolitan areas

Legacy of past - majority excluded

Historically, the only form of local government outside of metropolitan areas was found in small market towns and regional service centres. Here, municipalities could stabilise their costs around a small, geographically contained population, and an economic base of protected agricultural and mining industries. As in the metropolitan areas, groups who would draw more from municipal resources than they would contribute to the municipal tax base, were legally excluded. The bulk-service needs of farmers, which were difficult and costly to provide, were externalised to (covered by) Joint Service Boards and Regional Services Councils. The service needs of the vast majority of South Africa's non-metropolitan population, including labour reserve populations in small dormitory townships attached to white towns, farmworkers, and people forcibly settled in bantustans, went largely unheeded. A new system of local government will need to change this pattern.

Challenges in urban areas...

Transitional municipalities established under the LGTA were given a mandate to address the huge demands in historically underdeveloped areas. In urban areas, Transitional Local Councils are responsible for the extension of services to former townships and the integration of towns and townships into unified urban settlements.

Challenges in rural areas...

In rural areas, Transitional Representative and Transitional Rural Councils are responsible for addressing the chronic neglect of people living on farms and in former homeland settlements.

Old structures impede democracy and development role of LG

While many of these new municipalities have taken significant steps towards meeting this challenge, they face enormous constraints. The transitional system has been given a democratic and development mandate, but is based on old structural arrangements which limit municipal access to, and effective utilisation of, resources.

Re-design of LG outside of metropolitan areas

Local government in secondary cities, small towns and rural areas clearly needs to be redesigned and capacitated if it is to realise a developmental vision. The significant diversity of urban and rural settlements poses an additional challenge for the design of a transformed local government system in these areas.

The role of District government in meeting this challenge

District Councils

At present all non-metropolitan urban and rural municipalities fall within the District Council system. In most Provinces, District Councils are based on former institutions which were predominantly responsible for bulk services and for channeling capital funds to the local level. To date, very little support has been provided to enable District Councils to consolidate capacity beyond their traditional role, and play a

stronger developmental role. However, restructured District Councils could become the basis of a new district government system.

District Councils have key developmental role

Given the current lack of capacity in many municipalities in rural areas, and the need to enhance developmental linkages between urban and rural settlements, District government has a key role to play in:

- promoting integrated regional development, which recognises the linkages between urban nodes (**centres**) and surrounding rural areas
- supporting the primary tier in rural areas, and in particular providing capacity for rapid delivery in areas where rural municipalities lack capacity, and
- facilitating the redistribution of resources within the district through the allocation of RSC levies and intergovernmental transfers

District governments could also play a role in the provision of bulk and regional services to municipalities, where required.

Promoting integrated regional development

Urban centres, integrated with surrounding areas, vital for quality of life

The importance of capacitated municipalities in secondary cities and small towns cannot be underestimated. Integrated and dynamic urban centres are vital for enhancing the quality of life of both urban residents, and populations spread loosely around them in wide social and economic catchment areas. Urban **centres** are integrally linked — culturally, socially and economically — to the areas beyond their boundaries, both far and near. Decline in these centres could have profound negative effects, both within urban areas and within the larger regional economies of which they are a part. As much as their surrounding areas depend on them, however, urban centres depend on their surrounding areas. They will rise and fall as these areas develop or decline.

Integrated planning across municipal boundaries is required

Constitutionally, it is possible for urban municipalities to fall outside the District government system. National legislation could provide for self-standing Category (A) urban municipalities for secondary cities and large towns. However, in developmental terms, urban centres cannot be isolated from their surrounding areas. Given regional urban-rural linkages, integrated planning, development and redistribution across municipal boundaries is clearly required.

District government can support Provincial government in regional planning and development

Regional planning and development is a Provincial government function. However, District government could greatly assist Provincial government in this regard, if district boundaries were demarcated as logical functional and planning boundaries. Existing District Councils already have the power, in terms of the LGTA (Second Amendment Act), to develop integrated development plans for their areas of jurisdiction, with the consent of constituent municipalities. District governments could also promote integrated regional development through bulk infrastructure planning, and the allocation of RSC levies. The latter may mean strategically re-investing RSC levies in core urban infrastructure in many places, but in many others it will require investments in projects and programmed with a wider, regional scope. Provincial government

could, if necessary, assign certain powers over regional planning and development to the District level.

Supporting the primary tier in rural areas

Primary tier municipalities in rural areas have not lived up to expectations over the last few years. This has as much to do with the weaknesses in the current District Councils upon which they rely, as it does with their own lack of capacity and resources.

District government should develop and support capacity at primary level

One of the original motivations for the current two tier system (of District and primary levels) was that district government should play a role in developing and supplementing the capacity of rural municipalities. This motivation remains valid.

- A systematic process of strengthening under-capacitated rural councils needs to be established, and reorganised district governments are the logical place to locate support and training infrastructure. National and provincial capacity building and support programmed could be coordinated at and implemented through district governments.
- Few rural councils will be able to sustain their own full administrations on current resources. The emerging practice of district government facilitating the sharing of specialised functions, capacity and equipment, should be encouraged and extended.
- Co-operative relations between municipalities which save overall costs (joint service ventures, for instance) can often be better facilitated and monitored from a central site such as a district government.

District government can greatly enhance the promotion of regional development and integrated planning for both urban and rural populations, facilitate redistribution, support under-capacitated rural municipalities, and assist in the development of strong and viable category (B) urban municipalities. A new district government system geared to fulfil this role is required.

While attention needs to be given to ensuring that district government becomes effective in its own right, the question of which category (B) structures should fall within the jurisdiction of district governments is equally, if not more, important,

3.2. Structuring primary tier local government

Possible types of category (B) municipality

A number of broad possible types of category (B) municipalities can be considered.

Local municipalities

Local municipalities, which are a standard form for relatively concentrated but contained urban settlements across the world, could be retained for many of our urban centres. The exact nature of local municipalities may vary between areas, depending on the size or population and other local circumstances. It is possible that the boundaries of local municipalities in cities and large towns could be extended to include the urban fringe.

Representative municipalities

Existing Representative Councils are seen as embryonic Rural Councils (in their early stages of development), with more or less statutory powers depending on their capacity. A municipal type similar to existing Representative Councils could be **reproclaimed**. District governments would need to play a large role **in either** supporting the development of Representative municipalities to enable them to assume increasing powers and functions, or direct delivery within Representative municipalities' area of jurisdiction, or both.

District government as primary tier

A model similar to the current remaining areas model could be developed, with no primary tier municipalities in rural areas. All municipal powers and functions with respect to these areas would vest with the district government. Local municipalities would remain within the district system, **but within** rural areas the district government would serve as a category (A) municipality. There are a number of sub-options within this type:

- The degree of administrative centralisation could vary from a central administrative office, to decentralised sub-district offices which have relative autonomy to conduct administrative functions.
- District governments could be directly elected by proportional representation in rural areas (with indirect representation from local municipalities). Alternatively, they could be constituted **by** representatives from multi-member wards. **Multi-**member wards would serve a predominantly representative function.

Amalgamated municipalities

In commercial farmland (and other) areas where there are established municipalities, towns could be amalgamated with their surrounding hinterlands. Local municipalities would extend their service delivery networks into the territory surrounding them. Rural interests could be represented on the municipal Council through a dual chamber system or a rural committee made up mainly of rural **councillors**. While the district government may retain some direct delivery roles in rural areas, the amalgamated local municipality would be largely responsible.

Rural municipalities

In former homeland (and other) areas where there are no towns to amalgamate with, fully fledged rural municipalities could be established as is currently the case with rural Councils in the Northern Province and Free State. These could have an equivalent range of powers and function to local municipalities.

Evolving local government

District governments could contract community-level service utilities, such as water committees and village development committees, to perform certain functions (monitoring, operations and maintenance, local level prioritisation) on its behalf. **As the** capacity of **these** structures develops, statutory powers could be devolved to the community level. Local government in rural areas would then be built up over time

Possible types of around existing sites of community-level interest and activity. Community governments category (B) municipality (continued) could legally operate as a non-statutory committee of the district council, with either advisory or full delegated powers.

Choosing between types

Transformation of local government requires that a single, all-embracing system be established. However, this system will have to allow for sufficient types of municipalities (defined in national legislation) to adequately accommodate diversity between and within provinces.

Criteria for choosing types

Criteria to determine which municipal type is most appropriate for which areas will need to be developed. Assuming that different settlement types will require different forms of municipal institutions, criteria could be based on matching municipal types to settlement types. This approach would result in something like the following:

- **For sparse rural areas with dispersed or scattered settlements and for extensive commercial farming areas**, where the need for local administration of resources is minimal, District governments with no **primary** level structures.
- **For villages and dispersed resettlement areas**, where the demand on available resources is slightly greater than in sparse settlements, and there are clear geographical communities of interest, District governments with decentralised administrations, multi-member wards, and committee based utilities.
- **For dense rural areas, betterment villages and large informal settlements**, where the demand for services is high and consistent across a wide expanse, requiring the careful weighing up of local development priorities, representative or rural municipalities.
- **For towns surrounded by intensive farming areas, and for expanding and densifying peri-urban areas**, where there is great pressure on resources and the need for a relatively stable administrative base to meet rapidly increasing demands both on the margins of towns and on farms, amalgamation of town and rural hinterland.
- **For urban core areas, where amalgamation is not preferred**, local municipalities. The boundaries of these structures may conceivably be expanded to include a growing urban fringe.

Settlement types While settlement types provide a useful starting point for matching municipal types to **not the only way** local areas, it is not being suggested that settlement types only should dictate of determining **municipal forms**. Not only is it very difficult to classify settlement types, but it is also **types of institution** desirable to consider other factors which could guide the choice of appropriate **municipal institutions**.

For example, the existence of administrative resources is a crucial factor in determining the ability of any municipality to perform. Predominant settlement type often bears no relation to the availability of administrative resources. For instance,


some **areas** which have relatively sparse settlement patterns — dispersed homesteads, small villages and so forth — may also include one or more proclaimed 'rural townships' (the R293 towns) which have some administrative capacity. In these areas it would be problematic to say that one particular settlement type automatically means one particular municipal type, and hence assume that a district government operating as a **category (A) municipality is appropriate.**

Further consideration and consultation is required regarding the types of category (B) municipalities, and the question of criteria to guide the choice of type in any local area.

4. MUNICIPAL TYPES

possible Municipal **Types**

The following table provides a summary of possible municipal types, which emerge from the above discussion.

Types			
Category A	Urban		Rural
	<ul style="list-style-type: none"> *Single city metropolitan government (possibly with ward committees) 		<ul style="list-style-type: none"> ● District government as primary tier (possibly with decentralised administrative offices, or community government)
Category B	<ul style="list-style-type: none"> ● Local Municipalities ● Metropolitan Local Council 	<ul style="list-style-type: none"> ● Amalgamated Local Municipalities 	<ul style="list-style-type: none"> ● Rural Municipalities ● Representative Municipalities
Category C	<ul style="list-style-type: none"> ● Integrating metropolitan government 		<ul style="list-style-type: none"> ● District government

Powers, functions and demarcation criteria

The character of municipalities will not only be determined by the institutional form **(that is, the category and type of municipality)**. It will also be determined by

- the powers and functions allocated to each type, as well as
- the criteria for demarcating the area of municipal jurisdiction.

**National
legislation**

Allocation of powers and functions between municipal' tiers "

National legislation is required to make provision for an appropriate division of powers and functions between municipalities when an area has municipalities of both category (B) and category (C). This will be the case for any two-tier system of metropolitan government, as well as for district government and primary types.

The Constitution notes that **a division of powers and functions** between a category (B) and category (C) municipality may differ from the division of powers and functions between another category (B) municipality and that category (C) municipality. For example, the allocation of powers and functions between district government and different urban and rural types may not be the *same*.

**The allocation
of powers and
functions must
support
objectives of LG**

The allocation of powers and functions between municipal tiers should enhance the objectives of local government, ensure that metropolitan and district governments have adequate powers to play a meaningful role in metropolitan/regional redistribution and the promotion of integrated development, and protect the unique character of each municipal type.

**Options for the
allocation of
powers and
functions**

Some options regarding the allocation of powers and functions between municipal tiers, are:

For two-tier metropolitan, systems:

Local negotiation

Negotiation of the allocation of powers and functions between the metropolitan and local tier on the basis of a statutory 'starting point' of metropolitan functions and powers is effectively a continuation of the present situation. While this option allows for considerable flexibility, concern has been expressed about the confusion this approach has caused between metropolitan and local tiers in terms of their respective functions. It has also meant that an assertive (empowered) metropolitan tier has not been established in most metropolitan areas.

Minimum metropolitan powers

An alternative is for national legislation to clearly outline specific powers and functions that metropolitan governments should be responsible for. Negotiations between the metropolitan and local tier could determine the allocation of all **powers** and functions other than those specified as minimum metropolitan powers and functions. Minimum metropolitan powers and functions would need to be clearly defined, and would probably include land-use and transport planning and regulation; bulk infrastructure; metropolitan economic development; fiscal powers (**eg**, RSC levies and a portion of local tax, and the powers to redistribute across the metropolitan area).

Designation of these **powers** to the metropolitan government does not necessarily mean that it will deliver the related services itself. The experience in

metropolitan areas such as Chicago indicates that a metropolitan government is greatly assisted if a variety of institutional options exist through which it can execute its responsibilities. Examples of such arrangements include special **purpose bodies focusing** on specific services; agency arrangements with duly empowered local municipalities; and delivery partnerships with private sector and community organisations.

This approach would both allow for flexibility, create a sound basis for empowered metropolitan governments, and avoid a situation where lengthy negotiations impact negatively on service delivery.

For district governments and primary types:

Given the wide diversity of possible types of category (B) municipalities, and the fact that district **governments** will need to play different roles in relation to the types of **category** (B) municipalities within their area, the allocation of powers and functions should ensure sufficient flexibility to accommodate local differences.

District governments

Minimum powers and functions could be specified for all district governments, for example, the redistribution of resources within the district (through the allocation of RSC levies and intergovernmental grants); the promotion of integrated development **planning**; and the provision of support to **primary** municipalities. In addition, the responsibilities of district governments in relation to each type of primary municipality within their area of jurisdiction must be spelt out. There should be sufficient flexibility to allow for the allocation of powers and functions to change over time, for example, as representative governments become increasingly capacitated.

Primary types

Clearly, powers and functions will differ considerably between category (B) municipalities within district government jurisdictions. Minimum **powers and functions** could be specified for each primary type, again, with the proviso that sufficient flexibility exists to allow them to take on additional functions where sufficient capacity exists. Criteria which specify conditions under which primary types may assume additional functions (such as demonstrable managerial, administrative and financial capacity), and a process for the **re-allocation** of powers and functions, should be developed.

The demarcation of municipal boundaries

There are numerous approaches to the demarcation of municipal boundaries, **including:**

- O Functional approaches, which derive boundaries from the optimal area for which particular services should be delivered. This approach can range from a consideration of natural geographic boundaries** (such as water **catchment** areas), to drawing boundaries in a way which seeks to minimise externalities and

spillovers that may occur in the provision of particular services. Different municipal functions may have different optimal areas, and some prioritisation regarding which functions will be used for demarcation purposes is required. Further, it must be taken into account that national and provincial functions **are** also delivered in local areas, and a narrow **focus on municipal functions only is** not always **appropriate**. While criteria based on functions are useful, they do not provide a clear basis for boundary determination on their own.

O Socio-economic approaches analyse spatial **behaviour** in order to understand the social, cultural and economic linkages between and within local areas. This approach is particularly useful for ensuring that sub-urban and peripheral development is not excluded from local municipal boundaries (and does not escape contributing towards the municipal tax base) of the town/city whose infrastructure and services contribute to such development.

By matching the socio-economic geography of an area to metropolitan or district boundaries, both integrated development planning and equity will be enhanced. While elements of this approach should definitely be incorporated into metropolitan or district boundary demarcation criteria, a sole reliance on this approach could lead to confusion in areas such as **Gauteng**, where it is difficult to determine the 'cut-off' point between **socio-economically** dependant areas.

O Economies of scale approaches attempt to incorporate a sufficiently large area into a single municipal jurisdiction to ensure that the demand and revenue source to sustain municipal services is met by adequate population densities. This approach tends towards large municipal jurisdictions, and its applicability is clearly dependent on the municipal type (and corresponding powers and functions) to which it is applied.

O Institutional approaches emphasise administrative and financial viability, and the need to ensure that each municipality has a viable tax base (or other predictable source of revenue) and a centre of administrative capacity. The use of this approach would have to balance the need for rapid and sustainable **delivery** (and hence the need for financial and administrative capacity) with a concern to ensure that existing distortions in the allocation of administrative capacity are not continued.

Other possible approaches to demarcation, which take into account less tangible **factors, include consideration of criteria** such as:

- O the 'will of the community' (which can be conceived as an expression of **community identity — how a community sees** itself or how groups of people in a particular area utilise the space), and
- O the need **for** municipal jurisdictions to facilitate community access to, and **participation in, the affairs of local government.**

Factors which must be considered when setting criteria for demarcation

Any set of boundary demarcation criteria for the new local government system will need to be guided by:

- the **objectives of local government as set** out in the Constitution
- the **vision** for local government, and in particular the need to transform human settlements and address current spatial and economic distortions
- the need to rationalise the current number of municipalities to ensure financial, administrative and political viability, and
- a combination of criteria, drawing on all of the above approaches, which takes into account:
 - the functional responsibilities of each type of municipality
 - financial and administrative viability in relation to function
 - the need to promote racial integration in previously divided settlements
 - the need to enhance equity within and between rural and urban areas
 - existing and **projected** land usage requirements (including a consideration of urbanisation and migration trends, and anticipated industrial and commercial land-use requirements)
 - the environmental and physical characteristics of local areas, and
 - for metropolitan and district governments, the **socio-economic** geography of the region.

As clarity regarding future municipal types emerges through consultations on the options put forward in this **Green** Paper and other forums, a set of **boundary** criteria **will** be developed. These **criteria** will be set out in the Local Government White Paper.

Concluding comment

New municipal types will need to be defined for each category provided for in the Constitution. Municipal types should ensure that municipal institutions, powers and functions, and corresponding boundary demarcation criteria, are appropriate for the spatial, economic and social realities of the local areas for which they are defined.

SECTION E

POLITICAL SYSTEMS

1. INTRODUCTION

Well structured municipal systems essential

The way in which municipal political systems are organised is critical to ensure **that:**

- municipal Councils are accountable, transparent, and respond to the needs of their constituencies
- local citizens and communities are able to participate effectively in the policy formulation process
- political leadership and vision are translated into implementable programmed.

Three questions regarding formal structure

Three inter-dependent questions regarding the formal structure of municipal political systems need to be debated:

- Firstly, whether there should be an executive Mayor model, and whether municipalities should be statutorily obliged to appoint an Executive Committee
- Secondly, how should municipal committee systems be structured, and
- Thirdly, how large should municipal Councils be.

Regular elections, participation, and traditional leaders

In addition to well structured **political** systems, good local governance requires that free and fair local elections are regularly held, and that municipal Councils **proactively** enhance democratic participation, both through the formal Council process and through other structured mechanisms. The relation between democratically elected Councils and traditional leaders also requires attention.

2. POLITICAL STRUCTURES

Two common forms of structure

There are two internationally common forms of political structures:

Mayor-Council Form:

The Mayor-Council form provides for a clear separation of powers between the executive (Mayor) and legislature (Council). Executive powers are statutorily vested in the office of the Mayor, and are not dependent on delegation from the Council. Typically, the Mayor is directly elected. As the executive, the Mayor is head of the administration, and may exercise this function directly, or appoint a Chief Administrator to manage this function on his/her **behalf**.

Council-Manager Form:

The Council-Manager form of municipal government is characterised by unity of powers. The Council acts as both the legislature and executive. The Council appoints a Chief Executive Officer or Town Clerk as head of the administration. The Council may (and is sometimes statutorily obliged to) appoint an Executive Committee, and

delegate executive powers to this committee. The Mayor is the **Chairperson** of Council, and the ceremonial head of the municipality.

Options for municipal political structures

In South Africa, the Constitution specifies that a municipal Council:

- makes decisions concerning the exercise of all powers and the performance of all functions of the municipality
- must elect a Chairperson
- may elect an executive committee (**subject** to national legislation), and
- may appoint personnel.

Mayor / Executive Committee/ Council - some options

South African municipal political structures could be organised in a number of ways, including:

- a) Council could be required by statute **to** elect a Chairperson (Mayor) and delegate executive authority to such person (with the exception of **non-delegatable** powers). This option can **be** described as an indirectly elected executive Mayor.
- b) Council could be required by statute to elect a Chairperson (Mayor) who is also Chairperson of the Executive Committee. In this option the Mayor would exercise his/her executive powers in committee, and not as an individual.
- c) Council could be **required** by statute to elect both a **Chairperson** (ceremonial) and an Executive Committee. Many municipal Councils currently have this form of politico | structure.
- d) The existing system, where both executive and legislative powers are vested in Council, and Council is under no statutory obligation to appoint an Executive Committee, could be retained.
- e) An amendment to the existing legislative framework could ensure that executive powers are vested in the office of the Mayor; that the Mayor is directly elected; and that legislative powers are retained in the Council.

Different structures for different settlement types

These options are not necessarily equally appropriate for different settlement types. For example, executive Mayor options may be appropriate for our large cities, which require strong political leadership to drive policy programmed aimed at transforming the urban system, sometimes in the face of resistance from powerful urban elites. Executive Mayor options may be less appropriate in rural areas and small towns, where the Council is likely to be smaller and therefore better able to co-ordinate executive decisions as a collective.

Role of the head of the administration

Within each option, the role of the head of the administration (usually called a Town Clerk, Chief Executive Officer or City Manager) requires careful consideration. The

Role of head of administration

head of the administration plays a critical role in facilitating interaction and communication between the political and administrative arms of the municipality, ensuring the implementation of policy decisions, and the management of the administration. Within developmental local government, the head of the administration is also a strategic manager, focusing the resources and capacity of the organisation on core policy goals, building teams and facilitating partnerships, and providing leadership for transformation.

Political appointment/merit appointment

The head of the administration is not simply a neutral administrative post. For this reason the head of the administration is a political appointment in many countries. In others, the position is fused with that of the Executive Mayor. There are also a range of mechanisms to enhance the accountability of the head of the administration as a merit appointment. For example, the head of the administration may be appointed on a limited term contract which specifies performance criteria for the post. Regular performance assessments would determine whether the contract is renewed or not.

3. COMMITTEE SYSTEMS

National legislation for establishing committees

Whichever form of political structure is adopted, national legislation should provide for municipal Councils to establish committees. National legislation may provide criteria for determining whether municipal Councils should elect an executive committee or any other **committee**, and their size.

Delegated powers, advisory powers

Municipal committees assist the Council to **fulfil** its functions. Committees can have delegated powers (to take decisions on issues within their terms of reference) or advisory powers (to advise the executive on issues within their terms of reference), or a combination thereof. They can play a supervisory, management or advisory role.

Roles of committees determine structure

The most efficient structure of committees should be determined by their role:

0 Committees established to oversee the workings of the administration

(supervisory or management) tend to operate best when they have distinct areas of competence, and are aligned to the administrative departments/clusters/units which they supervise. However, there is a danger that only having committees structured along departmental lines will lead to fragmented decision-making.

0 Committees established to formulate policy (or manage a participative **policy** formulation process) may operate best where the focus of the committee **crosses** departmental boundaries (for example, poverty alleviation or inner city regeneration).

○ Some countries have dual systems, where one set of committees is responsible for policy formulation, and another for overseeing the operations of the administration. The dual system of separating these functions may not operate effectively until such time as policy frameworks are in place. Until this time decisions regarding daily management may in fact be policy decisions, rather

than an assessment of whether administrative actions are in line with existing policy frameworks.

Which kind of committee system will best enable a municipality to **fulfil** its functions depends on local requirements, needs and policy priorities.

Community-based committee system

Some South African councils are experimenting with a community-based committee system in which up to half of the membership (excluding the executive committee) consists of community members who volunteer for **service**. The choice of **extra-institutional** committee members is guided by either party affiliation or specialised knowledge (or both) depending on **the** core-task of the committee. The advantages of this approach are that the council can access specialised knowledge free of charge and community participation in decision-making is enhanced.

General requirements of committee systems

While the committee system should be flexible enough to accommodate diversity between municipalities, there are some points which apply across municipalities:

- certain committees which improve the overall accountability of the Council (eg, audit committee) may be statutory requirements
- the establishment of cross-departmental committees with a clear policy focus, and a mandate to manage participative policy processes on specific issues will enhance integration between functions. Municipalities should be able to appoint community **leaders** and members of civil society to these committees, to facilitate direct public participation in policy formulation, and
- supervisory and management committees should be streamlined, to avoid decision-making delays and over-bureaucratisation. The establishment of smaller committees with clear areas of focus will assist in this regard.

Importance of information systems

It is critical that **councillors** are provided with sound information as a basis for decision-making. The committee system has traditionally been driven by reports generated by the administration. While this is usually sufficient with respect to supervisory functions, committees with a policy focus require a broad base of information sources. Options such as the establishment of policy research units; contracting in policy research capacity; and the establishment of a relevant data base should be considered.

4. THE NUMBER OF **COUNCILLORS**

There are many approaches to determining an appropriate size for municipal councils.

Statistical approach

One approach assumes that there is a statistically 'correct' number of **councillors** for any local community. This approach may use indicators such as the ratio of **councillors** to constituents to determine the 'correct' number of **councillors**. However, the ratio of **councillors** to constituents varies internationally from 1:10 to over 1:150000, and nationally from 1:10 to 1:29929. This wide range shows that the

'correct' number of **councillors** varies from community to community, and cannot be statistically determined. The statistical approach ignores specific local conditions such as how easy or difficult communication is between **councillors** and constituents, how much support **councillors** have to **fulfil** their role, and the impact of size on the efficiency and operations of Council.

Numbers of councillors - quality rather than quantity

More **councillors** do not necessarily mean more local democracy or accountability. On the **contrary**, fewer **councillors** with more support, may better facilitate local democracy and accountability. Municipal **councillors** need to be empowered to provide community leadership, effectively articulate the needs and aspirations of their constituencies, and facilitate local democratic processes.

Empowerment of councillors requires a reduction in numbers

Significant investment in empowering local **councillors** will be required, if they are to enhance the democratic and development role of local government. Given that South Africa currently has nearly 12000 elected **councillors**, it is unlikely that municipalities will be able to afford to provide even basic logistical support, such as access to telephone and other communication facilities, unless the current number of **councillors** is reduced.

5. DEMOCRATIC PARTICIPATION

The need for participation

Apartheid LG not about democratic participation

Historically, local government in South Africa has not played a strong role in the promotion of local democracy. As with other organs of the apartheid state, local government has been used as a mechanism of control and suppression in black areas. White local authorities have tended to keep their citizens at a distance, with citizen involvement assumed necessary only when services broke down or costs increased dramatically.

Rich tradition of local community mobilisation

As a nation we have a significant history of local community mobilisation and active involvement in community affairs. However, our municipalities have only a relatively short experience in mobilizing community participation for local development. There is much scope for increasing the role of municipal Councils in the promotion of democracy. Municipal Councils have a central role to play in enhancing local democratic participation, both as a means of rebuilding local communities and as a contribution to nation-building.

Councils need to harness and promote the tradition of democratic participation

Local democracy can be fostered in many ways. The importance of effective representation of community interests by elected **councillors** in the decision making structures of local government, for example, can never be over-emphasised. The elected Council remains at the heart of local democracy, provided that, electoral competition is open and regular. However, the contact between municipalities and communities need not be limited to election and representation. On the contrary, increased citizen involvement will increase municipalities' ability to effectively shape viable human settlements.

Strengths of democratic participation

Democratic participation in government enhances effective governance by:

- building human capital and strengthening democratic cultures in communities
- enhancing official responsiveness by enabling public interests to be clearly expressed by communities themselves
- promoting government legitimacy by ensuring transparency
- creating conditions for smooth policy implementation by facilitating an understanding of policy objectives and constraints, and incorporating citizen preferences and concerns into the design of policy programmed
- channeling independent energy, ideas and sometimes resources into civic **projects**, and
- improving citizens' knowledge of the governing processes and its constraints, and so fostering an understanding of the need for prioritisation.

Many municipalities already promoting participation

Forms of participation

In one way or another, most South African municipalities already play a role in enhancing local democracy, predominantly through providing access to government, allowing for the oversight over municipal decisions, and consulting their constituencies on forms of development in their area. Many municipalities, either by law or by choice are already accustomed to: subjecting land use decisions (such as rezoning, township establishment and street closures) to public inspection and comment; giving public notice of loans, large **investments**, new by-laws, and amendments to rates for comment; opening budgets, financial statements and **auditors** reports for scrutiny; and allowing citizens to contest property evaluations.

Participatory, consultative processes should be strengthened

It is also rare today for municipalities to engage in **major infrastructural** developments without first canvassing the opinions and inputs of community groups, usually through public meetings or more structured consultation processes, as in the development of Local Development Objectives. These forms of participation clearly need **to** be retained and strengthened. Mechanisms like Integrated Development Planning and participatory budgeting offer new opportunities in this regard.

Involvement in service delivery

There are a range of opportunities to actively involve citizens and communities in service delivery programmed. Some good experience has already been gained in enlisting citizens in the regeneration or upgrading of their communities.

Building culture of local democracy

Creative mechanisms to build a culture of local democracy and promote an understanding of how citizens can contribute to their governance of their own communities, such as the establishment of Youth Councils, should be encouraged.

Encouraging enterprise for the public good

Lastly, municipalities may structure opportunities and incentives for citizens and communities to engage in entrepreneurial activities on their own behalf, which also benefit the public at large. Some mechanisms to enable local economic development, such as community development corporations, are good examples of this.

Structuring participation

Local Councils have a mandate to lead

Structuring mechanisms to ensure meaningful democratic participation is not easy. In the absence of an appreciation that municipal Councils, as the only body elected by all local citizens and representative of all local interests, have the legitimate right to take decisions on behalf of the community, there is a danger that participatory processes may undermine the representative role of elected **councillors**.

Managing the diversity of communities

Managing participation is always time consuming and costly, and participation often opens or deepens community splits and tensions. Municipalities should bear in mind the following principles when structuring participative processes:

- civil society is not homogeneous, and any participatory process should recognise the divisions and unequal power relations between those it seeks to involve
- the most **marginalised** groups are often those who have the least capacity to participate. Investment in the provision of information and logistical support is often a prerequisite for participation by **marginalised** groups
- democracy is in an interactive process, and participatory processes themselves provide a way of building capacity for deeper participation, and
- the way in which **participatory** processes are structured influences the outcomes of such processes. Municipalities should therefore seek to design processes and structures for participation in consultation with **stakeholder** groups.

Changes in management to meet challenge of local democracy

Successful initiatives to **promote** democratic participation require both political commitment and a fundamental shift in the internal management of municipalities. Decision making structures and administrations designed to provide and maintain standard services in standard ways are usually hierarchical and rule bound. Municipalities which seek to enhance democratic participation within their communities need to enhance democratic participation within their organisations.

6. TRADITIONAL LEADERS

Traditional leaders can play an important role in building local democracy, particularly within rural areas.

The role of traditional leaders

The Constitutional position

The Constitution recognises traditional leadership and authorities as an institution and acknowledges their status and role as defined by **customary** law. The Constitution **also** accords traditional leadership at the local level a role on matters affecting local communities, the details of which are left to national legislation. Consultations to develop proposals in this regard are **underway**.

Some key issues

Some of the critical issues which have emerged during consultation, and which require further consideration, are:

- There is often confusion and misunderstanding regarding the roles and functions of elected **councillors** and traditional leaders, particularly with respect to the delivery of services. Further clarification is required.

**Some key issues
(continued)**

- Some traditional authorities and municipalities lack infrastructure, capacity and funding. This places severe **constraints on** rural development initiatives.
- Tension between municipal councils and traditional leaders often arises around land. Tenure systems (eg, long-term leases for which individuals and groups can apply) and land administration systems which **serve** the dual function of meeting development priorities and accommodating the interests of traditional authorities are urgently required. One option, currently being considered by the Department of Land Affairs (DLA), is the **joint** representation of both traditional leaders and elected **councillors** (together with other **roleplayers**, including a representative from the **DLA**) on statutory land boards at a **primary** and district level. Among other things, land boards could consider applications for leases, and for the release of land for development.
- There is often a lack of effective day to day communication between municipal councils and traditional authorities. Mechanisms must be created and maintained to enable traditional leadership and municipalities to act **jointly** on issues of common concern, and for communication between the two to be enhanced.

**Relationship
between
municipalities
and traditional
authorities**

Within the framework of the Constitution, municipalities and traditional authorities have some similar statutory **powers** and functions, and share much the same area of jurisdiction and constituency. It is therefore vital that the relationship between municipalities and traditional authorities be organised in a way that will allow both institutions to **fulfil** their constitutional mandates, and contribute effectively to rural development.

**Options require
further
consultation**

To ensure a mutually satisfactory relationship between municipalities and traditional authorities, various tentative models have been proposed specifically by the Houses of Traditional Leaders. The proposals vary greatly. For example, one suggests that elected **councillors** should be co-opted to serve on traditional councils / structures which are already in place, and that no additional rural municipalities are created. Another proposes a role for traditional leaders in municipal councils, whereby two traditional leaders are appointed to serve on each municipal council. Further consultation on these and other proposals is required.

7. MUNICIPAL ELECTIONS

**“ Election process
and allocation
of votes to seats**

Regular, free and fair municipal elections are central to the establishment of strong and credible local government. A democratic system of local government requires an appropriate framework for municipal elections. There are two imperatives for municipal elections:

- There must be a structured elections process which provides for the efficient management of free, fair and regular polls as and when required.
- There must be an appropriate electoral system which provides a format for

allocating votes to seats in a way which supports, rather than detracts from, the purpose invested in a particular structure of government.

Management and conduct of elections

Electoral Commission

The Constitution establishes an Electoral Commission which is required to manage elections of national, provincial and municipal legislative bodies in accordance with national legislation; to ensure those elections are free and fair; and to declare the results. The Commission has been given detailed and extensive functions for these purposes in terms of the Electoral Commissions Act of 1996.

What role for municipal officials and resources?

Municipalities have no direct legislative authority or responsibility for the management or conduct of municipal elections **after** 30 April 1999. However, the Commission may appoint 'a public administration', including municipal officials, to conduct elections. The issue of whether or how municipal officials and resources should be made available to the Commission for the conduct of elections is not legislatively established, and must still be discussed between the Commission and relevant local government role players.

National legislation

Before municipal elections can be held, national legislation is required to establish criteria or procedures for several matters relating to municipal elections. National legislation is required to fix:

- the term of office of a **municipal** council (the period of time for which a municipal council is elected)
- when a new municipal council must be elected to replace it, and
- to identify a procedure for calling and setting a date or dates for the election.

Simultaneous or staggered elections?

Consideration should be given to the issue of whether municipal elections occur on the same day as national and provincial elections. The advantages of simultaneous elections include costs savings and less disruption of government activity. The disadvantage of holding simultaneous elections is that municipal elections may become a plebiscite (vote) on the performance of **majority** parties in national and provincial government. This disadvantage may be minimised if parties were required to draw up a municipal-specific election manifesto.

Electoral Systems

The electoral system establishes the kind of election, the number of seats, the size of electoral districts, the electoral formula, the term of office, and so forth. These matters have an effect on local democracy and the way in which **councillors** and a municipal council relate to constituencies and conduct business. The choice of an electoral system should be guided by the main purpose which such a system is aiming to achieve (for example, representivity, accountability and election simplicity).

Representivity and accountability

The present South African municipal electoral system is based on a parallel system of **proportional** representation and first-past-the-post-ward candidature. This ensures elements of **representivity** (the proportional matching of some council seats with votes

cast) and accountability (the responsiveness of individual **councillors** to a particular ward).

The dual values of representivity and accountability should both be enhanced in any future electoral arrangements. With the possible exception of very small towns, neither a system of pure proportional representation which does not concentrate responsiveness and accountability of any representative to a particular geographic base, nor pure first-past-the-post in which proper representivity is ignored enhances both representivity and accountability. A mixed (rather than parallel) system which combines proportionality with a specific geographic base seems to provide the best solution.

For example:

- a ward based PR system, in which **all councillors** are elected by name and party from wards according to first-past-the-post, and any PR discrepancy is corrected by 'topping up' with additional **councillors** from wards, or
- Mixed Member Proportionality in which a number of **councillors** is elected by name and party from wards according to first-past-the-post, plus a number from party lists to make up any discrepancy.

An alternative is that the **60:40** ward to PR ratio should be **adjusted**.

The system must also **incorporate** principles and factors relating to gender; thresholds; the nature of party lists; and the number of **councillors**.

Decisions on appropriate electoral systems cannot be finalised until there is clarity on the choice of categories and types of municipalities.

Concluding comment

Democratic and developmental local government requires regular and free elections and appropriate political structures and committee systems. Local government **should** enhance democratic participation both within its institutions and within the community, and develop sound relations with traditional leadership. In order to empower municipal **councillors** to play an effective role in building local democracy, the number of municipal **councillors** should be reduced.

SECTION F

ADMINISTRATIVE SYSTEMS

1. INTRODUCTION

Transformation towards a municipal system empowered to play a developmental role, meet the needs of local communities, and promote **socio-economic** prosperity hinges on the way on which in which municipal administrations are organised.

Old system a barrier to developmental governance

In the past municipal administrative organisation has too often acted as a constraint or barrier to innovative **delivery**, democratic initiatives, integrated development and accountable administration. The administration has been conceptualised as a neutral machine, to be controlled and managed through rigid and top-down procedures, which have hindered responsiveness, stifled initiative, and **deskilled** and disempowered the workforce.

Reskilling of front-line workers to promote co-operation with community

In many old municipal administrations, hierarchical grading systems and narrow **job** definitions **deskilled jobs** at the front-line level (the personnel who interact directly with the public), and training was mainly targeted at a small elite at the top of the organisation. This needs to **change**. Front-line workers interact with the community and end-users of services on a daily basis. As such, they need to be empowered to provide information, services and advice to the community. The front-line needs to be **reskilled**, and encouraged to play a more active role in building cooperative relations between municipalities and communities.

A new mind set, a new **approach**

Real transformation is linked to qualitative rather than simply quantitative changes regarding the working practices, strategic approaches, performance, leadership and organisational culture of municipalities.

2. ORGANISATIONAL TRANSFORMATION

Innovations to meet local needs

There are a range of options and municipal 'organisational models' which have emerged around the world. Within a framework which provides for integrated delivery, accountability, performance enhancement and monitoring, capacity-building and shared learning, municipalities should explore innovative institutional arrangements which best meet the needs of their localities.

Some models far consideration

An overview of some organisational models is provided here to stimulate discussions within municipalities about appropriate organisational structures:

Traditional Public Administration:

The traditional public administration model is based on the idea of a 'neutral'

A "neutral",
hierarchical
bureaucracy

bureaucracy (that is "non-political"). It is assumed that the process of turning policy **directives** into programmed, and implementing the programmed, involves a set of rational scientific management techniques. Hierarchical (top-down) accountability and detailed **job** descriptions are used as control mechanisms to ensure that **the** administrative machinery functions 'rationally'. This assumption of a rational process does not take account of differing interests within the bureaucracy or the complex policy environment in which the administration operates.

Departmentalism

hinders
integrated
development
and **deskills**
front-line
workers

The traditional public administration model is characterised by strong, separate departments and committees, loosely **co-ordinated** by a Chief Executive Officer (who is likely to have a legal training) and some form of Executive Committee. This tends to disperse power away from the centre of the municipality into the hands of heads of departments and Chairs of Committees. This results in strong departmentalism with little interdepartmental co-ordination. Given that development **projects** often require close co-ordination across departmental lines, this model is unlikely to prove 'development-friendly'. Further, strong departmentalism often tends to foster **empire-building**. Departments themselves are hierarchically structured, which results in the **deskilling** of **jobs** in the lower tiers of the hierarchy, and the consequent disempowerment of the front-line workforce.

Corporate Management:

Decision-
making power
concentrated in
hands of
professional
"experts"

The corporate management **approach** recognises that the administration is not a neutral machine, and argues that, given that there will always be an element of bureaucratic discretion (choice) in implementing and interpreting policy, this discretion is best safe-guarded in the hands of qualified personnel or 'impartial experts', who **possess** both proven expertise, and a code of professional ethics. The idea here is that professionals are able to monitor one another through peer review, and it is therefore possible to reduce rigid bureaucratic controls as horizontal accountability (between professionals) supplements hierarchical accountability. This approach does not exclude 'consultation' with end-users (the public), but emphasises that final decision-making power should rest with professionals who are 'neutral' and capable of 'value-free' **judgements** (free of prejudice).

Tends to exclude
civil society
participation

This model is characterised by the centralisation of political and managerial power behind corporate rather than departmental objectives. **Departments** and committees are brought under a strong Policy (or combined policy and finance) Committee. Overall authority rests with one Chief Executive, who has final decision making power. The CEO is likely to have a financial training, and focus the organisation on outputs which reflect 'value for money'. Management techniques will include rational and scientific management (for example, critical path analysis, measurement of performance by outputs, etc.). While this approach results in upgrading of public sector skills, it concentrates power in the hands of technocrats (a professional elite), and allows little room for civil society bodies to participate in governance.

Privatisation,
competition,
contracts

The Commercial contractor:

The contracting model argues that if the state allocates public goods on a centralised basis, clients or consumers of services have minimal control over the quality, quantity and manner in which services are delivered. Because the state has a monopoly over the provision of basic services, consumers have little power to negotiate over quality, quantity and price. It is argued that the most effective way in which consumer control can be increased is through creating a competitive arena, that is, providing **consumers** with a choice of service providers. This choice is institutionalised in markets, through privatisation of services or the simulation of market conditions in the bureaucracy. The ultimate market instrument, the contract, is used to regulate the relationship between service providers and purchasers.

Over-emphasis
on price?

In organisational terms, line departments are often dismantled and the administration organised into competing delivery units. This model splits the organisation into purchasers of services and providers of services. It creates devolved cost **centres** and stand-alone business units which compete for business in both internal (within the organisation) and external markets. The commercial contractor model may be criticised for reducing the measure of public **service** to a preoccupation with price, and reducing accountability to a contractually-regulated transaction.

Power centred
in elected
councillors,
many options
for service
delivery,
increased
community
participation

The Strategic management model:

The strategic approach is **about** developing a clear strategic focus. Organisationally, this approach is eclectic (draws from many different experiences and approaches). It makes use of a range of service delivery options, provided that they meet the needs of the municipality and community. Central concerns include shifting power to elected **councillors**; challenging departmentalism through establishing **project-based** task teams (which may comprise a combination of management, unions, end-users, community representatives; and other delivery agents and cuts across departments); reducing the need for layers of middle management and detailed operational regulations, and increasing the capacity of civil society to participate in **decision-making**.

Strong centre to
drive strategy,
front-line
enhanced,
partnerships
possible

The strategic approach recognises the need for a strong **centre** in order to plan strategically, and perform functions such as programming outputs, auditing standards and monitoring the impact and quality of programmed. A strategic centre can include both **councillors** and officials. While it may take the form of a municipal committee, its **focus should not be limited to** any one sector/function; and it should not become responsible for managing the daily operations of the municipality. (It could potentially be **linked to and supported by** the unit/ committee responsible for consolidating Integrated Development Plans (I DPs).) A strong centre and clear set of measurable outputs allows for the **devolution** of operational power to the front-line. If capacitated and empowered, front-line staff can utilise the considerable knowledge and expertise of those who actually perform delivery functions to enhance effective operations. **A** range of partnerships with community, private sector and other government agencies could be considered.

30 HUMAN RESOURCE DEVELOPMENT

Municipalities should develop an integrated Human Resource Development (HRD) strategy, which includes capacity building, training, staffing, and **labour** relations.

Capacity-building

Councillors have a wide range of skills requirements

For elected officials: **Councillors** are often faced with a bewildering array of tasks, each requiring different skills. They interact with business, community interest groups, the media, organised labour and municipal staff. They facilitate community consultation processes, develop policy on a wide range of issues, oversee the implementation of a range of programmed, and provide leadership, mediation and conflict-resolution. Capacity-building and support are essential if **councillors** are to play their many roles effectively, and promote democracy within the community and within the organisation.

Councils have a role to develop capacity in communities

Within communities: Municipalities also have a role in developing the capacity of the community. Programmed can range from civic awareness around a specific issue (eg, environmental protection, human rights) to programmed which enable communities to engage more effectively with the municipality (**eg**, information and training on tendering procedures to small contractors) or use services more efficiently (**eg**, water conservation). **Municipalities** could enhance civic awareness through developing outreach programmed in local schools, churches and other community forums.

Targeted skills training and support for staff

For delivery: Many municipalities, particularly within rural areas, currently lack sufficient skilled staff. Training programmed needs to be targeted at meeting these skills shortages. Innovative ways of bridging skills gaps should also be considered. For example, in some areas District Councils are already providing treasury and other services to towns within their areas of jurisdiction.

Staffing

Strategies, and procedures, including affirmative action

Municipalities should develop information systems which facilitate both career development for individual staff members, and a staffing strategy for the municipality. Staffing strategies, recruitment and selection procedures, and career advancement procedures, should be guided by a clear affirmative action policy, which includes a gender component.

Human resources management

Job-evaluation systems, performance management systems and other human resources management systems should support the career development and progression plans put forward in the staffing strategy.

National Bargaining Council

Labour Relations

Municipal labour relations are conducted between individual municipal councils or municipal employer associations and organised **labour**. Over the past years the old

system of **labour** relations has been restructured, and a new National Bargaining Council for local government has recently been established.

Urgent issues of parity and grading

The transition process has resulted in several issues which require urgent attention within a system of municipal **labour** relations. The new National Bargaining Council provides a mechanism to set in place a viable system of municipal **labour** relations, and tackle the outstanding issues of:

- calculating the cost implications of achieving employee parity in conditions of service (same conditions for same work), and negotiating phased programmed with clear time-scales to achieve parity, and
- developing a new occupational grading system for local government which compliments new training systems and strategies, and increases opportunities for staff mobility between municipalities and between sectors.

In order to operate effectively as a national collective bargaining structure, some form of grading of municipalities is required for use in the National Bargaining Council.

Training

Requirements of developmental LG

Developmental local government requires new skills and attitudes. Municipalities **are** therefore faced with an entirely new human resources development challenge, and the training system should be restructured to meet this.

Existing system

The existing training system is **governed** by the Local Government Training **Act** of 1985, and the Manpower Training Act of 1981. Two training boards exist in terms of this legislation, namely the Training Board for Local Government Bodies (**TBLGB**) and the Local Government Education and Training Board (LGETB). The TBLGB is funded predominantly from grants from national government (R8 million for the 1997/98 financial year), and a levy imposed on municipalities. In terms of the Manpower Training Act, a levy is also imposed on municipalities and payable to the LGETB.

Existing system

Over many years problems have been experienced with the fragmented local government training sector and the financial burden on municipalities brought about by the two levy systems. These problems are beginning to be addressed. It is envisaged that the Manpower Training Act will be repealed when the Skills Development Act is passed. This will result in the abolition of the **LGETB**. Consensus has **also been reached by Organised Local Government and Organised Labour** that the TBLGB should also be abolished.

New standards-based system linked to SAQA/NQF

A new local government training system will be established. It is envisaged that local government will establish itself as a Sector Education and Training Authority under the new Skills Development Bill. This would also involve submitting to the South African Qualifications Authority to be recognised as an Education and Training Quality Assurer. This **will** enable local government to participate in national standard setting and quality assurance procedures.

Quality assurance - training providers separate from quality assurers

Both the South African Qualifications Authority Act and Skills Development Strategy Bill are adamant that quality cannot be guaranteed if a provider of training is also a quality assurer. This sound principle is taken further in the Skills Development Bill which proposes that competition between **providers** enhances programme quality and relevance. This implies that local government, assisted by its Sector **Education** and Training Authority, should develop a training plan, which would then be put up **for** competitive tender to universities, technikons and private contractor.

National data base to identify skills needs

The establishment of a **Sector** Education and Training Authority will also assist municipalities with planning **to** meet their staffing needs. The **Skills Development Strategy envisages Sector** Education and Training Authorities establishing a national **data** base of skills **trends** and sectional **labour** market skill projections. Local government could both add **to** such a **system** and benefit from **it**. Its information on skills needs could inform institutions such as universities making decisions about where **to** allocate their resources, and it could learn from **others about** anticipated shifts in skill needs which may affect it.

Concluding Comment

Administrative systems either advance, or hinder, the cause of developmental local government. There is no one ideal administrative model. Each municipality will need to develop an administrative **system** which is geared to meet its specific needs, and empowers it to play a developmental role. Within any administrative system, integrated human resource development strategies and programmed are essential to support the new vision of local government.

SECTION G

FINANCE

1. INTRODUCTION

A policy framework is needed which will ensure financially viable local government. Such a framework must:

- address the root causes of the financial problems that face municipalities
- empower municipalities to **fulfil** their constitutional mandate
- enable municipalities to play a central role in creating sustainable living environments.

Urban and rural municipalities, and even those in different metropolitan areas, are in very different financial circumstances. They have very different prospects for providing **adequate** services at reasonable costs. Some municipalities — particularly those in rural areas — do not have adequate tax bases to fund the **delivery** of even a minimal level of basic services.

The underlying problems are not all related to shortcomings in policy. Some of the problems have to do with **poor** implementation of the current system — such things as inadequate financial management and service delivery.

2. THE CURRENT SITUATION

Basic Features

Size of SA'S municipal budget

The aggregate size of the municipal budget in South Africa is substantial. In the 1996/97 financial year, municipalities budgeted for total expenditure of more than R48bn. This represents about 7,5% of South Africa's total gross domestic product, or 20,97% of the country's total public sector budget. Within this overall figure, individual municipal budgets vary enormously. At the one end of the scale, metropolitan areas have budgets of several billions of **rands**, while at the other end, small rural councils have very little revenue.

Trading services

Most local government revenue is generated by trading services (electricity, water and sanitation). This is due largely to the historical role of municipalities as direct deliverers of services. Electricity, for example, is the largest source of revenue for many municipalities. The surplus derived from the sale of electricity (that is, the difference between the income derived from selling electricity and the costs of providing the service) is not large, but it is an important source of income for many municipalities.

local taxes

The **major** source of local tax revenues is property taxes. Property rates provide 19,89% of local government own revenue. Trading services provide most of the

balance — electricity (4 1,4%); water (1 1,8%) and refuse removal (8,22%). It should **be noted** that **property taxes are only** levied in urban areas. The payroll and turnover taxes levied by District and Metropolitan Councils are an additional source of tax revenue, generating over R2 billion annually.

Intergovernmental transfers

According to the most accurate data available, local government received approximately R2.4 billion in intergovernmental transfers for operating expenditure* in 1996/97, excluding agency payments. In addition, local government received approximately R900 million for capital expenditure.

Strengths and weaknesses

Strengths

The present system of local government has a number of strengths and weaknesses.

On the “strengths” side:

- municipalities have a fairly well-defined **set** of fiscal powers
- in many cases, municipalities generate most of their own revenue
- many municipalities have sound administrative systems, particularly in urban areas
- a number of municipalities have successfully entered the capital markets (they are able to raise loans and attract investment from financial institutions)
- many municipalities have exercised due caution in their **budgetary** policies and have managed their finances well.

Weaknesses

On the “weaknesses” side, **local** authorities have had to cope with increased **service** delivery responsibilities at a time when they face problems such as:

- fragmented township administrations with insufficient resources
- service backlogs
- collapsed or deteriorating infrastructure
- increased administrative costs
- upward pressure on salaries
- non-payment for services (although payment for services is improving)
- the difficulty of extending property-taxation to former township areas, and
- the loss of experienced finance personnel.

These problems have put pressure on municipal cash flows and financial management. Many local authorities have managed this pressure by:

- spending their **reserves**
- reducing their capital expenditure
- delaying payments to vendors (suppliers)
- using bridging finance (short term loans), and
- refinancing or extending their long-term debt.

The weaknesses described above have lead to a deterioration of the creditworthiness of municipalities — their ability to borrow money has been reduced. **Project Viability** - national government’s monitoring exercise, has shown that, overall, the financial position of local government is deteriorating.

The Constitution

Taxation powers and borrowing powers

A restructured system of municipal finance must be based on the relevant provisions of the Constitution. In terms of fiscal and financial arrangements, the Constitution states that municipalities are responsible for their own financial affairs. The Constitution grants them considerable taxation and borrowing powers (Sections 229 and 230), but limits municipal taxation powers by stating that they cannot “unreasonably **prejudice**” national economic policies and activities. Municipalities are also not able to levy income taxes or general sales taxes. The Constitution permits municipalities to borrow, but not for the purposes of funding budget deficits (in other words, municipalities cannot borrow money to cover shortfalls in their operating budgets).

Intergovernmental fiscal relations

The Constitution addresses Intergovernmental fiscal relations in two broad respects:

○ **Intergovernmental transfers:** Section 227 entitles the local government sphere to an “equitable share” of nationally raised revenue. This is in order that local government can “provide basic services and perform the functions allocated to it”. Municipalities may also receive additional grants from national or provincial government, with or without conditions.

○ **Oversight and regulation of the financial affairs of municipalities:** Clauses 139 (1) (a) and (b) and 155 (7) give national and provincial government executive and legislative authority to oversee the performance of municipalities in terms of their functions; Clauses 229 (1) (b), (2) (b), 230 (1) provide for national regulation over the fiscal powers of a municipality.

3. POLICY OBJECTIVES

In order to meet the fundamental objectives laid down in the Constitution, the system of municipal finance will have to be guided by a number of basic policy principles:

Revenue adequacy and certainty

Municipalities need to have access to adequate sources of revenue - either own resources or intergovernmental transfers — to enable them to carry out the functions that have been assigned to them. They should be permitted and encouraged to fully exploit these revenue sources. In the interests of sound planning, there must be some certainty about revenue. Municipalities should be reasonably certain about the sources of revenue (where the money will come from), how much they can expect to receive or raise, and by what date.

Sustainability

Affordable levels of service

Financial sustainability requires that municipalities ensure that their budgets are balanced (income covers expenditure). Given that there are limits to revenue, municipalities need to ensure that services are provided at levels which are affordable, and that they are able to recover the full costs of service delivery.

However, to ensure that very poor households, who are unable to pay even a proportion of service costs, have access to services, there is a need for subsidisation of these households.

Effective and efficient resource use

Municipalities need to make the maximum use of available resources, effectively and efficiently. Efficiency in investment and in operation will ultimately increase poor people's access to basic services.

Accountability, transparency and good governments

Municipalities should be held responsible and accountable to the people who provide the resources, for what they do with those resources. Municipal budgeting and financial affairs should be open to public scrutiny and constituents should have a greater voice in ratifying (giving final approval to) fiscal decisions — decisions about how revenue is raised and spent. Accounting and financial reporting procedures must minimise opportunities for corruption and malpractice.

Equity and redistribution

Municipalities must treat people equitably — that is, fairly and **justly** — when it comes to the provision of services. Equally, municipalities must be treated equitably by national and provincial government when it comes to intergovernmental transfers.

It is a basic principle of public **finances** that central governments are better placed to subsidise the provision of basic services than local government. The “equitable share” of national revenue which local government is entitled to should be used primarily for targeted subsidies to poorer households. In addition, municipalities can **cross-**subsidise between high and low income consumers. This can occur within particular services (for instance, electricity provision), and between services (for instance, between electricity and sanitation). How much to cross-subsidise is a local choice that needs to be taken carefully, with due consideration for the impact on the local economy.

Development and investment

In order to deal effectively with backlogs in services, there is a need for the maximum possible investment in municipal infrastructure. In restructuring the municipal fiscal and financial system, underlying policies should encourage the maximum possible degree of private sector investment.

Macroeconomic investment

Municipalities form an integral part of the broader public sector in South Africa. Their actions can have a substantial effect on national policy. Municipalities need to operate within the national macroeconomic framework. Their financial activities of municipalities should support rather than destabilise national fiscal policy.

4 A FRAMEWOK FOR A NEW MUNICIPAL ' FINANCIAL SYSTEM

4.1. Local revenue instruments and policies

Local fiscal autonomy

The power to tax is essential for promoting sustainable and accountable local government. There are four important areas of local fiscal autonomy in taxation:

- the choice of tax to be imposed
- the definition of the tax base
- the choice of the tax rate, and
- tax administration.

The choice of tax rate is by far the most important means of promoting the fiscal autonomy of local government. The freedom of municipalities to vary the tax rate strengthens accountability as constituencies can challenge municipalities about the cost of service provision.

Own revenues fund most expenditure

Municipalities need to have access to the necessary sources of revenue and budgetary powers to successfully carry out the functions that the Constitution assigns to them. Municipalities do generally have sufficient revenue raising powers to fund most of their expenditure. On average they finance 90% of their recurrent expenditure (operational or running costs) out of own revenues, and in particular from property rates and **user-charges** (for services). These **sources** of revenue are traditional for local government throughout the world and are consistent with the previous system of financing local government.

Own revenues insufficient in most rural areas

However, these figures give the overall picture and hide the fact that there are great variations across the country. Rural municipalities fund less of their expenditure from own revenue than do urban municipalities. In fact, many municipal services in rural areas are provided for by national and provincial departments. A more accurate picture will only become clear when rural local government becomes functional and assumes responsibility for the provision of the bulk of these services.

Property rates

The **major** source of local taxation is the property tax (or rates) which, currently, is levied only in urban areas. Government will need to address four main issues with regard to property tax:

Extending tax base

First, the issue of bringing currently untaxed areas into the tax net. The newly amalgamated urban municipalities (which bring formerly black and white areas into one municipality) have decided in principle to extend the tax base to previously unrated areas. However, most former black areas remain outside of the property tax net. Effective measures to integrate these areas into the property tax net need to be determined and implemented. Currently, property rates are still not being uniformly applied, and property valuations are often disputed.

Variations in the rating system

Second, there is the issue of variations in the rating system with regard to the tax base. Presently, municipalities use one of three tax bases:

- rating the unimproved value of the land only (the value of the land without buildings or developments on it)
- rating the improved value of the land (the value of the land, including buildings or developments)-
- rating both the land and improvements, but at different rates (that is, the land at one rate and the improvements at a different rate).

The key decision that needs to be taken is whether there should be a uniform national system, or whether there should continue to be local choice in this matter.

Valuation periods

Third, the issue of valuation periods needs to be addressed. In many areas, properties are not valued regularly. A process for regularly updating property values needs to be determined. Again, the question of national versus local choice in valuation periods needs to be decided.

Agricultural land tax

Fourth, the introduction of an agricultural land tax at the local sphere needs to be investigated further. There is evidence that income from a land tax would make only a small contribution to the revenue base of municipalities. There are also problems of administration and affordability. However, in the interests of equity, it would make some sense to introduce some, form of land tax.

Metropolitan and District levies

Payroll and turnover tax

The **major** source of revenue for metropolitan and district councils are the regional services and establishment levies (payroll and turnover tax). While these levies may be considered economically inefficient, they raise about R2.1 billion of revenue in South Africa. It is unlikely that the local **fiscus** could afford to lose this income. However, attention should be given to improving this levy system.

Fuel levy

Previously, metropolitan and district councils received a fuel levy, collected by national government, of one cent per **litre**. This has now been allocated to provincial and national government to fund public transport. However, the fuel levy is generally considered to be an appropriate tax for the local sphere because it can clearly be shown where the money originates and it targets the more affluent in the community and business. It also has considerable growth potential. If applied also outside metropolitan and district councils, it could provide considerable income.

User charges

Cost recovery

Another important source of local own revenue are charges which are directly related to the provision of services. The **majority** of these are public utility charges — such as electricity and water. Cost recovery is an important principle to ensure efficient and effective delivery of basic services. If municipalities are unable to recover the full costs of providing these services, they will be unable to maintain the infrastructure created for these purposes.

Municipal Infrastructure Programme

National government has provided a capital grant package, the Municipal Infrastructure Programme, to assist municipalities to meet the capital costs of addressing backlogs in infrastructure.

Tariff policy

Consideration also needs to be given to establishing a national guideline for local tariff restructuring. Some of the principles that should guide tariff policy include:

- **ability to pay:** this would ensure that the poorest people are not excluded from basic services
- **fairness:** Tariff policies should be fair. All people should be treated equitably and individuals or groups should not be discriminated against.
- **payment in proportion to the amount consumed:** as far as possible, **consumers** should pay in proportion to the amount of service consumed.
- **full payment of service costs:** all households, with the exception of those who are too poor, should pay the full costs of the **services** consumed.
- **transparency:** Tariff policy should be transparent (clear and easily available) to all consumers and any subsidies or concessions which exist must be visible and understood by all **consumers**.
- local determination of tariff levels: Municipalities should be able to develop their own tariffs in keeping with the above principles.
- consistent tariff enforcement: A consistent policy for dealing with non-payment of tariffs needs to be developed. This must be targeted and enforced with sensitivity to local conditions.

Additional revenue-raising powers for LG?

In addition to the above categories of revenue (rates, service charges, levies), consideration needs to be given to adding to the revenue raising powers of local government.

Financing municipalities in rural areas

A viable system of financing

If we accept that the richest municipalities are able to fund most of their expenditure from own revenue, it follows that a substantial portion of the share of the national **fiscus** (revenue collected by national government) reserved for local government will be directed towards rural, rather than urban, municipalities. However, other mechanisms to improve the financial viability of rural local government are required. Some structural proposals, such as the amalgamation of rural councils with small towns will bring some cost savings. Also, the possible land tax mentioned above would generate additional revenue. Other options which could be considered include:

Measures to improve financial viability

- **Sectoral** funding for infrastructure could be directed via local government to strengthen local capacity
- Raising loans for capital expenditures in rural areas - the loans can be paid back through "betterment taxes" — taxes on those groups and individuals whose properties are clearly improved through the expenditures.
- raising revenue from industries which have an impact on the environment.
- the possibility of local government harnessing the flow of revenue, small though it may be, in communal land areas.

Each of these options is complex and needs to be viewed against wider policy considerations. Some of the options may be more popular or viable than others. What is clear, however, is that rural local government will not be able to function effectively in the future without combining to best advantage some of these options, and/or other options.

4.2. Intergovernmental Transfers (IGT)

Intergovernmental **transfers**, now as in the past, are an important part of the relationship between national and local government. However, the existing system of intergovernmental **transfers** has a number of basic problems which call for a restructure ng of the system.

Problems with IGT system

The problems include:

- the grant system is inequitable and inconsistent
- the grants are uncertain and unpredictable — there is no guarantee as to how much each municipality will receive each year
- the grants are not based on **objective** criteria (a clear set of rules and conditions) — they are open to possible political manipulation, and
- the incentives built into the system tend to encourage rather than discourage poor financial management **behaviour** by municipalities.

The design of intergovernmental transfers needs to consider:

- the existing revenue powers and capacities of municipalities
- the “equitable share” requirement in the Constitution whereby municipalities should have access to adequate funds to enable them to provide basic services and perform their functions.
- national fiscal constraints (the limit to the amount of money available for this purpose from the national fiscus).

Guiding principles for IGT system

With these goals in mind, we can **identify** three guiding principles:

First, intergovernmental transfers must be rational. In other words, the level (amount to be transferred), as well as the distribution of transfers (where funds are to be transferred to) must be based on:

- **Equity: intergovernmental transfers should be used in the provision of basic services to ensure** that all households have access to a certain minimum level of basic services
- **Efficiency: the system of intergovernmental transfers should promote, not dampen, economic and administrative efficiency**
- **Spillover effects: intergovernmental grants must** be used to promote investment in important infrastructure, beneficial to the wider community
- **Promotion of democracy:** intergovernmental grants could also be used to develop municipalities, particularly those in rural areas, into functioning administrative bodies.

Second, intergovernmental **transfers** must be a predictable source of revenue for local government. Knowing when and how much they will receive will bring certainty to local spending and will promote the credibility of democratic municipalities.

Third, intergovernmental transfers must be accountable. **Transfers** must be efficiently spent for their stated purposes and respond to the needs of the communities concerned.

The size of the total grant fund

Decisions have to be made about size of the total grant fund, and how it is allocated among recipients. The size of the total grant fund could be determined in one of two ways. Either it could be determined according to a set formula — a specified share of national government revenues. **Or**, it could be determined by an ad hoc political decision.

Ad hoc approach

The **ad** hoc approach gives the national government more flexibility in controlling the demands made by the local government sphere on national budget resources. It enables national government to make short-term rearrangements and to formulate stabilisation policies. However, it creates a problem of uncertainty in municipal budget planning because the flow of revenue may be erratic. Also, the transfers may not keep up with either inflation or real income growth.

Formula approach

The formula approach, where **the** total grant fund is determined as a specified share of national government revenues, would still be sensitive to conditions in the economy. For example, if national revenues decline as a result of a downturn in the economy or other macroeconomic factors, the amount in the fund would also decline. However, the formula approach does perhaps provide for a greater degree of local autonomy.

Size of transfers

Similarly, how the fund is distributed could also be determined either by formula or on an ad hoc basis. The formula could seek to equalise fiscal capacity (give more to municipalities with weaker fiscal capacity) or to reduce disparities in the levels of service provision among municipalities. Such a formula would reduce uncertainty about the shares of individual municipalities. It would be fully transparent and in keeping with the system of local government as an autonomous sphere of government.

Options for distribution

The following are options for distributing transfers from national to local government:

- the **provinces** carry out the administrative functions of distributing **transfers** on behalf of national government. The funds would be earmarked for the use of local government only.
- national government transfers funds to **metropolitan or district councils** which then administer the distribution to local government.
- direct transfer from national government to primary local structures** (individual municipalities), based on a national formula.

4.3. Municipal Borrowing

Private sector investment essential

The strong capital market in South Africa (banks and other lending institutions) provides an additional instrument to strengthen the system of municipal finance. Increased private sector investment in the municipal sector is essential if the the basic RDP targets are to **be** met.

Financial discipline and account-ability required

National government seeks to maximise private sector investment in the municipal sector. However, this has to be done without undermining financial discipline — for example, municipalities cannot borrow simply to balance their budgets and pay for over-spending. There is also a need to limit the liabilities that municipal borrowing might impose on national government.

Safeguards need to be put in place to **ensure** that municipalities borrow responsibly. Borrowing from the competitive capital market should in itself help to promote accountable local government. In order to have **access** to this market, municipalities will need to have accurate and appropriate financial accounting and reporting systems. Also, there needs to be full disclosure of information to the public. This will increase transparency and promote public accountability and market discipline.

Enhance expenditure efficiency

A further advantage of competitive, responsible borrowing for infrastructure provision is that it can enhance the **efficiency** of municipal spending. For example, a road which is financed by borrowing from the capital market will be paid for over time, not only by current users of the road but also by future users.

Sustainable market for municipal debt

The aim of borrowing is not to produce a short-term inflow of subsidised funds to municipalities. Rather, it is to develop a sustainable market for municipal debt, where the risk is properly priced. In the long term, private sector investment should become increasingly available to municipalities, at a decreasing cost. It should be one of a widening range of options for municipal financing. For this to happen, national government needs to create the right regulatory and institutional environment. This includes developing and making clear the “rules of the game” in terms of the following matters:

Regulatory framework

Measures to develop market for municipal debt

Recent changes in legislation — in particular, the Local Government Transition Act Second Amendment Act — have extended the borrowing powers of municipalities and brought order and uniformity into the previous practices inherited from the Provincial Ordinances. There is a need to examine the possibility of extending these powers further, in the long term and as circumstances permit. The longer term aim **would** be a vibrant and innovative primary and secondary market for short and long term municipal debt. Measures need to be put in place to ensure this.

The **Local** Government Transition Act (LGTA) opened up (liberalised) the regulatory framework for municipal investment. Certain types of investment can enhance the

creditworthiness of municipalities. Improved creditworthiness in turn can strengthen the principle of municipal autonomy and needs therefore to be extended. However, this should not mean that municipalities overtax in order to fund **unnecessary** investment exercises.

The regulatory role of central and provincial government regarding municipal borrowing and investment needs to be further defined. This includes clarifying the rules and procedures around debt default and higher level intervention when municipalities run into financial trouble.

Improving creditworthiness

A range of mechanisms may be used to enhance the general credit position of municipalities — their ability to borrow from the capital market. These include:

- **partial guarantees**
- **municipal bond insurance**
- **treasury trusts**
- **interception of intergovernmental transfers**
- **debt syndication**
- **bond banking, and**
- **revenue ringfencing (structured financial transactions)**

Some of these measures **require** deregulation (the lifting of restrictions on municipal access to certain types of financial instruments). Other measures require government intervention or regulation. Options appropriate to South Africa need to be explored further.

In addition to the measures outlined above, other measures to improve the financial management of municipalities would also improve their creditworthiness. These include:

- improved municipal accounting systems
- the provision of relevant and reliable information
- a framework for supervision by other spheres of government and intervention when failure occurs, and
- establishing fiscal certainty.

Confessional Loan Finance

Municipalities have fairly extensive borrowing powers. However, since a **large majority** of municipalities are not able to demonstrate creditworthiness, they are unable to borrow on the capital market. Confessional loan finance can play an important role in enabling municipalities which cannot gain access to credit from the capital market to borrow at an affordable price.

The DBSA

The government's main vehicle for such financing is the Development Bank of **Southern Africa**. The **DBSA** has **recently been restructured with** a focus on supplying **finance to infrastructure projects**. However, the following points need to be kept in mind:

- **Where public sector intermediaries** such as the DBSA are involved, care must be taken to ensure that the government does not subsidise the borrower in a manner which is not transparent or clearly quantified — that is, where the extent of the subsidy is not absolutely clear.
- Public bodies such as the DBSA do not compete on a level playing field with private sector institutions. There is therefore a danger that they will “crowd out” or discourage private sector investment. This would have a negative impact on the development of an effective market for municipal debt and reduce the overall level of investment in the municipal sector. The role of public sector institutions, such as the DBSA, needs to be aimed at supporting, rather than contradicting, the financial market system, in order to build effective financing systems in the long term.
- Confessional finance sources could introduce the discipline of loan finance to municipal institutions which find it difficult to access private markets. This discipline in the way municipalities conduct their financial affairs should be a basic principle of confessional loan finance so that, in the longer term, such municipalities will be able to satisfy the requirements of the markets and so gain access to private sector investment.

The DBSA clearly has an **important** role to play in making loan finance available to municipalities. However, because of the potential difficulties discussed above, there is a need for ongoing monitoring and refinement of the role of the DBSA and its relationship to private sector financial institutions.

4.4. Budgeting, Accounting and Financial Reporting Systems

Accounting systems inadequate

The current budgeting, accounting, financial reporting and management practices of many municipalities are deficient. One of the problems is that the municipal accounting system does not accurately show the real financial position of a municipality. This means that Councils are unaware of any deterioration in their financial position as it is occurring. This in turn means that municipalities are unable to take corrective action in time. It also means that private sector institutions are reluctant to invest.

Budgets inaccurate

One of the chief problems with the current budgeting process is that the budgets which are agreed and submitted to national government do not accurately reflect the balance between revenues (income) and expenditure. Frequently, for example, municipalities make no provision for bad debt, even when collection rates are low and credit control measures are weak.

Also there is little multi-year forecasting of current revenues and most municipalities do not have realistic long-term capital budgets. Measures need to be put in place to

ensure that budgeting is realistic. In addition, to ensure accountability, the municipal budgeting process must be open to public scrutiny (inspection) and **constituents** should have a greater voice in approving fiscal decisions (decisions relating to taxation).

Further reform of accounting systems

Municipal accounting, and in particular, the formats used for financial reporting, have **recently undergone significant reform**. However, there is room for significant improvement, particularly with respect to the system of internal fund and reserve accounts, capital accounting, and the financial reporting duties of officials and councils. National government needs to ensure that systems and processes are developed and introduced, in line with international best practice.

In Conclusion

Apartheid resulted in an unworkable fiscal and financial system in South Africa. A new policy on local government finance is essential. This must include significant improvements in local government finance information systems. There are still large gaps in available information (for example, there is insufficient information on the financing of municipalities in "some rural areas"). Further information is needed on these and other aspects before any uniform national policies are implemented.

THE TRANSFORMATION PROCESS

Completing the Transition Process

**Discussion and
debate to
inform LG White
Paper**

Some far reaching changes are required to establish a new developmental local government system. The Local Government Green Paper has put forward a range of options regarding the future shape and system of local government for discussion and debate. The views, opinions and ideas of stakeholders regarding these options will inform the forthcoming Local Government White Paper.

**White Paper
followed by
legislation**

It is envisaged that the Local Government White Paper will put forward an outline of the new local government system, and will be published for public comment and debate. Following this, new national legislation will be passed.

**National
legislation to
cover these
areas:**

National legislation will:

- Establish criteria for determining which category of municipality an area should have, the criteria and procedures for the determination of municipal boundaries by an independent **authority**, and the definition of an 'independent authority'
- Establish or provide for structures that promote and facilitate intergovernmental relations, and procedures to settle intergovernmental disputes
- Establish guidelines for local elections, in regard to the system of representation, wards, procedures, and the criteria for free and fair representation; the limits and conditions concerning membership of municipal councils and the proposed term of office of municipal councils
- On the financial side, national legislation must, from 1998, provide for the equitable division of revenue raised nationally amongst national, provincial and local government
- Furthermore legislation will have to provide for the appropriate division of fiscal powers and functions where two municipalities have jurisdiction in **the** same area.

**Final phase of
transition**

National legislation will mark the end of the interim phase of the local government transition, and take us into the final phase of establishing new local government systems and institutions.

Managing and co-ordinating the change process

Implementing the new local government system

While national legislation will define the new local government system, the implementation of the new system will involve a range of **players**. It is therefore crucial that the implementation process is carefully managed and **co-ordinated**.

It is essential for the successful implementation of a new local government system that:

- the objectives of the change process are clear, and understood by all role players
- clear procedures are defined to guide the implementation of the new system
- the roles of all players in the change process, including national, provincial and local government, as well as the independent authority tasked with boundary demarcation, organised local government and other players, are clearly defined
- support programmed are put in place to assist municipalities during the implementation process, and to assist with any difficulties that may arise from the implementation process
- sufficient resources are provided to manage the change process, and
- realistic timeframes are **set**, which ensure that the new local government system is in place and functioning as soon as possible.

Support for municipalities during change

Care will be taken to ensure that municipalities, which have already undergone a lengthy administrative reorganisation process, are not **subjected** to undue strain during any reorganisation that may arise from the implementation of the new local government system. The implementation programme will take into account the existing capacity of local government, and ensure that the pace and nature of change are manageable. A package of national and provincial support programmed will need to be developed, to ensure that municipalities have sufficient support to manage the implementation process without impacting negatively on service delivery or staff morale.

Implementation strategy included in LG White Paper

There a number of issues which need to be considered regarding the way in which the implementation process is structured and phased. **As** the substantive content of the new local government system becomes clearer, a detailed implementation strategy will be developed. It is envisaged that this implementation strategy will be developed at the same time as the drafting of the Local Government White Paper, and will be published for comment as part of the Local Government White Paper. ■

ANNEXURE A

Reference guide on legislation affecting local government

Containing:

- Acts that have an impact on local government
- Other national legislation that impacts on local government
- Provincial laws that impact on local government
- Former TBVC states and self-governing territories legislation that impacts on local government

This **annexure** is provided by Department of Constitutional Development and forms part of a legislative review process being undertaken by the Department. It should be considered as work-in-progress and maybe **updated** and corrected from time to time.

Date of this version: 7 March 1997

Compiled by **Dr K Smith, Mr S L Louw** and Mr P W **Heydenrych**. Supplemented and edited by P W **Heydenrych**, Planner. **Local** Government Development. Department of **Constitutional** Development

Acts that have an impact on local government:

Abattoir Hygiene Act 121/1992
Abolition of Racially Based Land Measures Act 108/1991
Advertising on Roads and Ribbon Development Act 2 1/1 940
Arbitration Act 42/1 965
Assessment of Damages Act 9/1969
Atmospheric Pollution Prevention Act 45/1965
Auditor-General Act 12/1 995
Basic Conditions of Employment Act 3/1983
Bethelsdorp Settlement Act 34/1921
Black Administration Act 38/1927 and Proclamation R110 of 1975
Black Authorities Act 68/195 1
Black Communities Development Act 4/1984
Borrowing Powers of Provincial Governments Act 48/1996
Businesses Act 71/199 1
Cannon Island Settlement Management Act 15/1939
Cape Town Forshore Act 26/1950
Carnarvon Outer **Commonage** Settlement Act 19/1913
Carnarvon Outer **Commonage** Subdivision Act 17/1926
Church Square, Pretoria, Development Act 53/1972
City of Cape Town (**Muizenberg** Beach) Improvement Act 17/1925
Civil Protection Act 67/1977
Commission on the Remuneration of Representatives Act 37/1994
Commonages Act (Natal) 35/1904
Commonages (Cape of Good Hope) Act 17/1919
Communal Property Associations Act 28/1996
Community Development Act 3/1966
Community Welfare Act (House of Rep) 104/1987
Companies Act 61/1973
Compensation for Occupational Injuries and Diseases Act 30/1993
Constitution of the RSA Act /1996
Control of Access to Public Premises and Vehicles Act 53/1 985
Corruption Act 94/1992
Deeds Registry Act 47/1937
Development Act (House of Rep) 3/1987
Development and Housing Act 103/1985
Development Facilitation Act 67/1995
Discriminatory Legislation Regarding Public Amenities Repeal Act 100/1 990
Durban **Borough** (Extension **of Area**) **Act 12/1927**
Ebenezer (Van **Rhynsdorp**) Exchange of Land Act 14/1925
Electoral Commission Act 5 1/1996

Electricity Act 4 1/1987
Engineering Profession of SA Act 114/1990
Environment Conservation Act 73/1 989
Expropriation Act 63/1975
Expropriation of Mining Rights (Townships) Act 96/1969
Finance and Financial Adjustments Acts Consolidation Act 11/1977
Fire Brigade Services Act 99/1987
Foodstuffs, Cosmetics and Disinfectants Act 54/1972
Fund-raising Act 107/1978
Government **Villages** Act 44/1973
Hazardous Substances Act 15/1973
Health Act 63/1 977
Housing Act (House of Representatives) 2/1987
Housing Act 4/1 966
Housing Arrangements Act 155/1993
Housing Development Act (House of Delegates) 4/1987
Housing Development Schemes for Retired Persons Act 65/1988
Human Rights Commission Act 54/1 994
Income Tax Act 58/1962
interim Protection of Informal **Land** Rights Act 3 1/1996
Jan **Kempdorp** Act 40/1964
Klipdrift Settlement Act 23/1947
Kopjes Irrigation Settlement Act 38/1935
Kwazulu and Natal Joint Services Act 84/1990
LabOur Relations Act 66/1995
Land Administration Act 2/1 995
Land Reform (**Labour** Tenants) Act 3/1996
Land Survey Act. 9/1927
Legal Succession to the SA Services Act 9/1989
Lekoa City Council Dissolution Act 6 1/199 1
Less Formal Township Establishment Act 113/1 991
Limitation of Legal Proceedings (Provincial and Local Authorities) Act 94/1970
Liquor Act 27/1989
Local Authorities **Loans** Fund Act 67/1 984
Local Councils Act (House of Assembly) 94/1987
Local Government Affairs Council Act (House of Assembly) 84/1989
Local Government Bodies Franchise Act 117/1984
Local Government Training Act 41/1985
Local Government Transition Act 209/1993
Manpower Training Act 56/1981
Mapochs Gronden Water and **Commonage** Act 40/1916
Marburg Immigration Settlement (Local Board of Management) Act 43/1927
Marburg Immigration Settlement Regulation Act 50/1971
Medical, Dental and Supplementary Health Service Professions Act 56/1 974
Mier Rural Area Act (House of Rep) 90/1990
Mine Health and Safety Act 29/1 996
Mineral Act 50/199 1
Mining Titles Registration Act 16/1967
Mooi River Township Lands Act 5/1926
Municipal Accountants Act 21/1988
Municipal Lands (**Muizenberg**) Act 9/1941
National Archives of South **Africa** Act 43/1996
National Building Regulations and Building Standards Act 103/1977
National Economic. Development and LabOur Council Act 35/1994
National Emergency Telephone Service Act 143/1993
National Welfare Act 100/1978
North Barrow and **Weenen Commonages** Amendment Act 29/1913
North-West Commissions Act 18/1994
Northern Vyfhoeck Settlement Adjustment Act 75/1963
Nursing Act 50/1978
Occupational Health and Safety Act 85/1993
Ohrighstad Settlement Act 6/1933
Pension Benefits for **Councillors** of **Local** Authorities Act 105/1987
Physical Planning Act 125/199 1

Physical Planning Act 88/1977
 Prescription Act 68/1969
 Prevention of Illegal Squatting Act 52/1951
Prevention of Public Violence and Intimidation Act 139/1991
 Prior Votes for Election of Members of **Local** Government Bodies Act 94/1988
 promotion of **Local** Government **Affairs** Act 91/1983
 Public Holidays Act 36/1994
 Public Investment Commissioners Act 45/1984
 Public Protector Act 23/1994
 Rating of State Property Act 79/1984
 Regional Services Councils Act 109/1985
 Regulation of Gatherings Act 205/1993
 Removal of Restrictions Act 84/1967
 Rent Control Act 80/1976
 Restitution of Land Rights Act 22/1994
 Road **Traffic** Act 29/1989
 Road Transportation Act 74/1977
Rooibos and **Weltevreden** Agricultural Settlements Adjustment Act 53/1966
 Rural Areas Act (House of Rep) 9/1987
 SA **Qualifications** Authority Act 58/1995
 Sea-Shore Act 21/1935
 Settlements (Committee of Management) Act 2 1/1925
Skanskop Settlement Act 24/1947
Slums Act 76/1979
 South African **Abattoir** Corporation Act 120/1992
 South African Police Service Act 68/1995
 State Land Disposal Act 48/1961
 State President's Committee on National priorities Act 119/1984
Subdivision of Agricultural Land Act 70/1970
 Sundays River Settlements Administration Act 15/1925
 Tobacco Products Control Act 83/1993
 Town and Regional Planners Act 19/1984
 Unemployment Insurance Act 30/1966
 United Municipal Executive (Pensions) Act 12/1958
 Urban Transport Act 78/1977
 Validation of Certain By-laws Act (House of Assembly) 48/1990
 Value-added Tax Act 89/1991
 Valuers' Act 23/1982
Vanwyksvlei Settlement (Local Board of Management) Act 10/1929
Vanwyksvlei Settlement Regulation Act 68/1970
Vyfhock Management Act 39/1935
 Wage Act 5/1957
 Water Act 54/1956
Winterton Irrigation Settlement (Local Board of Management) Act 16/1926

Note: Amendments are not listed **seperately**.

Other national legislation that impacts on local government

Betterment Areas Proclamation. 1967 (Proclamation No. R. 196 of 1967)

Licensing and Control of Dogs proclamation (Transvaal), 1960 (**proclamation No. R.419** of 1960)

proclamation concerning Payment by Blacks of Rentals for Arable and Residential Allotments and of Fees for Grazing Stock on certain Land owned by the South African Development Trust. 1968 (proclamation No. R 300 of 1968)

Regulations for the Control of the **Residence** on and Occupation of privately- or **Tribally-owned** Land in Black Areas, 1967 (proclamation No. R 192 of 1967)

Note:

- i) Amendments are not listed separately
- ii) The applicability of legislation indicated in this section is still under investigation. A possibility exists that some of this legislation may have been repealed.

Provincial laws that have an impact on local government

Abolition of Dog Race Meetings and the Prohibition of Betting on Dog Races Ordinance. 1949 (Ordinance No. 4 of 1949) (Transvaal)

Bethulie Town Lands Sale Private Ordinance, 1914 (Ordinance No. 9 of 1914) (Orange Free State)

Boroughs Ordinance 1924 (Ordinance No. 19 of 1924) (Natal)

Burial Place Ordinance. 1952 (Ordinance No. 4 of 1952) (Orange Free State)

By-Laws and Regulations Ordinance. 1922 (Ordinance No. 5 of 1922) (Natal)

Cape Local Authorities Gas Ordinance, 1912 (Ordinance No. 7 of 1912) (Cape)

Cemeteries and **Crematoria** Ordinance. 1969 (Ordinance No. 39 of 1969) (Natal)

Cemetery Ordinance. 1932 (Ordinance No. 8 of 1932) (Transvaal)

City of **Bloemfontein** Ordinance. 1945 (Ordinance No. 5 of 1945) (Orange Free State)

Civil **Defence** Ordinance. 1978 (Ordinance No. 5 of 1978) (Natal)

Civil **Defence** Ordinance, 1977 (Ordinance No. 20 of 1977) (Transvaal)

Civil Protection Ordinance, 1977 (Ordinance No. 10 of 1977) (Orange Free State)

Coloured and Indian Management Committees Ordinance, 1984 (Ordinance No. 4 of 1984) (Transvaal)

Commissions of Enquiry Ordinance, 1960 (Ordinance No. 9 of 1960) (Transvaal)

Commissions Ordinance. 1945 (Ordinance No. 1 of 1945) (Cape)

Commissions Ordinance. 1954 (Ordinance No. 5 of 1954) (Orange Free State)

Committees of Inquiry Ordinance. 1978 (Ordinance No. 13 of 1978) (Cape)

Continuation of Local Authorities' By-laws and Regulations Ordinance. 1948 (Ordinance No. 19 of 1948) (Transvaal)

Control of Dancing Ordinance, 1957 (Ordinance No. 12 of 1957) (Orange Free State)

Crematorium ordinance, 1965 (Ordinance No. 18 of 1965) (Transvaal)

Delegation of Powers Ordinance, 1945 (Ordinance No. 20 of 1945) (Transvaal)

Delegation of Powers Ordinance. 1965 (Ordinance No. 13 of 1965) (Cape)

Delegation of Powers Ordinance. 1970 (Ordinance No. 4 of 1970) (Orange Free State)

Development and Services Board Amendment and Interpretation Ordinance, 1975 (**Ordinance** No. 11 of 1975) (**Natal**)

Development and Services Board Designation Ordinance. 1974 (Ordinance No. 14 of 1974) (Natal)

Development and Services Board Ordinance, 1941 (Ordinance No. 20 of 1941) (Natal)

Division of Land Ordinance. 1986 (Ordinance No. 20 of 1986) (Transvaal)

Divisional Councils Ordinance, 1976 (Ordinance No. 18 of 1976) (Cape)

Dog Tax Ordinance. 1978 (Ordinance No. 19 of 1978) (**Cape**)

Drive-in **Theatres** Ordinance, 1960 (Ordinance No. 22 of 1960) (Transvaal)

Drive-in **Theatres** Ordinance. 1960 (Ordinance No. 8 of 1960) (Orange Free State)

Dwelling Loans **Guarantee** Ordinance, 1959 (Ordinance No. 3 of 1959) (Natal)

Dwelling Loans Guarantee Ordinance, 1959 (Ordinance No. 4 of 1959) (Orange Free State)

Extra-territorial Assistance Ordinance. 1978 (Ordinance No. 8 of 1978) (Transvaal)

Gauteng Removal of Restrictions Act, 1996 (Act No. 3 of 1996) (**Gauteng**)

Horse Racing and Betting Ordinance, 1968 (Ordinance No. 34 of 1968) (Transvaal)

Horse Racing and Betting Ordinance. 1978 (Ordinance No. 24 of 1978) (Transvaal)

Horse-racing and Betting Ordinance. 1977 (Ordinance No. 8 of 1977) (Orange Free State)

Hospitals Ordinance. 1958 (Ordinance No. 14 of 1958) (Transvaal)

Incorporated Area Rates Adjustment Ordinance, 1958 (Ordinance No. 5 of 1958) (Natal)

Ladybrand **Erven** Amalgamation Amendment Ordinance, 1918 (Ordinance No. 5 of 1918) (Orange Free State)

Land Use Planning Ordinance, 1985 (Ordinance No. 15 of 1985) (Cape)

Licences and Business Hours Ordinance, 1973 (**Ordinance** No. 11 of 1973) (Natal)

Licensing and Control of Dogs Ordinance, 1933 (Ordinance No. 18 of 1933) (Transvaal)

Licensing and Control of Dogs Ordinance, 1942 (Ordinance No. 10 of 1942) (Natal)

Licensing and Control of Dogs Ordinance, 1968 (Ordinance No. 10 of 1968) (Orange Free State)

Local Authorities (Audit) Ordinance, 1938 (Ordinance No. 17 of 1938) (Cape)

Local Authorities (Development According to Community) **Ordinance**, 1963 (Ordinance No. 6 of 1963) (Cape)

Local Authorities (Investment of Funds) Ordinance. 1935 (Ordinance No. 23 of 1935) (Cape)

Local Authorities capital Development Fund Ordinance. 1978 (Ordinance No. 9 of 1978) (Transvaal)

Local Authorities Capital Development Fund Ordinance. 1978 (Ordinance No. 9 of 1978) (Transvaal)

Local Authorities Ordinance. 1974 (Ordinance No. 25 of 1974) (Natal)

Local Authorities Rating Ordinance, 1977 (Ordinance No. 11 of 1977) (Transvaal)

Local Authorities Roads Ordinance. 1904 (Ordinance No. 44 of 1904) (Transvaal)

Local Authorities (War Service) Ordinance, 1940 (Ordinance No. 17 of 1940) (Natal)

Local Government (Administration and Elections) Ordinance, 1960 (Ordinance No. 40 of 1960) (Transvaal)

Local Government (**Extension** of Powers) Ordinance. 1962 (Ordinance No. 22 of 1962) (Transvaal)

Local Government Control Ordinance. 1958 (Ordinance No. 2 I of 1958) (Transvaal)

Local Government Ordinance (**Coloureds** and Free Settlement Areas), 1963 (Ordinance No. 12 of 1963) (Orange Free State)

Local Government ordinance. 1939 (Ordinance No. 17 of 1939) (Transvaal)

Local Government Ordinance. 1962 (Ordinance No. 8 of 1962) (Orange Free State)
Local Government Superannuation Ordinance. 1973 (Ordinance No. 24 of 1973) (Natal)
Markets Ordinance. 1961 (Ordinance No. 21 of 1961) (Transvaal)
Municipal Consolidated Loans Fund Ordinance. 1952 (Ordinance No. 9 of 1952) (Transvaal)
Municipal Corporation ordinance. 1903 (Ordinance No. 58 of 1903) (Transvaal)
Municipal Elections Ordinance, 1970 (Ordinance No. 16 of 1970) (Transvaal)
Municipal Ordinance, 1974 (Ordinance No. 20 of 1974) (Cape)
Municipal Ordinance, 1918 (Ordinance No. 11 of 1918) (Natal)
Natal Joint Municipal Pension Fund (Retirement) Ordinance. 1974 (Ordinance No. 27 of 1974) (Natal)
Pound Ordinance, 1952 (Ordinance No. 18 of 1952) (Orange Free State)
Pounds Ordinance. 1972 (Ordinance No. 13 of 1972) (Transvaal)
Prescription (Local Authorities) ordinance. 1964 (Ordinance No. 16 of 1964) (Cape)
Prohibition of Dog Race - meetings Ordinance. 1976 (Ordinance No. 11 of 1976) (Orange Free State)
Prohibition of the Dumping of Rubbish Ordinance. 1976 (Ordinance No. 8 of 1976) (Orange Free State)
Public Bodies (Language) Ordinance. 1958 (**Ordinance** No. 13 of 1958) (Transvaal)
Public Resorts Ordinance. 1969 (Ordinance No. 18 of 1969) (Transvaal)
Recovery of Payments by Statutory Bodies Ordinance. 1977 (Ordinance No. 15 of 1977) (Cape)
Recreational Facilities Ordinance. 1972 (Ordinance No. 24 of 1972) (Natal)
Removal of Graves and Dead Bodies Ordinance. 1925 (Ordinance No. 7 of 1925) (Transvaal)
Roads Ordinance. 1957 (Ordinance No. 22 of 1957) (Transvaal)
Roads Ordinance. 1968 (Ordinance No. 4 of 1968) (Orange Free State)
Shop Hours Ordinance. 1986 (Ordinance No. 8 of 1986) (Transvaal)
Shop Hours Ordinance, 1976 (Ordinance No. 16 of 1976) (Cape)
Shop Hours Ordinance, 1952 (Ordinance No. 19 of 1952) (Orange Free State)
Small - Holdings Ordinance. 1954 (Ordinance No. 17 of 1954) (Orange Free State)
Statutory Publications Ordinance, 1933 (Ordinance No. 4 of 1933) (Transvaal)
Town-planning and Townships Ordinance. 1986 (Ordinance No. 15 of 1986) (Transvaal)
Town Planning Ordinance. 1949 (Ordinance No. 27 of 1949) (Natal)
Townships Ordinance, 1969 (Ordinance No. 9 of 1969) (Orange Free State)
Transvaal Board for the Development of Peri-Urban Areas Ordinance. 1943 (Ordinance No. 20 of 1943) (Transvaal)
Transvaal Provincial Library and Museum Service Ordinance. 1982 (Ordinance No. 20 of 1982) (Transvaal)
Valuation Ordinance, 1944 (Ordinance No. 26 of 1944) (Cape)
Water Services Ordinance. 1963 (Ordinance No. 27 of 1963) (Natal)

Note:

There are numerous Natal ordinances in existence pertaining to **specific** towns. These are not listed
 Amendments are not listed **seperately**.

TBVC - States and self-governing territories legislation that impacts on local government

BOPHUTHATSWANA

Application of Municipal Laws Act, 1978 (Act No. 24 of 1978 of Bophuthatswana)
Bophuthatswana Traditional Authorities Act, 1978 (Act No. 23 of 1978 of Bophuthatswana)
Bophuthatswana Traditional Courts Act. 1979 (Act No. 29 of 1979 of Bophuthatswana)
 Civil Defence Act, 1979 (Act No. 20 of 1979 of **Bophuthatswana**)
 Fire Brigade Services Act, 1979 (Act No. 9 of 1979 of Bophuthatswana)
 Health Act. 1983 (Act No. 12 of 1983 of Bophuthatswana)
 Municipal **Councillors (Thaba Nchu) Term of Office** Extension Act, 1990 (Act No. 7 of 1990 of Bophuthatswana)
 Municipal Laws Amendment Act, 1980 (Act No. 54 of 1980 of **Bophuthatswana**)
 Municipal Laws Amendment Act. 1985 (Act No. 5 of 1985 of **Bophuthatswana**)
 Municipal Laws Amendment Act. 1990 (Act No. 8 of 1990 of Bophuthatswana)
 Pounds Act. 1974 (Act No. 7 of 1974 of Bophuthatswana)
 Promotion of **Local Government** Act. 1984 (Act No. 4 of 1984 of **Bophuthatswana**)
 Registration and Control of Dogs Act. 1976 (Act No. 4 of 1976 of Bophuthatswana)
 Townships Regulations Amendment Act. 1981 (Act No. 21 of 1981 of **Bophuthatswana**)
 Townships Regulations Amendment Act, 1982 (Act No. 4 of 1982 of Bophuthatswana)

VENDA

Civil **Defence Act.** 1985 (Act No. 10 of 1985 of Venda)
 Corporations Act. 1981 (Act No. 17 of 1981 of Venda)
 District and Territorial Councils Act. 1986 (Act No. 15 of 1986 of Venda)

Horse Betting Act. 1987 (Act No. 34 of 1987 of Venda)
Venda Graves and Removal of Dead Bodies Act. 1977 (Act No. 5 of 1977 of Venda)
Venda National Library Services Act. 1981 (Act No. 12 of 1981 of Venda)
Venda Traditional Leadership Proclamation (Proclamation No. 29 of 1991 of Vends)

KWAZULU

KwaZulu Act on the Licensing and Control of Dogs, 1988 (Act No. 19 of 1988 of Kwazulu)
KwaZulu Amakhozi and Lziphakanyiswa Act. 1990 (Act No. 9 of 1990 of KwaZulu)
KwaZulu Civil Protection Act, 1984 (Act No. 12 of 1984 of KwaZulu)
KwaZulu General Law Amendment Act. 1987 (Act No. 3 of 1987 of KwaZulu)
KwaZulu General Law Amendment Act. 1987 (Act No. 21 of 1988 of KwaZulu)

QWA QWA

Qwa Qwa Administration of Authorities Act. 1983 (Act No. 6 of 1983 of Qwa Qwa)
Qwa Qwa Advertising on Roads and Ribbon Development Act. 1991 (Act No. 5 of 1991 of Qwa Qwa)
Qwa Qwa Civil Defence Act, 1983 (Act No. 12 of 1983 of Qwa Qwa)
Qwa Qwa Corporations Act. 1984 (Act No. 11 of 1984 of Qwa Qwa)
Qwa Qwa Fire Brigade Services Act, 1990 (Act No. 9 of 1990 of Qwa Qwa)
Qwa Qwa Health Act, 1985 (Act No. 13 of 1985 of Qwa Qwa)
Qwa Qwa Levying of Tribal Taxes Act, 1983 (Act No. 5 of 1983 of Qwa Qwa)
Qwa Qwa Local Authorities Act, 1988 (Act No. 18 of 1988 of Qwa Qwa)
Qwa Qwa National Library Services Act. 1983 (Act No. 10 of 1983 of Qwa Qwa)
Qwa Qwa Pounds Act. 1974 (Act No. 4 of 1974 of Qwa Qwa)
Qwa Qwa Traffic Act. 1980 (Act No. 8 of 1980 of Qwa Qwa)

KWANDEBELE

KwaNdebele Traditional Authorities Act. 1984 (Act No. 2 of 1984 of KwaNdebele)

CISKEI

Administrative Authorities Act, 1984 (Act No. 37 of 1984 of Ciskei)

TRANSKEI

Transkei Authorities Act. 1965 (Act No. 4 of 1965 of Transkei)

LEBOWA

Lebowa Central Library Services Act. 1991 (Act No. 7 of 1991 of Lebowa)
Lebowa Civil Protection Act. 1988 (Act No. 10 of 1988 of Lebowa)
Lebowa Corporations Act, 1984 (Act No. 16 of 1984 of Lebowa)
Lebowa Horse-racing and Betting Act. 1979 (Act No. 12 of 1979 of Lebowa)
Lebowa Local Authorities Act. 1988 (Act No. 15 of 1988 of Lebowa)
Lebowa Pounds Act. 1990 (Act No. 8 of 1990 of, Lebowa)

GAZANKULU

Gazankulu Civil Protection Act. 1987 (Act No. 5 of 1987 of Gazankulu)
Gazankulu Corporation Act. 1985 (Act No. 10 of 1985 of Gazankulu)
Gazankulu National Library Service Act, 1982 (Act No. 4 of 1982 of Gazankulu)
Gazankulu Pounds Act. 1976 (Act No. 8 of 1976 of Gazankulu)

Note: Amendments are not listed separately in all cases.

ANNEXURE B

NUMBER OF LOCAL AUTHORITIES PER PROVINCE / REGION

PROVINCES WITHOUT METROPOLITAN AREAS

EASTERN CAPE PROVINCE
TOTAL NO OF COUNCILS: 183

URBAN 94		RURAL 89	
TLC'S	94	DC	6
		RLC	7
		TRC	76

FREE STATE
TOTAL NO OF COUNCILS: 99

URBAN 80		RURAL 19	
TLC'S	80	DC	4
		RLC	15
		TRC	0

NORTHERN CAPE
TOTAL NO OF COUNCILS: 112

URBAN 64		RURAL 48	
TLC'S	64	DC	6
		RLC	0
		TRC	42

MPUMALANGA
TOTAL NO OF COUNCILS: 83

URBAN 55		RURAL 28	
TLC'S	55	DC	6
		RLC	0
		TRC	18

NORTH WEST

TOTAL NO OF COUNCILS: 53

URBAN 30		RURAL 23	
TLC'S	30	DC	5
		RLC	0
		TRC	18

NORTHERN PROVINCE

TOTAL NO OF COUNCILS: 50

URBAN 12		RURAL 38	
TLC'S	12	DC	2
		RLC	36
		TRC	0

PROVINCES WITH METROPOLITAN AREAS

GAUTENG

TOTAL NO OF COUNCILS 51

METRO 16		URBAN 14		RURAL 21	
TMC	4	TLC'S	14	Sc	2
TMS's	12			LAc	9
				TRC	10

KWAZULU/NATAL

TOTAL NO OF COUNCILS: 75

METRO 7		URBAN 61		RURAL 7	
TMC	1	TLC'S	61	RC	7
TMS's	6				

WESTERN CAPE

TOTAL NO OF COUNCILS: 136

METRO 7		URBAN 95		RURAL 34	
TMC	1	TLC'S	95	DC	7
TMS's	6			TRC	27

POPULATION DENSITY BY REGION / PROVINCE **SHOWING** URBAN .
RURAL SPLIT

REGION	PopTot	AREA	DENSITY
Eastern Cape	5,865	170	35
Free State	2,470	130	19
Gauteng	7,171	17.03	421 (Most Dense)
KwaZulu/Natal	7,672	94.86	81
Mpumalanga	2,646	79.53	33
Northern Cape	746	363.2	2 (Least Dense)
Northern Province	4,128	123.1	34
North West	3,043	116.5	26
Western Cape	4,118	129.6	32
Totals	37,859	1223.82	31 (Average Density)

Population in thousands of people

Area in thousands of square kilometre

Density is represented as number of people per square kilometre

Figures based on pre-release Census '96 data

NUMBER OF **TMCs/RSCs/DCs** BY REGION

REGION	METRO	RSC/DC	TOTAL
Eastern Cape	0	6	6
Free State	0	4	4
Gauteng	4	2	6
KwaZulu/Natal	1	7	8
Mpumalanga	0	3	3
Northern Cape	0	6	6
Northern Province	0	6	6 (Only two now?)
North West	0	5	5
Western Cape	1	7	8
Totals	6	46	52

NUMBER OF MUNICIPALITIES PER REGION

REGION	MetroSS	TLCs	TRCS	TOTAL
Eastern Cape	0	94	83	177
Free State	0	85	17	102
Gauteng	12	15	11	38 Plus 10 local areas?
KwaZulu/Natal	6	61	52	119
Mpumalanga	0	36	40	76
Northern Cape	0	26	42	68
Northern Province	0	12	36	48
North West	0	31	19	50
Western Cape	6	80	27	113
Totals	24	440	327	791

NUMBER OF REGISTERED **VOTERS** PER **COUNCILLOR** (LG ELECT 96)

REGION	RegVot (K)	CounSeats	Pop/Councillor	RANK
Eastern Cape	2,747	1935	1,419.64	5
Free State	1,152	1308	880.73	2 (Low)
Gauteng	3,713	1043	3,559.92	9 (High)
KwaZulu/Natal	4,029	2159	1,866.14	7
Mpumalanga	1,117	1102	1,013.61	3
Northern Cape	344	811	424.17	1 (Low)
Northern Province	1,747	559	3,125.22	8 (High)
North West	1,420	755	1,880.79	6
Western Cape	1,975	1446	1,365.84	4
Totals	18,244	11118	1,640.94	

NUMBER OF PEOPLE PER **COUNCILLOR** (CENSUS 96)

REGION	RegVot (K)	CounSeats	Pop/Councillor	RANK
Eastern Cape	5,865	1935	3,031.01	5
Free State	2,470	1308	1,888.38	2 (Low)
Gauteng	7,171	1043	6,875.36	8 (High)
KwaZulu/Natal	7,672	2159	3,553.50	6
Mpumalanga	2,646	1102	2,401.09	3
Northern Cape	746	811	919.85	1 (Low)
Northern Province	4,128	559	7,384.52	9 (High)
North West	3,043	755	4,030.46	7
Western Cape	4,118	1446	2,847.86	4
Totals	37,859	11118	3,405.20	

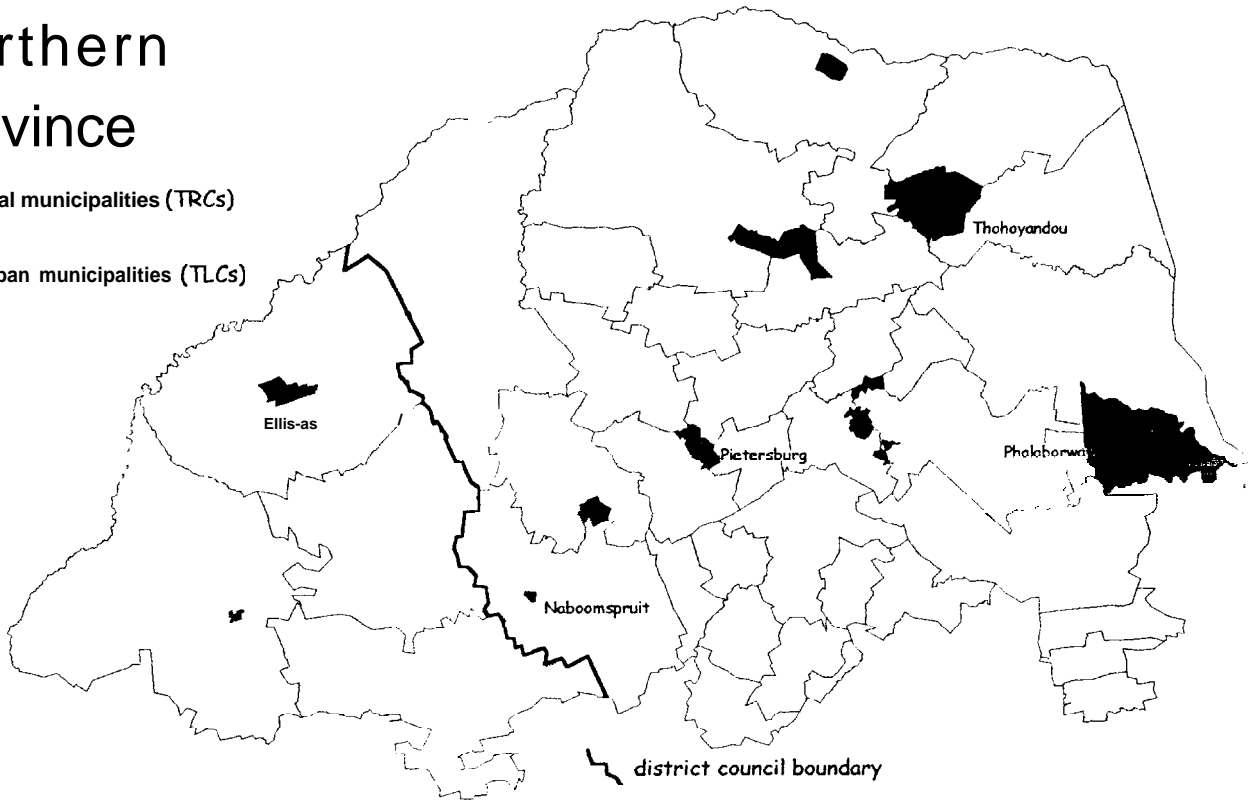
PERCENTAGE POPULATION REGISTERED FOR **LG ELECTION '96**

REGION	RegVot (K)	PopTot (K)	%PopReg
Eastern Cape	2,747	5,865	46.8
Free State	1,152	2,470	46.6
Gauteng	3,713	7,171	51.8
KwaZulu/Natal	4,029	7,672	52.5 (High)
Mpumalanga	1,117	2,646	42.2
Northern Cape	344	746	46.1
Northern Province	1,747	4,128	42.3 (Low)
North West	1,420	3,043	46.7
Western Cape	1,975	4,118	48.0
Totals	18,244	37,859	48.2

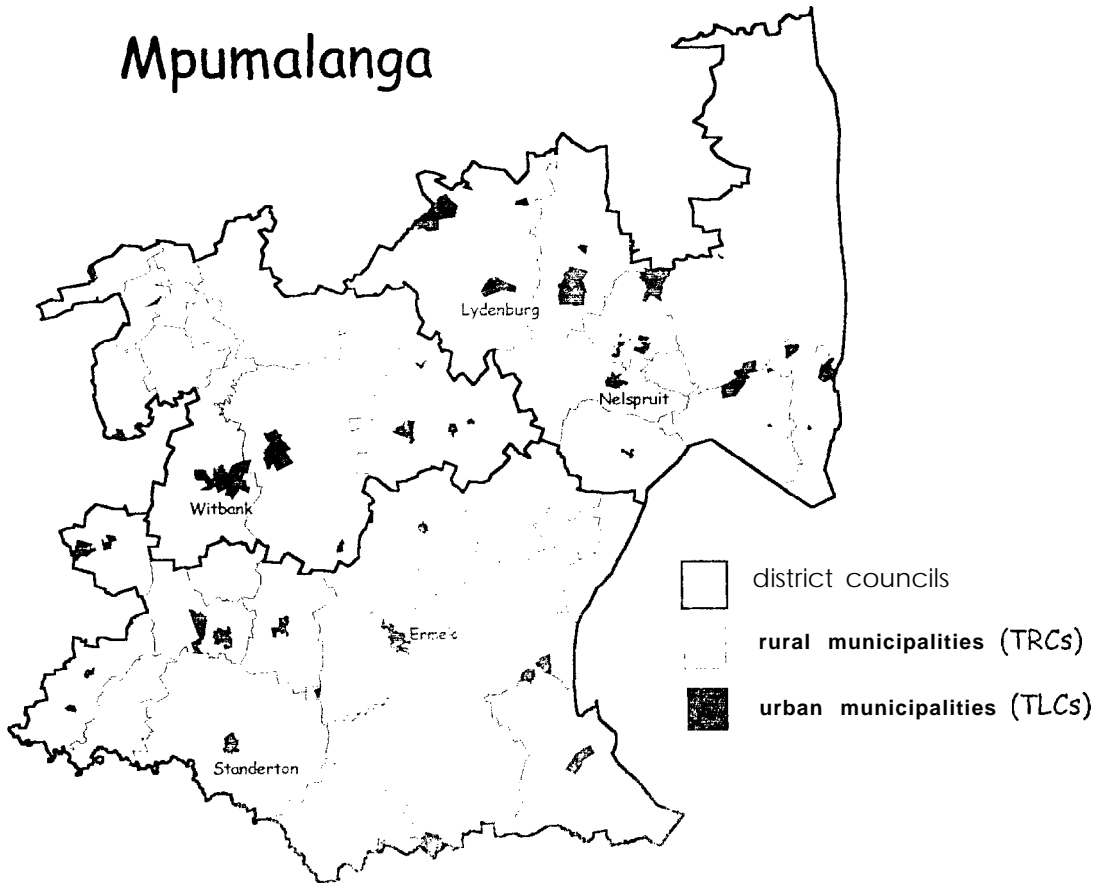
FIGURES BASED ON ETG, DWAF, DLA, AND CSIR DATA
 TABLES PRODUCED BY FCR-GIS

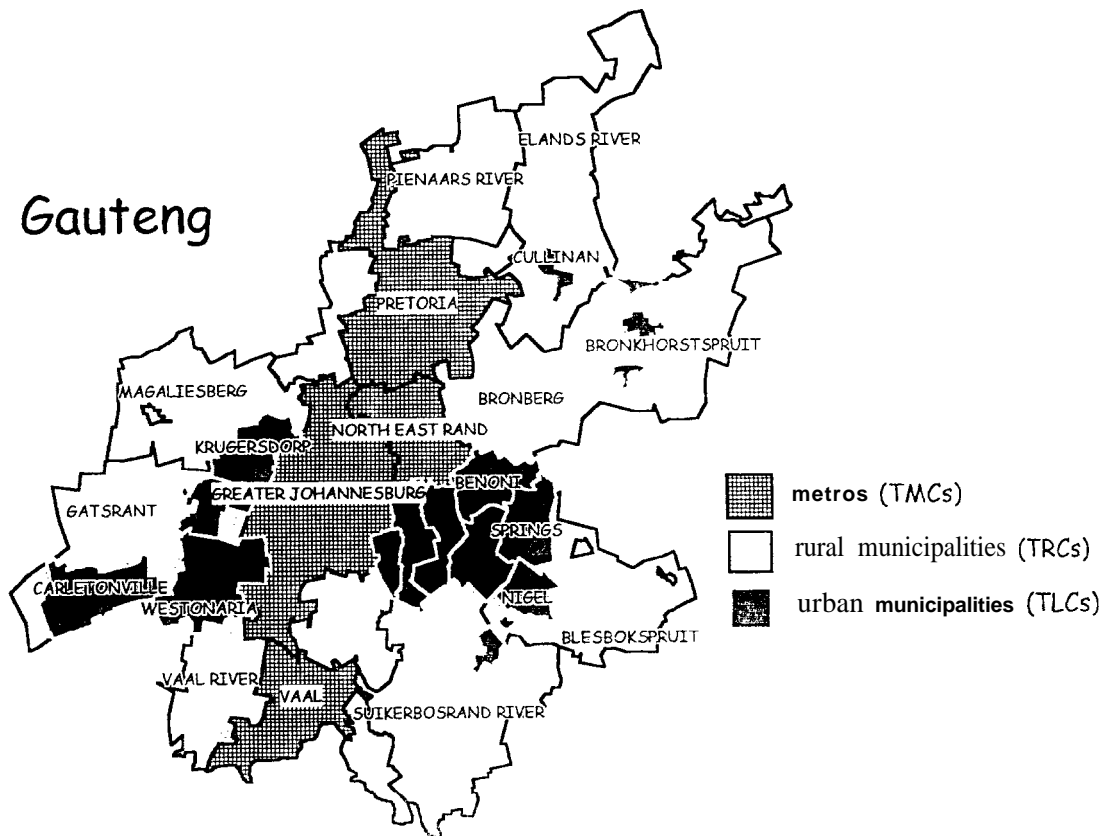
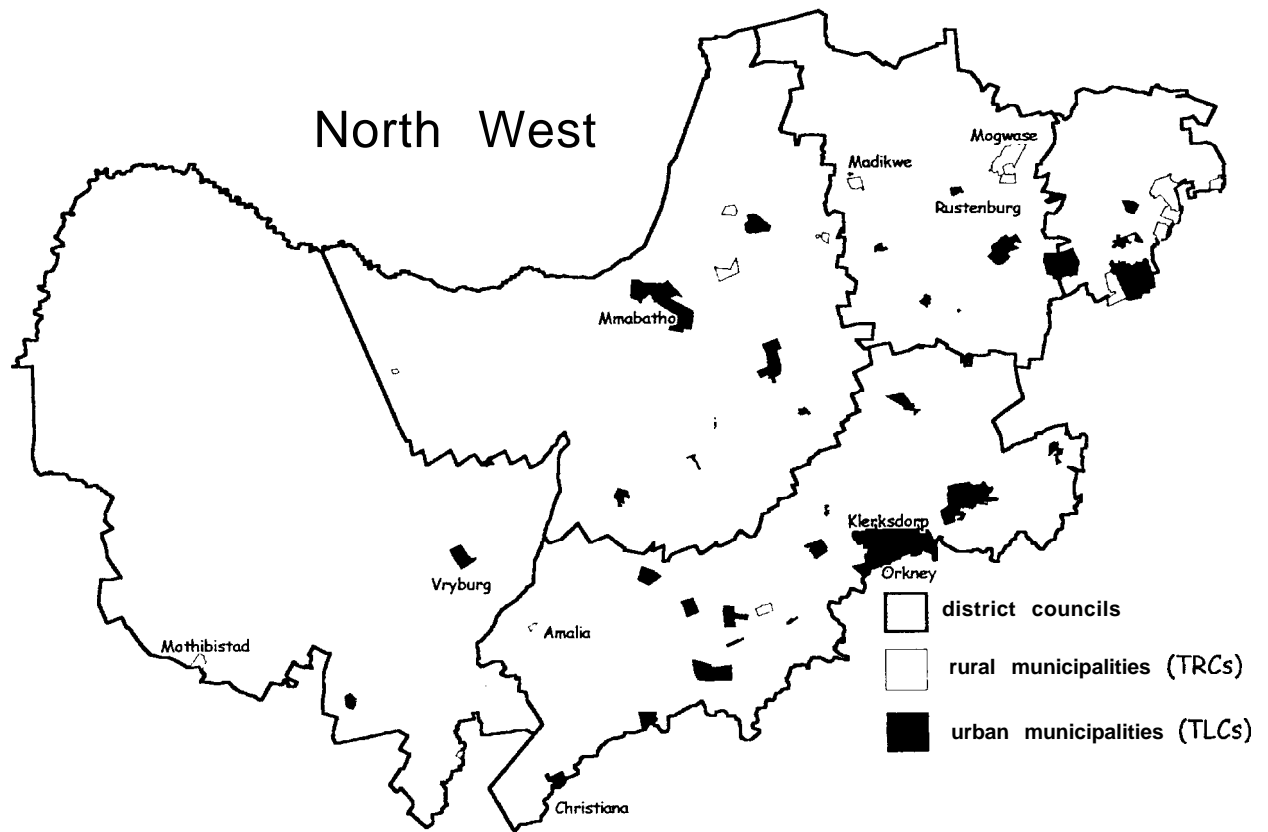
Northern Province

- rural municipalities (TRCs)
- urban municipalities (TLCs)

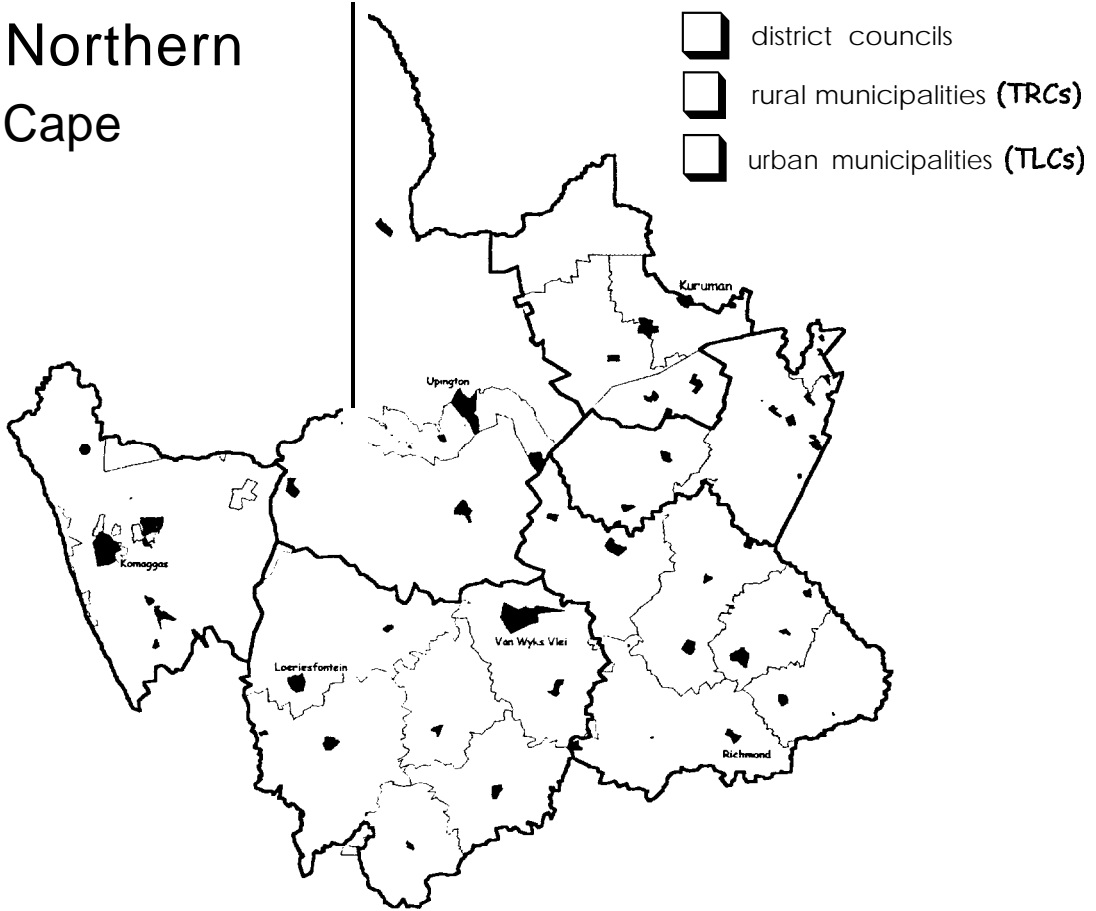


Mpumalanga

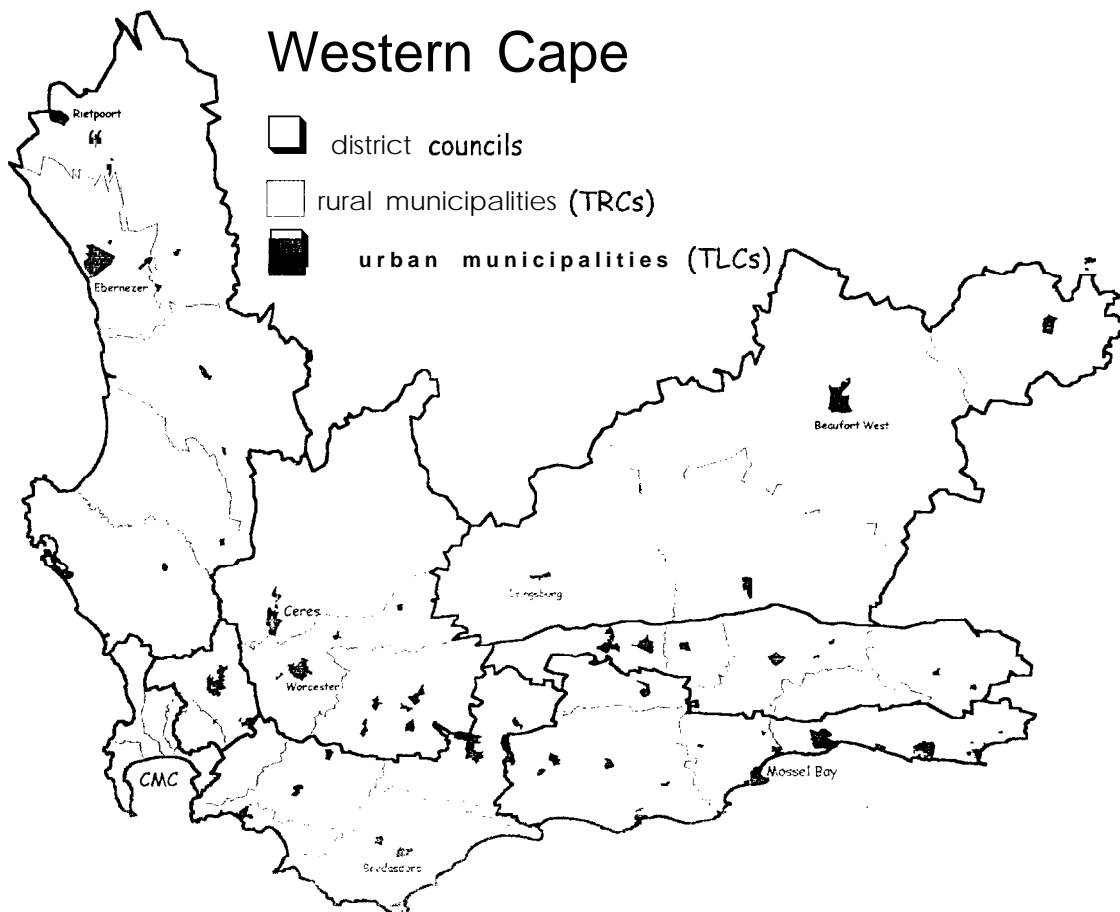




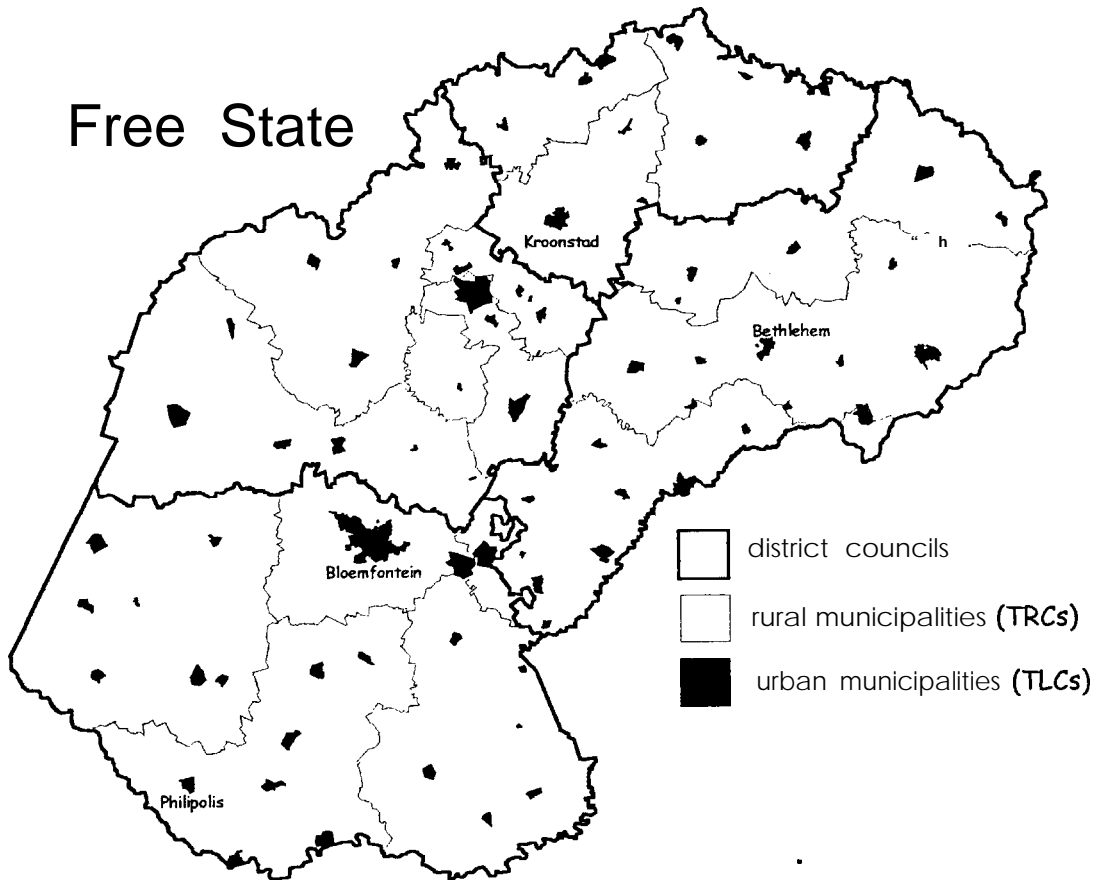
Northern Cape



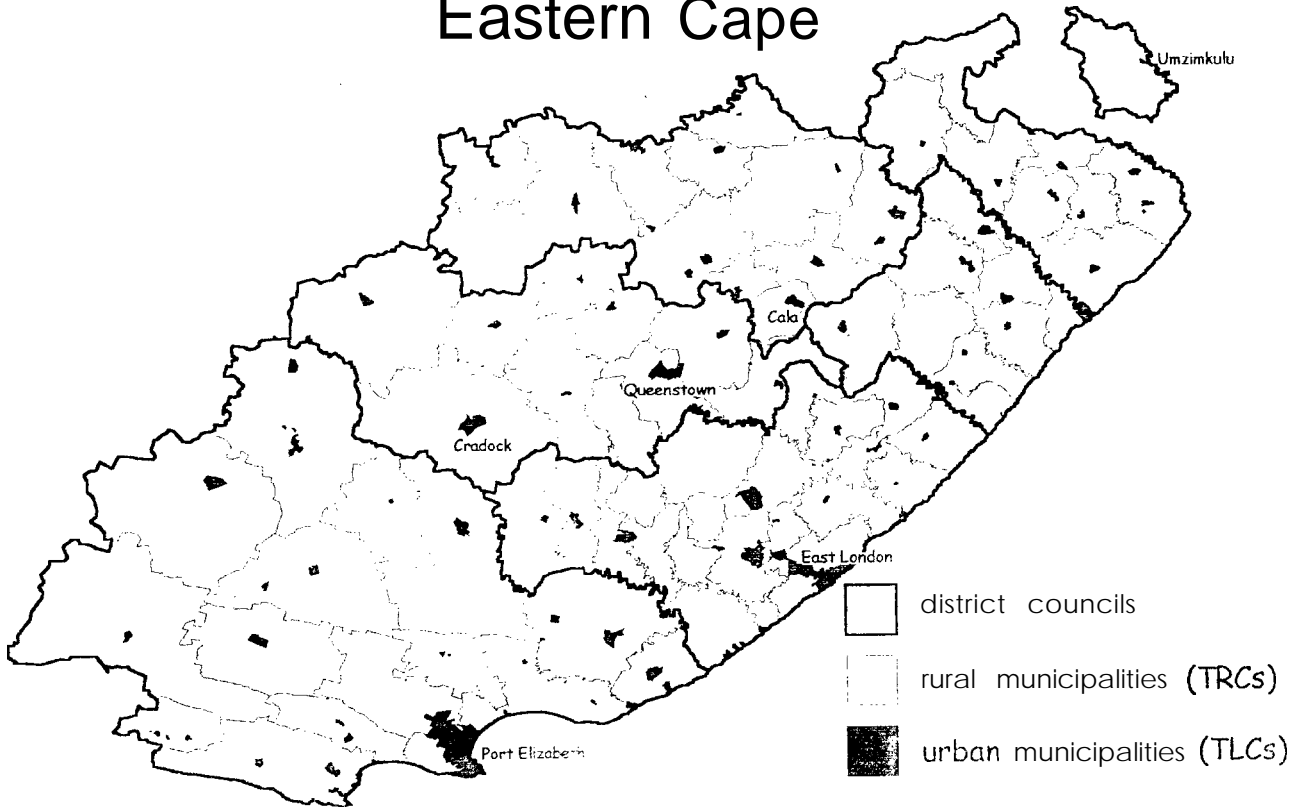
Western Cape



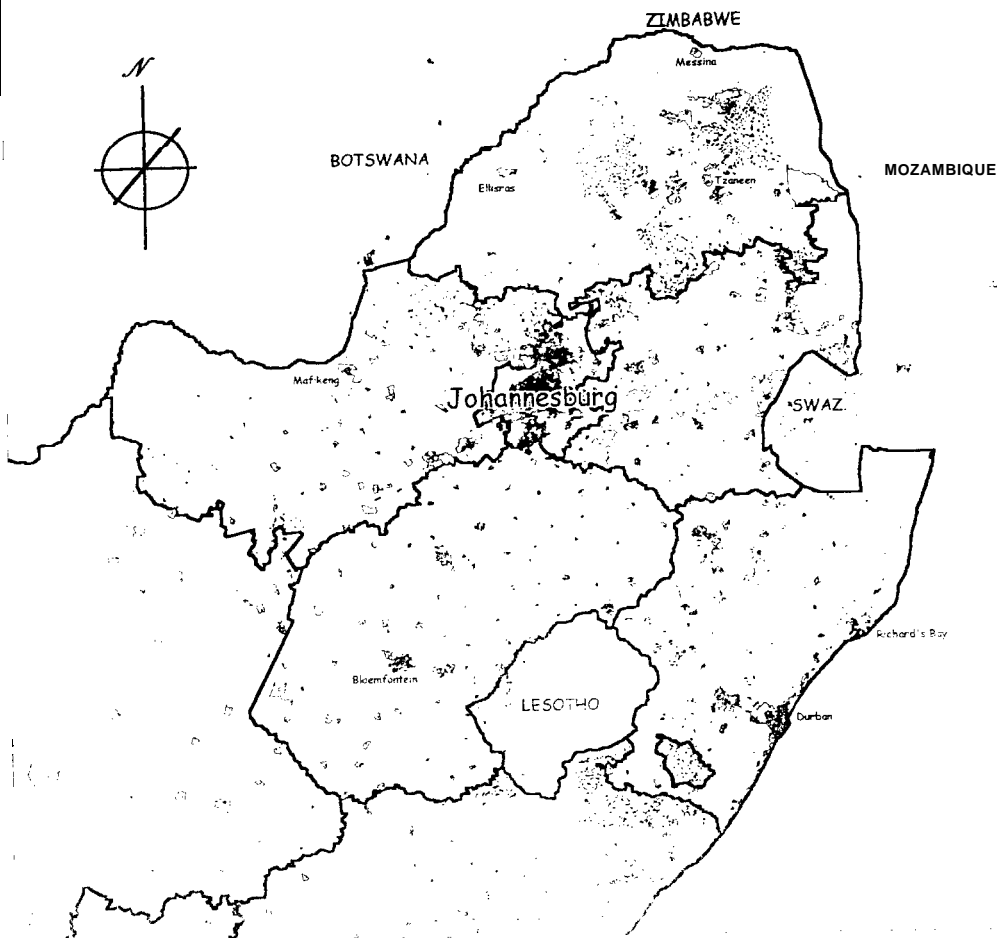
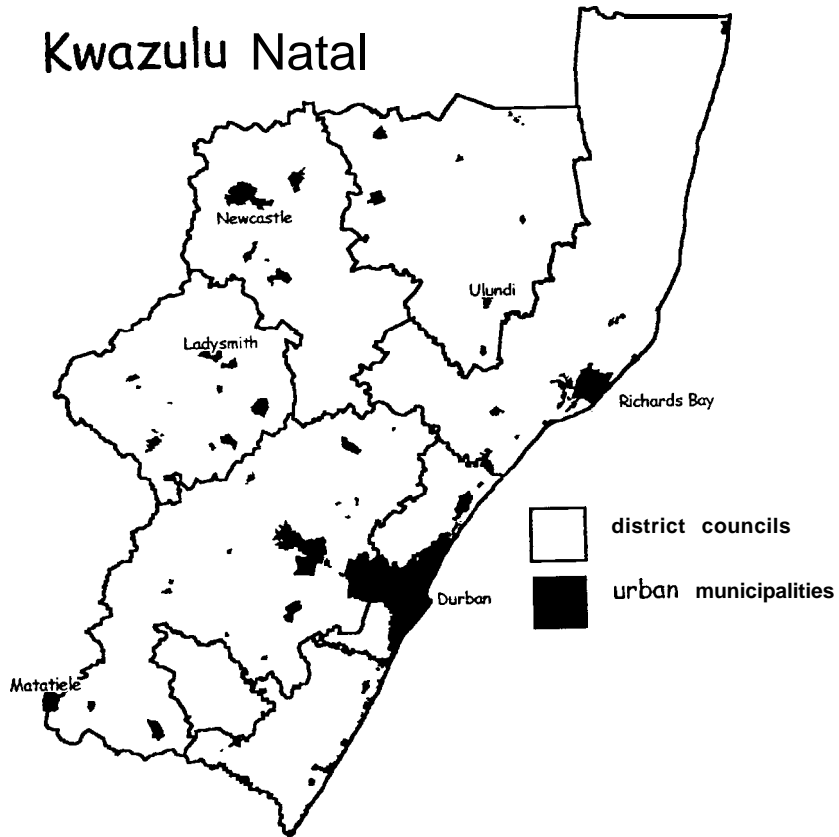
Free State



Eastern Cape






Kwazulu Natal



Settlement and Local Govt.

An urban "footprint" of part of the country based on the National Landcover Project (coverage derived from 94-95 Landsat imagery) and the national topographical series.

-  built-up areas
-  urban municipalities (TLCs)
-  regional boundaries

The scale and coverage of this map was selected to preserve TLC visibility. Many dense areas of settlement fall outside TLC and Metro boundaries and generally inside old "homelands"

Information for this map was obtained from CSIR, DWAF and DLA and processed for DCD Sept '97 by FCR-GIS in Cape Town.
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