The City of Cape Town: Managing metropolitan government

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1. INTRODUCTION

The past ten years have seen the transformation of local government in South Africa. We have moved from small fractured municipalities, organized along racial lines, to large unified municipalities seeking to address the inequalities of the past. At the apex stand metropolitan municipalities which, with the large budgets and considerable resources, have become the real force in local government. The current system is new – only three years old and is still developing. For metropolitan municipalities the challenges have been three fold: First, how can large metropolitan population be governed effectively and integrated policies implemented responsively within a local government paradigm that seeks to bring government closer to the people? How can large metropolitan governments meet the goal of enhancing local democracy? Second, how can they fulfill its service delivery mandate by providing services effectively, efficiently and on an equitable basis to all its resident? Third, as location of the country's industrial and economic heartland, how can the cities promote economic development and job creation? This paper focuses on one of South Africa's six metropolitan cities, Cape Town, examining its management structures and the implementation of its integrated territorial policies in its bid to address these challenges.

Cape Town's metropolitan management policy and practice should, however, be contextualized within the broader transformation of local government in general and metropolitan government in particular.

2. TRANSFORMATION OF LOCAL GOVERNMENT

When the first democratic elections were held ten years ago in April 1994, local government was a racist institution, giving effect to the spacial separation of blacks and whites. The black community was further divided between African, coloured and Indian, each with their own local authority. These racial divisionsmeant massive inequality in services – white communities were well services, while black communities received inferior or no services at all. Local government was the lowest tier of government in a strict hierarchical structure. As creatures of statute, municipalities derived its powers from national and provincial government, serving, by and large, as their administrative arm.

The transformation of local government was thus directed at removing the racial basis of government, and making it a vehicle for the integration of society and the redistribution of resources from the well-off to the poor. This process occurred in two phases. The first, interim, phase established in 1995/6 racially integrated municipalities which were not yet

fully democratically elected. The second, final, phase commenced with the local government election in December 5 2000, establishing the current municipalities.

2.1 Interim phase 1995/6 to 2000

The first step was the amalgamation of white and black areas in into 842 transitional municipalities, include three metropolitan councils. It also signaled a change in the status of local government. The new municipalities were recognized in the interim Constitution of 1993 as a tier of government. Local government no longer exercised powers delegated to its by the national or provincial governments. Instead the Constitution itself gave the powers to local government. Municipal councils were legislative assemblies and their legislative acts, which included the levying of taxes and the adoption of budgets, were not subject to administrative review.[1]

2.2 Final phase December 2000

The 1996 Constitution further enhanced the status of local government. As a distinctive sphere of government, alongside national and provincial government, it was no longer subject of to their direct control or direction. The enhanced status of local government is manifested in a number of provisions. First, its powers are derived from, and protected by, the Constitution. A municipality "has the right to govern, on its own initiative, the local government affairs of its community, subject to national and provincial legislation, as provided for in the Constitution."[2] Accordingly, the national and provincial government must respect this right and "may not compromise or impede a municipality's ability or right to exercise its powers or perform its functions."[3] Provinces are, however, duty-bound to regulate, monitor, support and, in well defined circumstances, intervene in a municipality.[4]

Second, the executive and legislative powers of local government cover a wide range of matters including the following areas: electricity and gas reticulation, tourism, planning, public transport, public works, water and sanitation services, roads, and amenities. In addition, a municipality has the right to administer particular matters which fall within the concurrent or exclusive competence of the provincial governments "if (a) that matter would most effectively be administered locally; and (b) the municipality has the capacity to administer it."[5]

A key feature of local government is the constitutional entrenchment of democratic governance. The first object of local government, placed ahead of the service delivery and developmental objects, is "to provide democratic and accountable government for local communities".[6] Democratic governance, the Constitution provides, is to be realised through both representation of, and participation by, local communities.

The constitutional space accorded to local government is purposive in nature, namely, to provide services and promote development. Thus, the objects of local government include

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[1] Steytler, De Visser and Mettler 2000, 2.
[2] Section 151(3) Constitution.
[3] Section 151(4) Constitution.
[4] Section 155(6), (7) and 139 Constitution.
[5] Section 156(4) Constitution.
[6] Section 152(1)(a) Constitution.

the provision of services to communities in a sustainable manner, the promotion of social and economic development, and a safe and healthy environment.[7]

The Constitution accorded municipality significant taxing powers, the most significant of which are rates on property and user charges. As a distinct sphere of government, the policy and law holds that municipalities are responsible for their own well-being. In the recently adopted Municipal Finance Management Act of 2004, the principle is clearly established: "The primary responsibility to avoid, identify and resolve financial problems in a municipality rests with the municipality itself."[8] There is also no implicit guarantee that either the national or provincial government will stand in for the bad debts of a local government.[9]

Powers and functions are symmetrically distributed to municipalities[10] all of which fall in one of three categories. There are metropolitan municipalities that exercise all local government powers. Outside metropolitan areas, are local municipalities, a number of which combine to form the third category of district municipalities. Local government's powers are then divided between the local and the district municipalities, with the latter playing mainly a coordination and planning role.[11]

2.3 2000 Demarcation of municipalities and elections

The entire land mass was demarcated into municipalities in 2000, and the election of December 5 2002 established six metropolitan municipalities, 46 district municipalities and 232 local municipalities. These municipalities play a significant role in the governance of the country; they are responsible for 28% of total government expenditure, of which they cover 83% from own revenue.[12] The six metro's dominate the scene. Home to 31% of South Africa's population of 42 million and 75% of the GGP, they are responsible for not only 63% of the entire municipal budget, but also the health and well-being of the nation.

3. METROPOLITAN LOCAL GOVERNMENT

Ten years ago, the cities of South Africa were rigidly divided and governed along racial lines. The white authorities controlled the urban centers and hence the strong tax base. Blacks were confined to the periphery of the cities receiving no or limited municipal services. With race and class coinciding, the cities consisted of centers of business activity surround by vast slums of poverty.[13] With the advent of democracy in 1994 the immediate object was to establish integrated cities where the benefits of the central tax base could be redistributed equitably among the previously disadvantaged areas. At the same time, after years of isolation, the cities as the country's hub of economic activity, had to become globally competitive. The transformation of metropolitan governance also occurred in two phases.

3.1 1995/6 to 2000: Weak metropolitan councils

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[7] Sections 152 and 153 Constitution.
[8] Section 135(1) Local Government: Municipal Finance Management Act 2004.
[9] MEC, Mpumalanga v Imata 2002 (2) SA 76 (SCA).
[10] For a critique of the symmetrical approach, see Tapscott 2004.
[11] See Steytler 2003b.
[12] This is in stark contrast with provinces which are dependent on national grants for 96% of their revenue.
[13] See Steytler 2001, 54.

In terms of the Local Government Transition Act of 1993 a two tier metropolitan system with a weak centre and strong substructures was established in Johannesburg and Durban in 1995 and Cape Town in 1996. An amendment to the Act in 1996 sought to strengthen the metropolitan council, by listing exhaustively the powers and functions of both tiers. However, the tiers could negotiate the reallocation of powers and functions, provided issues of practicality, technological and economic efficiency were taken into account.[14] In practice, however, it was found that the system led to costly and unintelligible division of functions and powers.[15] By and large the metro's could not, or did not, redistribute resources from the wealthier substructures to the poorer areas as effectively as was envisaged.

3.2 Designing strong metropolitan councils

Immediately on the establishment of the two-tier metropolitan system, the process of designing the final phase of metropolitan government commenced. In 1998 the government produced a policy paper on local government which included a new vision for the governance of metropolitan areas.

The point of departure was the importance of metropolitan areas. While they generated the bulk of the country's gross domestic product, they were, at the same time also home to large (and increasing) numbers of poverty stricken people, lacking access to basic services. The form of urban government, the policy document concluded, was "a critical factor in determining the future economic prosperity and social stability of the nation."[16] It thus opted for strong unified metropolitan government. This policy choice was based on three considerations.[17] First, because of the country's history of apartheid, there was a need for the equitable redistribution of resources and services across the metropolitan area. The past was characterized by exclusionary practices where the poor were pushed to the peripheries into spacial "pocket of poverty". Strong metropolitan government could ensure that everyone who contributes to the metropolitan tax base benefits from it. Second, metropolitan government was necessary to promote strategic land-use planning and to coordinate public investment in physical and social infrastructure. To overcome the legacy of apartheid, spatial integration and socially inclusive forms of development were required. Third, strong metropolitan government was also necessary to develop a city-wide framework for economic and social development. Such a framework would enhance the economic competitiveness and well-being of the city. The metro would be able to market the city as a whole.

Having a unified metropolitan government for large populations and areas would place a distance between the residents and their political representatives.[18] However, the government argued that, within South Africa's segregated settlement patterns, small political institutions would mean perpetuating old racial divisions. The delegation of authority to smaller committees of a metro council was thus proposed. The experience of the two-tier system of Johannesburg and Cape Town where the division of responsibilities were negotiated, convinced the government that such negotiations were driven more by

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[14] Cameron, 1999, 237.
[15] Cameron 1999, 232.
[16] *White Paper on Local Government* 1998, 61.
[17] *White Paper on Local Government* 1998, 58-60.
[18] See Kongwa 2001.

political considerations rather than administrative concerns.[19] It should thus be in the discretion of the unified metro council to determine the modalities of delegating its functions and decision-making.

Two forms of decentralization were proposed. First, micro decentralization could take place where each ward in a municipality - the geographic area electing one councilor - could be vested with delegated powers in a ward committee. Second, on a larger scale a number of wards could be combined to form a metropolitan sub-council, which by the nature of their size, could be entrusted with more administrative and decision making powers. It was thus envisaged that powers and functions which relate to either bulk supply or the establishment of policy frameworks for service delivery would be retained by the metro council. Functions that dealt with matters that involved a high degree of interaction with local communities would be suitable for delegation to metropolitan substructures.[20]

The ensuing legal framework reflected this policy.[21] Metropolitan municipalities could be established in an area if that area could be reasonably regarded as

>   (a)   a conurbation featuring areas of high population density, an intense movement of people, goods and services, extensive development, and multiple business districts and industrial areas;
>   (b)   a centre of economic activity with a complex and diverse economy;
>   (c)   a single area for which integrated development planning is desirable; and
>   (d)   having strong inter-dependent social and economic linkages between its constituent units.[22]

All function and powers resided in the metropolitan council. It may, however, decide to delegate some of its powers to metropolitan subcouncils. Ward committee may also be established alone or in combination with subcouncils. Ward committees are, however, in the main, advisory bodies without executive powers.[23]

3.3 Six metropolitan councils

The independent Municipal Demarcation Board decided on six metropolitan councils. Figure 1 shows the metropolitan cities, their population, their land area, and the province in which they are located:

Figure 1: Metropolitan cities, population size, land area and provincial location

City	Population (1996)	Land area	Province
eThekwini (Durban)	2.7 million	2291 sq km	KwaZulu-Natal
Johannesburg	2.6 million	1664 sq km	Gauteng
Cape Town	2.5 million	2498 sq km	Western Cape
Ekurhuleni (East Rand)	2.0 million	1923 sq km	Gauteng
Tshwane (Pretoria)	1.6 million	2198 sq km	Gauteng

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[19] *White Paper on Local Government* 1998, 64.

[20] *White Paper on Local Government* 1998, 66.

[21] Local Government: Municipal Structures Act 117 of 1998.

[22] Section 2.

[23] See draft Guidelines on Ward Committee, Department of Provincial and Local Government, 2003. For comment see Mettler 2004.

Nelson Mandela City   1 million   2198 sq km   Eastern Cape
   (Port Elizabeth)

An interesting outcome was thus that in the central province of Gauteng, the business and industrial heartland of South Africa, three contiguous metropolitan municipalities were established.

The significance of the metro's is immediately apparent from their budgets. Their combined 2002-03 budgets of US$7.3 billion represent 62,7 % of all municipal budgets.[24] Their budgets are reflected in Figure 2.

Figure 2: Budgets of metropolitan councils 2002/3

    Johannesburg   US$1.7 billion
    Cape Town   US$ 1.5 billion
    EThekwini (Durban)   US$1.4 billion
    Ekurhuleni (East Rand)   US$1.2 billion
    Tshwane (Pretoria)   US$0.9 billion
    Nelson Mandela (Port Elizabeth)   US$0.4 billion.

The size of these budgets becomes evident when compared with the 2002-03 budgets of the nine provinces. The three metro's in Gauteng surpass the provincial budget of that province. The Johannesburg budget is also larger than those of the three smallest provinces. While overall transfers from the national government to local government constitute 17% of their revenue, in the case of metro's transfers are considerably less, contributing only 5% of their operating revenue. Being largely self-reliant, they have a broad policy discretion for the application of their resources. This contrasts sharply with the provinces which, in the main, are administrators and paymasters of national programmes in the areas of education, health and social welfare. Overall, six powerful municipalities have been established, rivaling provinces.

Within this broad context, metropolitan government in the Cape Town metropolitan area should be assessed.

4. CAPE TOWN: THE EVOLVING METROPOLITAN CITY

The origins of Cape Town stretch back to 1652 when the Dutch East India Company established a supply station on the southern tip of Africa for its fleet enroute to the East. The next 300 years saw the slow development of a metropolitan area marked by a large central municipal council surrounded by numerous small local authorities organized along racial lines. Today, the Mother City, as it would like to call itself, is seeking to overcome the long history of colonialism and apartheid to become one of the great cities of the world.

4.1 Pre-1994: Fractured and racial local authorities

With the advent of democracy in 1994, Cape Town metropolitan area consisted of a number local authorities, all organized along racial lines.[25] The blacks were confined to

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[24] National Treasury, 2003. An exchange rate of US$1 to ZAR6.50 used. See further Steytler 2003a.

impoverished areas, receiving poor services if at all, while whites benefited from a high standard of service. By policy the black community was divided between coloureds and Africans. For years the Cape was officially a coloured labour preferential area which meant that Africans were largely excluded for being employed (apart from contract work) in the Cape Town area. It was a long and bitter struggle to reverse this policy, resulting in the end in the establishment of African settlements, set apart from coloured areas, at a great distance from the city centre. Three distinct areas were thus evident in 1994: white areas organized in a number of municipalities, coloured areas with limited local authorities, and African areas governed by black municipalities. Service provision was according to area with white areas, having the strongest rate basis (including the central business district and industrial areas), the best serviced, with the African areas, with no rates basis, the worse off and coloured areas falling somewhere in between.

4.2 Post 1994: Moving towards metropolitan government

When democracy was established at national level, the same had to be realised at local level. The main political agenda for the majority party, the African National Congress (ANC), was to reverse the racial divisions of the past and achieve equity in service provision. The redistribution of resources required the unification of all local authorities in the metropolitan area. The ANC thus argued for a broad inclusive region, including three adjacent towns of Somerset-West/Strand, Stellenbosch and Paarl/Wellington. The white municipalities resisted an inclusive structure for it meant the radical redistribution of their resources.

Through both political negotiations and the advice of a Provincial Demarcation Board, the outer boundary of the new metropolitan area eventually included the fringe areas of Somerset West/Strand, but excluded the towns of Stellenbosch and Paarl/Wellington.[26] The decisive criterion was whether the areas were economically and historically interdependent of metropolitan area.

Once the outer boundary was drawn, the next hurdle was the internal organization of the metropolitan government. A two-tier structure was required: a coordinating metropolitan council with a number of substructures, the powers of which were subject to negotiations. For political considerations, and the fear that the ANC would dominate the entire metro, the model that was eventually negotiated made provision for both a strong coordinating metropolitan council and strong substructures with considerable operational authority. The carving up of the metropolitan area into the substructures was the most problematic, because at issue was who should take responsibility for impoverished African areas. After protracted negotiations, national interventions and court battles, the metropolitan area was divided into six substructures, called Metropolitan Local Councils (MLCs). Existing municipalities were amalgamated and the large Cape Town municipality was split into two. In the end only two of the six substructures were won by the ANC, the rest falling to the opposition parties.

The two-tier system in the new area did not work well, following the general trend in the other two metropolitan areas. Both the Cape Metropolitan Council (CMC) and the MLCs

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[25] There were 15 white municipalities, one regional services council, five black local authorities, 26 Management Committees (for Coloureds), a Management Board and a number of areas that fell under the administration of the province.
[26] See Cameron, 1998, 116ff.

had significant powers, leading to a contestation between the tiers over a range of issues. Even with regard to the division of powers where the metro provided bulk water and the MLCs reticulated the water, conflicts arose over the setting of tariffs for bulk water. The relationship between them was seen as competitive rather than mutual supportive. The difficulties in institutional design were exacerbated by political dynamics; the two strongest MLCs (Cape Town and Tygerberg) were governed by the ANC while the Cape Metropolitan Council (CMC) was in the hands of New National Party (NNP). They were well resourced administrations and there was a level of distrust of the new CMC. The CMC also did not effect the redistribution of resources through the proper use of the revenue raised by a payroll levy at its disposal. Finally, there was a level duplication of high level officials.

For the final phase of the local government transformation, the national Municipal Demarcation Board kept the outer boundary of the metropolitan area and the establishment of the new Unicity, as it was called, thus did away with the six Metropolitan Local Councils.

4.3 Unicity[27]

The establishment of the new Metropolitan City of Cape Town on 5 December 2000 meant the final reorganization of local authorities in an amalgamated unified structure. The metropolitan council could, however, in its discretion, establish subcouncils with delegated powers. A 200 member municipal council was elected, half of the councillors elected in wards, with the other half elected on the basis of proportional representation on closed party lists. In the 2000 election the Democratic Alliance, a party formed by the Democratic Party and the New National Party shortly before the election, gained the majority of seats.

At first the mode of government was of the executive committee type. The main executive structure was a ten person executive committee, composed of all the political parties in proportion to their seats, with the mayor as chairperson. After the New National Party hived off from the Democratic Alliance, and constitutional amendments allowed councillors to join another party, a change of government occurred in November 2002 when the New National Party and the African National Congress formed a governing coalition. The new mayor came from the ANC while the deputy mayor was from the NNP. With the change in political governance, came also an institutional change; the Council adopted the executive mayoral system, where executive power is vested in the mayor, assisted by a mayoral committee.

The fact that the mayor is from the ANC tells a further story. The ANC/NNP coalition also unseated the DA provincial government in the Western Cape Parliament. As part of the coalition agreement the premiership of Western Cape went to the NNP while mayorship to the ANC. Why would the ANC, which was the largest party in the Western Cape, would have opted for the mayorship rather than the premiership? The answer lies perhaps in the following comment by Mr Peter Marais, who had served first in the provincial cabinet under the NNP before coming mayor of the Cape Town for the DA.[28] "I am about 20 times

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[27] The information provided by Nico McLachlan of ODA, formerly chairperson of the Unicity Commission, on the evolution of the city governance is much appreciated.

[28] He was removed as mayor due to internal party political conflict. See Smith 2002.

more effective as mayor of a unicity than I ever was as minister [in the provincial government], and during my career I had virtually all the portfolios."[29]

4.4 Challenges

The new metro faced a number of critical challenges. Externally, the City faced the challenges of poverty, social disintegration and racial inequality.[30] The metropolitan area is currently home to approximately 3 million people. This constitutes nearly 70 % of the province of the Western Cape's 3.9 million inhabitants. There is rapid increase in population, with the an influx of approximately 1 000 persons a week,[31] 47% of which come from the neighboring Eastern Cape Province.[32] The City manifests great disparities in income. The cityscape ranges from very affluent areas to large squatter settlements. This also demarcates the differences income and life chances. Thirty percent of household experience problems feeding their families, a statistic that climbs to 71% in squatter settlements.[33] In short, 20% of the population lives below the minimum household subsistence level and a further 12% lives just above the figure, who are thus vulnerable to any changes in the wider economy. The poverty distribution is also racially skewed with the African population concentrated in the category living below the breadline, the coloured population in the income bands hovering just above that line, and the whites in the upper income brackets.[34] Unemployment is high: more than 300 000 people are without jobs.

The consequence of this economic profile, is that a significant sector of the population cannot afford basic services. It is calculated that in the city of three million people, perhaps a third are unable to pay for basic services.[35] Historically, the impoverished areas also receive little or inadequate basic services such as water, electricity, and refuse collection.

In response to this challenge, the policy goals of the metro council has thus been threefold:
- redistributing services and ensuring the equalization of service levels;
- poverty alleviation through the provision of free basic services of water and electricity to the poor; and
- seeking to grow the economy and creating more employment opportunities.[36]

Internally, the new city faced a mammoth task of integrating seven adminstrations (the CMC and the six MLCs) into one unified structure. This meant the rationalization of 26 000 employees working in terms of 26 different conditions of service. These challenges take place within a financial framework that requires the City to raise the bulk of its revenue.

As noted above, Cape Town's budget of R9.7 billion (US$1.5 billion) is, after Johannesburg, the second largest municipal budget in the country. The City is largely self-reliant with regard its operating budget of R8.4 billion (US$1.3billion),[37] as Figure 3 shows.

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[29] Marais, 2001.
[30] Unicity Commission 2000, 6.
[31] Hamana, 2004.
[32] City of Cape Town 1996, figure 4.
[33] Van Ryneveld et al, 2003, p 3.
[34] Van Ryneveld et al, 2003, p 4.
[35] Van Ryneveld et al, 2003, p 7.
[36] See City of Cape Town, 2002.
[37] Provided by Director: Budgets, City of Cape Town, 4 March 2004. An exchange rate of US$1 to ZAR6.50 used.

Figure 3: Operating budget of 2003/4

Electricity surcharges	27.4%
Property tax	24.4%
Water surcharges	8.6%
Other services (sanitation, solid waste, etc)	11.7%
Payroll levy	8.8%
Other (licenses, fines, etc)	14.8%
Transfers	4.2%

With its capital budget of R1.9b (US$300 million) in 2002/03 only 21% came from national transfers.[38] The challenge is thus to meet the great unmet need for basic municipal services, a significant portion which must be provided for free, largely financed from the City's own revenue.

5. THE MANAGEMENT OF THE CITY OF CAPE TOWN

No less challenging has been the internal organization of the municipality – how could it govern a large population, spread over an extensive area, facing major social and economic problems, effectively and efficiently while, at the same time, promote democratic participation?

5.1 Governance vision

In preparation of the unification of the city in December 2000, a multi-party commission – called the Unicity Commission - was established in 1999 to map out both the goals and governance structure the new City. The Commission sought to address the concern that the move to a Unicity would result in a distant and unresponsive Council with poor connection to local communities. The Commission's point of departure was thus "to balance the need for strong metropolitan leadership with strong participation and local decision-making."[39] Its proposal thus included participatory style of government as well as political structures at sub-council level. The administration should also be geared toward decentralized decision-making.

The first DA Council adopted the proposals and commenced with their implementation. The change of political masters in November 2002 to the ANC/NNP coalition did not materially change the general governance vision. One of values underpinning the City's new mission statement is "a belief that city government needs to be close to the people".[40] Moreover, to be a "credible city – a well governed city trusted by its people" - entails the objective of introducing "good governance practices that bring city government close to the people [and] empowers communities". Concretely, the objective must be to "drive decentralization in a well planned fashion and enhance citizen participation in city government through a range of local initiatives." How has this vision been realised in practice?

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[38] National Treasury, 2003, table C1.
[39] Unicity Commission 2000, 12.
[40] City of Cape Town, 2002, Vision and Mission Statement.

5.2 Political organisation

As the legislation stands, the political management of the City is very centralized. At the centre is an executive mayor, elected by the councillors, who, in turn, appoints a mayoral committee of ten councillors. They serve on the committee at the mayor's pleasure in accordance of the traditional Westminster cabinet system. Each member of the mayoral committee heads a portfolio committee that is responsible for a particular functional area or sector.

The key strategy of bringing municipal government closer to the people is to adopt a system of subcouncils and direct participatory government. The objective of subcouncils, the Unicity Commission wrote, was to ensure local responsiveness and accountability by giving them the responsibility for "service monitoring, local planning and regulatory decisions, identifying local needs and priorities and facilitating public input".[41]

Introduced in 2001 by the DA council,[42] limited powers were given to subcouncils. Their primary purpose is to implement public participation on behalf of the Council on a limited range of topics with the specific purpose of identifying community needs and priorities. The Council made it clear that "the intention is not to create secondary municipalities."[43] Apart from their communication function, subcouncils also received limited delegated powers in the following areas: deciding on appeals against the Building Control Officer, awarding business licences on certain types of health facilities and entertainment; licensing of the hawking of foodstuffs, licensing of undertakings selling food to the public, control over undertakings selling liquor to the public; and limited land use planning decisions and some traffic control measures.

Sixteen subcouncils were established in 2001, grouping between six and seven wards together. It was immediately apparent that the subcouncils coincided with the old apartheid spatial patterns of land occupation; whites, coloureds and Africans were again clustered together. When the ANC/NNP coalition came into government, it did not reversed the subcouncil process, but did not expand it either. Rather, it sought to place more emphasis on ward communication and direct participatory democracy;[44] subcouncils, along with wards, would both be the primary institutions for consultation and planning in order to introduce appropriate programs at subcouncil and ward level. The number of subcouncils were increased to 20, and no further authority has been delegated to them. The focus of subcouncils has shifted to their consultative role, making recommendations to Council on behalf of their communities, rather than having a direct executive role.[45]

The main drive towards bringing government closer to the people is by strengthening the ward system and by promoting direct pubic participation in central decision-making. The executive mayor thus embarked on a listening campaign and has sought to make the executive mayorship a public figure directly accountable to the public.

5.3 Administration

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[41] Unicity Commission 2000, 12.
[42] See Cape Town Subcouncil By-law 20 September 2001.
[43] Council resolution on "Council's Vision, Principles of Management and Exco Portfolios", C 09/02/01, http://www.capetown.gov.za/resolutions/ accessed 4 March 2004.
[44] City of Cape Town 2002, para 7.3.
[45] See "What is a subcouncil", http://www.capetown.gov.za/subcouncils/ accessed 4 March 2004.

In contrast to the unified political structure of the City, the seven administrations the City inherited in December 2000 are yet to be integrated into a unified and purposive administration. The main problem has been the inability to adopt and implement a cohesive administrative model for metropolitan government and effective and efficient service delivery.

The administration model that the Unicity Commission recommended in June 2000 was the established of a corporate centre that would ensure the alignment of activities and services with the development strategy, facilitate the holistic management of the area and ensure equitable service coverage across the city[46] The corporate centre would be responsible for managing overall strategic planning, the integrated development plan, establishing and monitoring service levels and standards, conducting performance and contract management and finance planning and strategy. The centre would "play an orchestrating rather than a command and control role and will decentralize considerable authority."[47]

With regard to a service delivery model there was a choice. In delivering municipal services, municipalities may choose between an internal or external service delivery mechanism.[48] An internal mechanism refers to service delivery by the municipality's own administration and staff. External mechanisms refer to all other service providers, the most important of which are municipal entities and private contractors. A municipality may establish a municipal entity, with it as the only shareholder, with the object of corporatizing a municipal service. The entity operates on business principles and is accountable to the relevant municipality through its board of directors.

The Johannesburg Metropolitan Council opted for the coporatisation of its water, electricity and waste services. It created incorporated utilities with the municipality as sole shareholder. A service delivery agreement is then entered into with the utilities, granting the latter operational control of the service delivery. A separation is thus made between the Council as regulator and the utilities as providers. To oversee the contracts, the Council created a Contract Management Unit.

The Unicity Commission recommended an internal service delivery mechanism. Several decentralized service delivery entities would be established in the form of ring-fenced internal business units or semi-autonomous corporatised entities. Such units or entities would be created for the trading services in water, electricity, sanitation, and solid waste disposal. Significant levels of decision-making would then be decentralized to them to ensure greater service responsiveness. The level of decentralization would depend both on the nature of the service and the capacity of the service sector. At the centre a number of support service bureaus would be established (human resources, IT, etc) to service the units or entities through internal contracts.

Overall, this administrative model required the vertical integration and rationalization of the seven administrative units, the standardization of the conditions of service and finalizing the micro design and staff placement.[49] This exercise entailed a combined workforce of 26 000 persons, functioning under several different conditions of service.

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[46] Unicity Commission 2000, 13.
[47] Unicity Commission 2000, 13.
[48] Section 76 Local Government: Municipal System Act of 2000.
[49] City of Cape Town 2002, para 7.5.3.

This model of service delivery and administration was accepted at the beginning of 2001 by the DA council[50] and by the end of that year decided to implement internal business units (IBUs) for water, electricity, and solid waste management. However, before implementation could commence, the ANC/NNP coalition came to power. Uncertainty has even since prevailed whether this model will be followed. In the mean time current service delivery and resource allocation continue continues be administered predominantly by the preexisting six administrations. Thus, more than three years after amalgamation, integration of the administrations is yet to happen. The workforce of 26,000 has now grown to nearly 30,000, and all are still on different conditions of service. The lack of rationalization is evidence by the absence of major labour disputes; no person has yet been redeployed.

The uncertainty about the administrative model to be followed stems to a large degree from different ideological perspectives on service delivery. Within the ANC, and in particular, its trade union alliance partner, COSATU, there is considerably ideological opposition to privatization. Any move towards corporatisation is seen as paving the way for privatization. An internal business unit is thus seen simply as a precursor to corporatising services on route to their privatization.

An alternative model is the area management model, requiring the horizontal division of services in demarcated geographical areas. Thus far, this model has not gained ascendancy and no linkages have been sought between subcouncils and administrative units. The need for some area-based coordination of services was recognized by the Unicity Commission. It proposed a system of integrated area co-ordination to ensure that the activities of the different services are coordinated and aligned at local level. Area coordination managers could be appointed with the responsibility for service monitoring and alignment but with no line management responsibilities.[51]

The current hiatus has focused attention inwardly on institutional issues rather than outwardly at service delivery outcomes. Moves are, however, afoot to resolve the impasse but formulating and adopting a clear policy on the appropriate administrative model. In the meantime the City lost over three years in implementing a clear and coherent administrative system. It continues with the same administrative model that has been in place since 1998, yet the City is expected to delivery services as if it has been transformed to meet the needs of the unified city.

5.4 City improvement districts

In contrast to the principal aim of the City of equalizing services across the metropolitan area by redistributing resources from the previously advantaged white areas to the underserviced black areas, a counter trend is emerging – the private funding of additional municipal services in affluent areas. This development commenced with the establishment of the Partnership Agreement between the metropolitan government and the business community of central Cape Town for the improvement of that area. Seeing the decay and resultant flight of capital from central Johannesburg and Durban to new business hubs in Sandton and Umhlanga respectively, Cape Town sought to preserve the city centre as a viable and attractive location for business and corporate investors. The Partnership entailed

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[50] Council resolution on "Council's Vision, Principles of Management and Exco Portfolios", C 09/02/01, http://www.capetown.gov.za/resolutions/ accessed 4 March 2004.
[51] Unicity Commission 2000, 14.

that the business community in central Cape Town pays additional levies to combat crime and grime and to attract investors. In a clearly demarcated area, called the City Improvement District, higher service levels are thus provided with regard to security and cleansing.

This concept of improvement districts has now spread to residential areas and industrial parks.[52] If 75% of rate payers in a neighborhood (both numerically and in terms of property rates values) agree, a compulsory additional levy is added to their property rates.[53] The neighborhood forms a company not for gain, which, then, in terms of a framework agreement with the City Council, expends the funds on extra security and other services. The partnership may constitute more than services. In a suburban shopping area, the improvement district has agreed to build a road while the City Council, in return, must improve the public transport facilities in the area.[54]

Given Cape Town's history of inequality in municipal services, the concept of improvement districts is frought with difficulties. Concerns are expressed that the improvement districts will leads to the balkanization of the city; enclaves of privilege buy additional services and, in a sense, privatise their areas. This is a lesser form of the insulation that has occurred in Johannesburg where wealthy neighborhoods sought to fence themselves off and install access control. Nevertheless, divisions and differences between areas are increased rather than diminished by this policy.

6 EVALUATION

South Africa has embarked on a bold experiment with large metropolitan municipalities. Within a decade we have moved from a fragmented and racially divided cities to unified structures. The institution of metropolitan government is still new and the cities' governance and management style in its formative stage. The question is, however, always there: are they making progress in meeting their three-fold mandate – bringing government closer to the people, redistributing resources by extending the provision of services to all, and promoting economic growth and job creation? From the above analysis, it is clear that the City of Cape Town is still grappling to develop appropriate management structures and policies style to give effect to these mandates.

The City has still a long way to go before government is brought effectively closer to the people. Communicating with the public through the subcouncils is still in its initial stages. The efficacy of these structures of allowing meaningfully popurlar participation in governance without reinforcing the old apartheid divisions is still to be tested. Whether they will enjoy any public confidence and support without having significant decision-making powers, is doubtful. Connecting with communities at ward level would have to be strengthened, including the establishment of ward committees. Promoting direct public participation in decision-making processes through increased consultation procedures is a notoriously difficult enterprise. The recent exercise in public participation in the drafting of the integrated development plans was often done to meet formal legal requirements rather than to ensure real engagement with communities.

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[52] *Die Burger* 5 March 2004 p 8.
[53] See City Improvement District By-Law of 2004, adopted in February 2004 (*Die Burger* 27 February 2004 p 8).
[54] *Die Burger* 5 March 2004, p 8.

The lack of a clear service delivery model has had the incongruous effect of focusing the attention of the municipality on institutional issues as an end in itself rather than seeing the service model as means to better service delivery. In selecting an appropriate model, the driving principle of metropolitan government should be the touchstone. The primary purpose is to move beyond horizontal division of services, to the vertical integration of sectoral services in the pursuit of broad-based planning, policy development and implementation, and economies of scale. Vertically integrated internal business units for the major trading services meet this criterion.

Promoting growth and job creation is the most elusive of the mandates. The infrastructure and climate conducive to investment and tourism must be created. This, inevitably, brings city improvement districts into play. Without the additional resources the business community brought into the Partnership Agreement, Cape Town's inner city could have gone the same route as Johannesburg CBD. A vibrant, clean and safe inner city not only retains business but also creates the space for social integration of the peoples of the larger metropole. Economic consideration would also favour extending the improvement districts to industrial areas.

The extension of the concept to residential areas is more contested and problematic. It entrenches the Janus face of Third World cities – on the one side they house in comfort the affluent who can buy the services they want, and on the other they are home to the poor that relies on the city government for free basic services.[55] Within the current market economy improvement districts is an unavoidable policy in the bid to attract tourism and capital and retain skills in a highly competitive global market.

To meet its challenges successfully, the City will have to do two things. First, it must realize it cannot go it alone. It must work closely with both the provincial and national governments. The relationship between the City and the Western Cape provincial government cannot be one of competition but should be one of mutual support. Given the prominent place of the City in the Province, the health and well-being of both the City and the Province will be a function of effective cooperation and alignment of policies. Provincial competencies of safety and security, transport and economic development affect the City directly. Conversely, without the City, the Province cannot perform its housing function. Already there is evidence of close cooperation in a few areas. A joint register of consultants has been established as well as joint tourism and marketing board.

Constructive relations with the national government are also vital. In many respects, the City's primary relations are with the national departments in the areas of water, electricity and finances. Our system of cooperative government also requires the City to participate in national developmental programmes.

Second, success depends on the City itself. In Cape Town transformation towards a metropolitan city has been slow. Little integration and rationalization have taken place. A key determinant of shaping a truly metropolitan city is the need for metropolitan leadership. A metropolitan city will emerge when there is a political vision that locates the city in both a local context requiring integrated planning and uniform service delivery, and a broader context placing the city in a national and global perspective. Often city leaders still think

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[55] Steytler 2001, 54.

local, not metropolitan. Local interests and constituencies often prevail. Unless Cape Town thinks like a metropolitan city, it won't succeed as one.

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