



South Africa: Local Development in an Uncertain Partnership

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At the heart of South Africa's response to its high unemployment, poverty and large wealth disparities is the insistence that local government is the key to development and delivery of basic public services. As a result, municipalities operate in an intricate and rapidly changing partnership with South Africa's nine provinces.

The Constitution establishes and demarcates nine provinces, each with an elected provincial legislature and a provincial executive. The local sphere of government consists of 283 municipalities, headed by elected municipal councils.

Prior to 1994, local government as an institution was subservient to the whims of national and provincial politics. Moreover, it was racist and illegitimate. White local authorities were fully-fledged municipalities comprised of central business districts surrounded by opulent suburbs. However, black, coloured and Indian local authorities were deprived of power and resources. Their jurisdictions had no tax base and they were dependent on hand-outs from the apartheid government.

The post-apartheid Constitution of 1996 firmly establishes local government as a distinct sphere of government. It provides for two forms of local government, namely single-tiered metropolitan local government and two-

tiered non-metropolitan local government. The introduction of a special dispensation for metropolitan local government was needed to facilitate city-wide development, planning and redistribution within large cities. The Constitution envisages a broad development mandate for local government aimed at dealing with the disparities caused by apartheid. Local government is equipped with specific powers protected by the Constitution. National and provincial governments may circumscribe these powers but have to leave sufficient space for municipalities to make their own decisions.

Municipalities enjoy constitutionally-guaranteed taxing powers as well as an entitlement to an “equitable share” of nationally generated revenue. On average, local government raises about 85 percent of its revenue through local taxes and user charges. Provinces raise about 3.5 percent through their own revenue. This creates an important dynamic in the relationship between provinces and municipalities. A formula-based equalizing grant determines the equitable share while conditional grants further complement a municipality’s income. The administration of grants is almost exclusively done by national government. The aggregate size of the overall local government budget in South Africa has nearly doubled over the past four years. The six metropolitan municipalities account for 57.4 percent of the total local government budget. Many municipalities are able to fund their operating budget with their own revenue but capital projects are dependent on national government funds. Commitment to local government is evidenced by a steady increase in intergovernmental allocations.

Both provincial and national governments have the authority to monitor local governments’ performance. Financial management legislation requires intense and regular financial reporting of municipalities to national and provincial treasuries. When there are general failures on the part of a municipality to implement legislation or to ensure adequate financial management and budgeting processes, provinces may intervene in the form of a provincial takeover, the dissolution of council or even the imposition of a budget.

Intergovernmental relations in South Africa are guided by a conceptual framework of “cooperative government.” Cooperative government deals with both the autonomous and the integrationist dimensions of intergovernmental relations. An Intergovernmental Relations Framework Act has recently been adopted to provide an overall framework for intergovernmental relations. It secures local government representation at key national and provincial intergovernmental relations structures. Organized local government is recognized as a voice for local government in provincial and national policy and law making. It is represented in the second chamber of Parliament (National Council of Provinces) by a non-voting delegation. In practice, organized local government has not yet succeeded in ensuring effective input in Parliament and is struggling to represent both under-resourced rural municipalities and first class metropolitan giants.

South Africa’s commitment to mitigating the centrifugal dynamics associated with decentralized planning has resulted in an ambitious framework for inter-

governmental planning and budgeting. Municipalities are required to draft comprehensive strategic plans that link local, provincial and national planning together in an integrated government plan for the municipal area. The rationale is that all governmental service delivery and development takes place within a municipal jurisdiction.

Recent trends point towards the diminished autonomy of local government. The intensification of financial oversight, exercised mainly by provincial governments, is prominent. Also, municipalities are becoming more dependent on intergovernmental grants for infrastructure development. This trend, if not reversed, may frustrate the achievement of the ideals of localized priority setting.

The role of district municipalities in the system of two-tiered local government is controversial. In 2000, district municipalities suddenly acquired jurisdiction over urban centres in an attempt to redistribute resources from urban centres to rural areas. However, district municipalities appear to lack the financial clout to make this happen. Another complicating factor is the division of functions between the two tiers. The division presents a confusing picture where districts are both coordinating agents and service deliverers. Finally, the big urban centres enjoy a troublesome relationship with their district municipalities. The lopsidedness of an urban giant being coordinated by a district municipality is giving rise to ideas of abandoning the notion of two-tiered local government in those areas.

These discussions take place against the backdrop of a rethinking of the role of provincial governments sharpened by the rise of a strong local government. Provincial government is the sphere of government that the African National Congress is the least comfortable with. The role of district municipalities and metropolitan municipalities will feature prominently in this discussion. The financial, political and economic clout of metropolitan municipalities almost equals that of provinces. District municipalities are in dire need of a new sense of purpose and function, which some may find mistakenly placed in the provincial sphere of government. Provincial governments will remain in one form or another. The precise form and function, however, may be subject to change.

The relationship of local governments with their provincial counterparts is rife with contradiction. On the one hand, the leverage of provincial governments over local government has been hollowed out by the transfer of grant disbursement to the national government from the provincial government. On the other hand, provincial treasuries are emerging as effective financial monitoring entities. Indications are that provincial governments and municipalities are establishing workable relations. A reasonable prediction is that provincial governments are indispensable in integrating the country's 283 municipalities into one national development agenda.

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