



**CENTRE FOR DEVELOPMENT AND ENTERPRISE**

**RESPONSE TO GOVERNMENT'S GREEN PAPER**

***LOCAL GOVERNMENT***

**Prepared by the Centre for Development and Enterprise**  
***November 1997***

# CENTRE FOR DEVELOPMENT AND ENTERPRISE

## RESPONSE BY CDE TO THE GOVERNMENT'S GREEN PAPER ON LOCAL GOVERNMENT

### **Introduction**

The Green Paper on Local Government raises a very wide range of issues on the future of local government in South Africa. It is difficult to make well-informed comment on these in the short time allowed for public comment since its release. So under the circumstances, CDE will have to provide an impressionistic account of its major concerns regarding the broad tenor and emphases of the document.

The Green Paper represents the first and most comprehensive attempt to cover the broad spectrum of issues involved in re-assessing South Africa's local government system. The Green Paper flags almost all the critical issues that need to be systematically thought through. While the document is often short on substance and lacks the kind of technical depth that one would expect at this stage of the policy process, a genuine attempt is made to raise certain key issues and flesh some of these out. While certain sections are not as objective in describing the challenges that face local government or the consequent policy options that may be desirable, most sections are presented in a clear and well written manner. The government is to be congratulated on this initiative and CDE welcomes the opportunity to comment on the document.

CDE will highlight three main themes in this response which collectively represent our substantive areas of concern. The first is how the issue of growth and competitiveness at a local level is dealt with in the document. The second theme pursued relates to the issue of local government viability and sustainability and the policy implications of this. Thirdly, the question of how to govern the metropolitan areas will be addressed. Finally, the issue of public participation in the formulation of a new approach to local government for South Africa is addressed. Throughout our response we have focussed on the issues we believe the draft White Paper should prioritise and the themes around which critical decisions will need to be debated and then made.

### **Cities as arenas of economic growth and competition**

*Section C (Developmental Local Government)* of the Green Paper argues that "Municipalities should promote local investment and entrepreneurialism" (p35). This is an approach that CDE strongly supports, since our own international research shows that those who do so bring the greatest benefits to their citizens. Indeed, it is this attribute, above all others discussed in *Section C*, that deserves prioritisation and any White Paper should explicitly say so.

While it is encouraging that the Green Paper makes mention of the need for local authorities to promote investment and entrepreneurialism, it is regrettable that the concept is not significantly

fleshed out nor are the precise strategies to give effect to this idea discussed. Yet the international literature is full of examples of how institutional arrangements like public-private partnerships, public-utilities, public-community partnerships, etc (all cited as service delivery mechanisms per se on pp 33-34) embrace agendas that incorporate both notions of growth (job creation, promotion of investment and entrepreneurialism, marketing strategies, etc) and equity (redistribution, service delivery, infrastructure upgrading, poverty alleviation, etc) as mutually reinforcing concepts. The White Paper will therefore need to situate its recommendations within this emerging discourse on local level development. If not, the recommendations advanced could be unrealistically skewed in favour of a service delivery-orientated notion of development, as is currently the case in the Green Paper. While one could argue that this approach is justifiable, particularly in the short-term, as a result of the specific problems that beset local authority jurisdictions in South Africa, it is one that could easily become endemic over time, undermining a more balanced approach to development which points to the local area as a site of both consumption and production. The consequences of such an approach for our towns and cities could be disastrous.

—

Related to the above, but also a separate issue in its own right, is the failure of the Green Paper to make mention on any significant scale of the rise of an increasingly global economy since the mid-1970s, and how this has focused renewed attention on the economic role of cities. While the Ministry for Provincial Affairs and Constitutional Development has publicly endorsed strategies and approaches that make our large cities internationally competitive (for example at the official launch of the Consolidated Municipal Infrastructure Programme in June 1997), the Green Paper makes no more than passing reference to this. Nor can one detect in the discussion on metropolitan government which particular model or form is more suitably placed to give expression to notions of cities as arenas for economic activity, competition and growth. Where reference is made to global trends, it is by invoking GEAR as the 'mechanism' that will lead to increased international openness and competition, rather than seeing GEAR as the overall economic strategy within which local government will have to define a new role and responsibility for itself (as well as a new set of strategies) in order to become internationally competitive.

It may be useful to cite a specific instance in which the above omission is apparent in the Green Paper. Integrated Development Planning (IDP) is supported (p27) as a strategy through which local government can start to develop strategic policy capacity, establish a development plan for the short, medium and long term, and develop a vision. Although it is not clearly stated, one would assume that this development mandate is not just about redistribution and equity but, importantly, about growth as well. Yet, in all the steps outlined to get to this desired state, there is no mention of those that have a bearing on the growth/competitive city nexus. For example, there is no mention of the need for our cities to turn comparative into competitive advantage (a process where cities have begun to gear their choices more to the needs of global markets, and try and specialise in goods and services which enable them to gain advantage over other competing cities in the global economy). In light of the above, the IDP concept seems to be a reference to a community needs-driven strategy, and again reflects the extent to which the Green Paper tends often to look at the local in abstraction from both the national and international context (as well as trends operational at both these scales).

According to the document, “ the overriding economic challenge for South African local authorities is inequality and poverty...” (p 35), a conclusion CDE strongly disagrees with. While these are important concerns of ours, the critical economic challenges facing our local authorities need to be cast in dualistic terms: poverty and inequality the one key challenge; economic growth, competition, and integration into the global economy, the other. In other words, a trade-off is required and a choice made as to how these two objectives relate to one another. What is essential is for towns and cities to increasingly choose their priorities through an economic lens. A realignment of priorities is what is called for. In order to do this, they need to make every effort to move away from the pre-occupation, as tempting as it is given the enormous problems facing them, with basic survival or needs strategies. It is only if we get the growth component right that we will have the resources to deliver and sustain the infrastructure needs of cities and citizens.

CDE would like to stress that the issues of globalisation, internationally competitive cities, and strategies that incorporate growth and development issues remain, as the discussion above has alluded to, crucial concerns of ours. It is our contention, therefore, that any exercise which attempts to formulate a new system of local government for South Africa’s towns and cities must be cognizant of the points raised above. What is required is a fundamental rethink of the way in which these sub-national units are governed as both political and economic entities. Cities, in particular, are the new arenas for economic activity and competition. As the global economy opens up, cities begin to link the flow of goods, people, information and finance between distant sources and destinations. Big metropolitan areas are now seen as the crucial focus of national economic activity - and as anchors for broader regional economies. In sum, these areas should no longer be seen just as places where people live and governments provide services, but as dynamic arenas for economic, social and cultural specialisation. This has enormous implications for governance and management and we would caution drafters of the White Paper to take this issue very seriously. It should also be noted that globalisation and the newly defined economic role of cities emerging from this process are trends that will sustain and consolidate themselves over time, with national economies (and eventually local economies) being increasingly incorporated into an integrated international economy.

### **Viable and sustainable local government**

*Section E (on Finance)* of the Green Paper is broadly consistent with CDE's analysis of local government financial issues. In particular, CDE would underline the seriousness of the financial circumstances of many local authorities in South Africa (p76). But CDE would add to this the need for those who are facing difficulties to learn from the experiences of those who have been relatively successful. Some of the reasons for relative success in the current context relate to good practices that others should follow. Local government finance is not about distributional issues and who may or may not have an "unfair advantage" over others, even though there may be cases of this which future policy will need to remedy. Local government finance should centre around sustainability and economic viability, and we should learn from recent and contemporary South African and international experience about what conditions are necessary to secure sustainability/viability.

In light of the above, it is of concern to CDE that in the presentation of the challenges of

managing viable urban and rural systems in the Green Paper (*Section A, p16*), the focus is almost exclusively on old and distributional local government challenges and needs. There is a clear lack of emphasis on South Africa's contemporary local government needs and the challenges are not cast in a manner that suggests that one of the goals of municipalities is to become economically viable and competitive entities. While skewed settlement patterns, huge backlogs in service infrastructure, and apartheid induced concentrations of taxable economic resources present formidable challenges that have to be systemically addressed, we also need to ascertain what our municipalities' technological, transport, telecommunications, and formal economic sector needs and challenges are. These are increasing in importance and directly affect the economic prospects of our localities. It is only once a proper and comprehensive needs inventory is compiled and the mechanisms put in place to prioritise the immediate critical issues that we can talk about sustainable and economically viable local areas.

Local government, after all, is not essentially about redistribution. It is fundamentally about representation, delivery and growth. And it is these elements, if they are to find proper expression at the local level, that represent the cornerstones of sustainability and viability.

### **Governing metropolitan areas**

CDE is concerned that the Green Paper over-emphasises the merits of a single tier versus a two tier system of local government in metropolitan areas. We are in agreement with the Green Paper that very small primary local authorities could become undesirable bases for a renewed form of racial differentiation if not directed properly. However, to imply that the main alternative should be singular, macro-scale metropolitan government (albeit with subordinate local fora and/or committees) seems to us to be unbalanced and unproven. In addition, it may well have devastating impacts upon currently workable two-tier systems. The Durban metropolitan area, for example, has a workable balance between the powers and functions of the Metropolitan Council and Local Councils. None of these are racially exclusive (and indeed all are controlled by the same party that controls the metro), and their inter-governmental system seems both financially workable and politically amicable.

There may be problems elsewhere in the country which primarily relate to the questionable initial designation of boundaries (Pretoria may be a case in point) which will need to be remedied. However, CDE would advise strongly against a uniform national approach to such challenges, and it would especially caution against a strategy that inhibits local identity and initiative. CDE therefore agrees with the last sentence to *Section D* that "municipal types should ensure that municipal institutions, powers and functions, and corresponding demarcation criteria, are appropriate for the spatial, economic and social realities of the local areas for which they are defined" (*p58*).

One of the key problems with the sub-section on metropolitan government is its failure to provide sufficient technical detail on the alternative models put up for discussion. The basis, therefore, upon which the public engages in this issue is through an abridged narrative on metropolitan forms of governance that not only fails to distill some of the key characteristics that comprise the different models, but also tends to unfairly and quite deliberately

highlight/downplay certain features depending on which particular points of view are being supported or dismissed. This is a critically important issue and the contents of the Green Paper are insufficient for the debate that must precede a new policy approach.

It is important that the Green Paper concludes that "...on balance, there is no conclusive evidence internationally for the efficiency of one model over another" (p46). Unfortunately, the implications of this honest conclusion are not explored. Surely what it does imply is that other criteria need to guide us in assessing the best approach for South African metropolitan areas. Uniformity is not what is required for South Africa's largest cities. Flexibility and pragmatism within the context of agreed upon goals will be a much better route to follow. And it is critically important that all of this be the subject of further and widespread discussion, debate and consultation.

### **Concluding remarks**

It is CDE's contention that the strength of the Green Paper will be measured less by what it has to say but, rather, by the discussion the document stimulates and the debate that ensues. It is extremely unfortunate that this process - so far - has been so truncated and limited.

The value the Green Paper will add to the next phase of producing a draft White Paper will depend, quite significantly, on how those entrusted with taking the process forward choose to handle public participation. It is our view that it is absolutely essential to engage the relevant policy community (local authorities, large metropolitan areas, business interests, trade unions, community groups, analysts, researchers and others) on local government in a very serious process of discussion, mutual listening and dialogue. While the process must necessarily be a finite one, and it is obviously desirable that it is, proper consultation with time for the drafters to really absorb the results of such consultation and the kind of input that this generates is crucial. Appropriate procedures and mechanisms need to be put in place to make sure this happens. They should not be those of the rubber-stamping variety. If this does not occur, the process will stand accused - rightly - of being co-optive, short-circuited and less than sincere.

As it is, the process of consultation around the Green Paper has been absurdly rushed. This has not only limited the full participation of all interested parties but has affected the quality of the response possible in such a short time. CDE would strongly recommend that the consultation process around a draft White Paper, and then the public hearings on the White Paper itself, should be conducted in such a way as to allow and encourage full participation by all interested parties. Furthermore, adequate time must be allowed for the products of such consultation to really influence the final policy on local government.