

THE PROSPECTS FOR DEVELOPMENTAL LOCAL  
GOVERNMENT IN THE KWAZULU-NATAL MIDLANDS

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Timothy John Hadingham

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**ABSTRACT**

The prospects for the establishment of a system of developmental local government in South Africa appear to be dim. This dissertation examines development delivery in the broader state/market debate. From this debate a clear role is developed for local government as an agent of delivery. This type of local government is characterised by strength and a developmental outlook. An analysis is provided of the history of local government, as well as the legislation and policy that has been out in place to facilitate the transition between apartheid and post-apartheid local government. Through a series of interviews, participant knowledge and data collection, an assessment of the Mooi River TLC is made in terms of its strength and its developmental outlook. The future of local government is found to be constrained by a historical legacy as well as by the actions of groupings inside and outside the local sphere.

## DECLARATION

I declare that this dissertation is my own unaided work. It is being submitted for the degree of Degree of Master of Science (Urban and Regional Planning: Development Studies) at the University of Natal, Durban. It has not been submitted before for any degree or examination at any other university.



Timothy John Hadingham

23<sup>RD</sup> day of MARCH 2000

To Jacqui and Mona

Beloved Wife and Daughter

## **Preface**

This study was done partly out of a concern for the future of local government in this country and partly out of a desire to see development delivered to the people of South Africa who for so long were denied a better way of life.

I would like to thank Doctor Lisa Bornstein for her patient support, encouragement and perseverance during the writing of this dissertation, as well as during the coursework component of this degree.

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## **Chapter 1: Introduction**

One of the key challenges facing post-apartheid South Africa is the delivery of development. Meeting this challenge is essential for the continued well being of the country's economy and the maintenance of a legitimate democratic order. Delivery of employment opportunities, social facilities, housing and service infrastructure has not occurred at the rate envisaged by the political parties seeking power in 1994.

The new regime has experienced difficulty in coming to terms with its transition from liberation movement to governing party. The pre-election targets set for the delivery of housing and employment delivery have not been achieved. Delivery of development has not occurred at the rate anticipated by the post 1994 government.

A number of reasons for these delays have been postulated and these include the inexperience of the newly elected politicians, lack of co-operation of old order officials, corruption and nepotism. Consideration also needs to be given to deeper, more pervasive structural issues, such as the difference between the perceived and actual roles of the various spheres of government.

While the amendment of statutes and the introduction of social policy that focuses on issues of equity and justice is a relatively easy exercise, changing the culture of government is a much harder one. Many of the laws that have been promulgated and the policy that has been produced since 1994 have their roots in a particular understanding of the role of government. This understanding has not always been shared by the general public, by the implementing agents of this legislation and policy, or by the various spheres of government itself.



### **1.1 A Problem Statement**

The role of local government in particular has been understood in a new way by the post apartheid regime. Legislation such as the Local Government Transition Act (Act 209 of 1993), the Local Government Transition Act Second Amendment Act (Act 89 of 1995), the Development Facilitation Act (DFA) (Act 67 of 1995), and the March 1998 White Paper on Local Government reconceptualise the role of local government in the political and developmental landscape.

Where as previously local government sought either to entrench the position of a privileged few, or to maintain control over the impoverished masses, local government is now envisaged as an organ of the state capable of playing a pivotal role in the delivery of development<sup>1</sup>. Moreover, it is clear from the local government legislation and policy that local government cannot shift from the "politics of control" to the "politics of development" without being empowered to do so.

To this end the legislation and policy mentioned above has put in place a series of tools which have the primary function of shifting the focus of local government and enabling it to meet its new developmental mandate. These tools include the notion of integrated development planning and performance management.

These tools are "perceived as a mechanism for overcoming the inadequacies of the past and repositioning local government within its new developmental mode" (Pycroft, 1998:155). Developmental local government is envisaged to be the form of local

government that will be entrenched in the next local government elections and is expected to become the primary vehicle for the delivery of development (Pycroft, 1998).

The desired outcome of transforming local government into more developmentally focussed institutions may indeed occur. However, this is not to say that a transformed and increasingly developmentally focussed local government is one that will be successful at delivering development. While the tools may exist to make developmental local government a reality, legislators and policy makers have assumed that developmental local government is an appropriate form of local government, both in terms of delivery and in terms of the management of local areas. It has also been assumed that developmental local government can be universally applied throughout the country.

The problem therefore is posed as to the prospects that a more developmentally focussed form of local government has in post apartheid South Africa. This problem needs to be considered from two angles. Consideration needs to be given to the characteristics of developmental local government that make it a desirable form of local government. In other words the prospects for developmental local government can be understood in terms of inherent characteristics.

Furthermore, examination is also required of the constraints on local government imposed by the legacy of apartheid and the legacy of the transition period. It is further postulated that developmental local government will be ineffective and inefficient while the relationships between actors at the regional, provincial, national and global level

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<sup>1</sup> The concept of development for now can be crudely defined as the provision of and increased access to employment opportunities, social facilities and service infrastructure. This definition will be refined later, particularly with regard to its relationship to local government.

remain unclear. While these dynamics exist developmental local government cannot be implemented in the same manner across the country. This dissertation suggests a number of preconditions that need to occur before developmental local government can be meaningfully implemented.

## **1.2 Structure of the Dissertation**

This dissertation consists of six chapters, which build on an understanding of the role of local government in the governance milieu as well as the shifts that have taken place in South Africa in terms of local government legislation and policy.

The second chapter examines why developmental local government is necessary. This question is placed within the broader debate of the relationship between the state and society. The notion of "market failure" is proposed as a rationale for the need for developmental local government. This analysis is contrasted to the idea of the "failure of the state" in order to gain a balanced view of the dynamics between the two institutions. The chapter concludes with a discussion as to why the local arena is seen to be important in terms of the delivery of development.

Chapter Three examines the nature of local government and its role within the broader state milieu. The factors that enable local government to carve a niche for itself in the face of encroachment by other spheres of government are examined. Furthermore, the role of local government as an agent of delivery is elaborated on and an analysis is presented of the characteristics that local government institutions require in order to play this role.

The context in which local government in South Africa has developed is set out in Chapter Four. This examination has two essential elements *viz.* a historical analysis of the role of local government in the apartheid era, as well as an analysis of shifts in the thinking of the new regime after 1994. This chapter includes an analysis of the two Local Government Acts (Act 209 of 1993, and 89 of 1995), the so-called “Municipal Trinity” and the White Paper on Local Government. This analysis reveals the impact of the legacy of apartheid and the limits of reform on the transformation of local government structures.

The case study presented in Chapter Five looks at the Mooi River Transitional Local Council (TLC) in the KwaZulu-Natal Midlands and its development dilemma. The analysis of the development challenge facing the Mooi River TLC highlights the constraints that limit the ability of the TLC to fulfil its developmental mandate.

The final chapter draws some conclusions with regard to the factors that have prevented local government from fulfilling its mandate during the post apartheid transition period.

### **1.3 *Research Methodology***

The initial chapters of this dissertation draw on a review of relevant literature relating to local government. This literature review is used to identify the key debates that arise around local government transition. The elements of transition that arise out of these debates are then applied to South Africa, by contextualising them within a historical analysis of the roles and functions of local government in the apartheid era. Critical analysis of relevant legislation and policy is also used to establish a conceptual framework in which the case studies can be examined.

The case studies draw information from both primary and secondary information sources. Among primary sources are key informants, such as local authority officials, consultants, academics and colleagues, as well as the Development Plans drawn up for the Mooi River TLC. Participant assessment also forms an important source of information, as the author has been involved in the development of a number of IDPs in South and Southern Africa. Secondary sources mainly take the form of research done by colleagues and consultants in the process of drawing up the plans. Supporting documentation acquired in the process of drawing up the development plans has also been accessed, and is also an important secondary source of information.

#### **1.4 Assumptions and Problems**

Only a single case study has been used in investigating the prospects for developmental local government. This is problematic, as far as it prevents a comparison between urban settlements of varying sizes and functions. The Mooi River TLC has been chosen due to a variety of factors which, on the surface, would seem to suggest that it is well poised to implement its developmental mandate in a sustainable and meaningful way. The fact that a settlement with the potential of the Mooi River TLC is unable to full its developmental mandate raises questions about the ability of less significant TLCs to fulfill even their basic mandates of service provision.

The choice of the Mooi River TLC as the case study has a number of limitations. These limitations are primarily due to the nature and characteristics of the Mooi River TLC. The findings relate specifically to a small town that plays a particular role in the regional space economy of the KwaZulu-Natal Midlands. Ideally, in order to gain a better understanding of the prospects for developmental local government in South Africa as a

whole, further investigations should be undertaken both in other provinces and across the urban hierarchy.

## **Chapter 2: States, Markets and Development Delivery**

### **2.1 Introduction**

In order to provide a basis for an understanding of the importance, or perceived importance of local government in terms of developmental objectives, it is necessary to consider the state/market debate. The way in which the tension between these two seemingly opposed concepts is resolved informs to a large degree the nature and role of local government. Analysis of this debate is further made necessary, due to the fact that development and the state have in many cases become synonymous with each other. The state has often been considered by development agencies to be the most obvious and most useful vehicle of development delivery (Macintosh, 1992).

In fact the two concepts are intimately related. The state is seen as the only institution with both the local knowledge capacity and legitimacy to be able to effectively implement development. However, the use of the state as the key agent of development has run into a number of problems, particularly on the African continent. In response to this arguments have been made that suggest that the market is a more effective agent of development delivery.

This chapter examines the notions of market failure, which is often used to justify the need for greater state intervention, and state failure, which is used as basis for arguing for less state intervention. The tensions and dynamics between these two concepts are then discussed in an attempt to frame the state/market debate in a manner that will potentially shed light on the role of local government in defining and achieving development objectives. The chapter concludes by considering the implications of this partial resolution for the local government debate.

## **2.2 *The State - A Theoretical Perspective***

The argument for state intervention is premised on a particular understanding of the role of the state and the manner in which it functions. Similarly, the argument for allowing the market to provide is based on a specific approach to the functioning and objectives of the state. In order to understand the problem of the state, a brief summary of two approaches to the functioning of the state is necessary. These two approaches form a useful framework in which the dynamics and failings of the state can be understood.

### *2.2.1 The Public Interest State*

The public interest conception of the state was very popular from after the Second World War until the early seventies. In its simplest form, this approach to understanding the state has three essential components (Mackintosh, 1992). Firstly, it assumes that society is a homogenous entity. Due to this homogeneity, society pursues has a single agenda and pursues a range of common goals. This uniform agenda is most often referred to in the literature as 'the public interest'.

The second assumption of the public interest state is based on the perceived existence of a public interest. Due to its position in society, the state is seen to be the only institution capable of precisely identifying the public interest and clearly articulating this agenda.

The final assumption of the public interest state school assumes that that having identified the public interest and articulating its agenda, the state then seeks to



implement this agenda. This implementation occurs by means of its programmes and policies.

Based on these three assumptions, it is fairly easy to argue that if the state is in a position to act in the public interest, it is also the institution that is best equipped in terms of its command over human and natural resources to implement development. A further assumption existing that the notion of development is consistent with the public interest.

In summary, it can be said that the public interest state intrinsically has perfect knowledge of the needs and wants of the people it serves and is therefore in the best position to rationally, effectively and efficiently distribute resources. The distribution, or rather the redistribution of resources, is one of the many definitions of the notion of development. Consequently the state is perceived to be a key agent in a "process of dynamic change" that results in development (Hadjor,1993:100).

The public interest view of the state dominated economic and developmental thinking until the early 1980s (Lipton *et al*,1993). The notion of a benevolent state able to adequately act in the public interest began to be increasingly questioned and the underlying assumptions of the public interest state began to receive more careful scrutiny.

At the most fundamental level the conception of society as a homogenous entity is seriously flawed. The assertion that the society is a homogenous entity is also open to heavy criticism. While this assertion may have had some truth in it in pre-industrial western society, it has become less and less the case, particularly in developed countries. Klitgaard (1994) asserts that there are only seven homogenous states in the

world. Homogeneity in this case is indicated as the absence of border disputes. Six of these states are located in western Europe, while the seventh is Japan. Collectively these seven states only comprise four percent of the world's population. Furthermore, all these states can be considered to be developed countries.

This assumption of homogeneity becomes even more questionable when applied to the context of the developing world, where nation states as political entities are not the product of organic growth and natural development but are rather artificially created entities imposed by colonising powers. The state in less developed countries often takes the form of a dynamic array of religious, political and economic groupings competing for a small pool of resources (Klitgaard, 1994). Clearly these groupings are not pursuing a common agenda. This fragmentation and the resulting competition for resources is a legacy of the colonisation of Africa, Asia, the Middle East and Latin America undertaken by western European powers in the late nineteenth century, joined by the United States in the first half of the twentieth century (Hadjor, 1993).

The fact that society is not a homogenous entity, but rather consists of a range of competing interests and groups, makes it difficult to define a single public interest. The public interest state therefore needs to default to a proxy measure in order to define an agenda which it can pursue. This proxy measure is usually related to the degree to which the market is able to function without hindrance or intervention (World Bank, 1997). The argument is that the more that the market is prone to failure and distortions in terms of resource allocations, the more it is necessary to bring the market back in line with the public interest. The public interest state is considered to be the institution that is ideally placed to be able to do this as it has perfect knowledge of the public interest. The state

therefore (re)acts in response to market failure in order to assist the market to function without distortions.

The notion of a public interest state also comes under attack from the political left. The radical critique of this stance points out that the public interest does not in fact reflect the broader interests of society, but rather the narrow interests of the capitalist classes that are in power (Edwards *et al*, 1978, Mackintosh 1992). The capitalist classes in a position of power, use the state to manipulate the market in order to further their aims of accumulation. This is not to say that other classes do not benefit from state activity but rather to say that the capitalist classes benefit most. The benefits accruing to other classes are essentially 'spillover' benefits (Edwards *et al*, 1978).

It is also important to note that the state does not act in the interest of an individual capitalist, but rather in the general interest of the capitalist classes as a whole (Edwards *et al*, 1978). The drive to accumulate that motivates capitalism activities has resulted in a continued expansion of capitalism. This growth of capitalism has also resulted in the growth of the state, as it seeks to further the interests of larger capital empire but also to deal with the increasing social dissonance. This social dissonance is also seen to be a result of unfettered capitalist expansion (Edwards *et al*, 1978).

Marxists view the state as being a limited public interest state that is developmental in nature only as far as negative externalities from capitalist expansion are concerned. The state pursues the agenda of the class that is in power, which is usually either a fully fledged capitalist class or a class of incumbent capitalists. Therefore, the state can never be truly developmental because of its narrow focus on supporting the accumulation

drives of the capitalist classes. These classes are already wealthy and do not need development.

### *2.2.2 The Private Interest State*

In the early seventies, the public interest state increasingly began to lose currency and theorist began to look for alternatives based on a critical analysis of the assumptions of the public interest state. In particular the notion of a public interest was more closely examined and a theory of state based on a heterogeneous society was developed.

This view of the state disputes the assertion that the state will act in the public interest as it disputes the existence of the levels of consensus that could form such a public interest. It argues that society consists of individuals that seek to maximise their own individual benefits either in monetary or other terms. Every individual therefore has a different competing agenda. The state cannot pursue this wide range of agendas effectively, and as a result defaults to the pursuit of the agendas of those elected to the state, or who serve the state in an official capacity (Mackintosh, 1992; Hughes, 1993).

The private interest view of the state also questions the agendas and motivation of those that run the state (Hughes, 1993). It is argued that officials and politicians pursue their own agendas as much as individuals not involved with the state. This is used as the basis to argue for less state involvement as individuals that are part of the state have access to resources and power that most individuals do not have access to. The result is that individuals connected to the state have an unfair advantage when it comes to competition in the market.

Market failure is therefore seen as a result of 'too much state' rather than too little state. This introduces the notion of state failure as opposed to market failure. Supporters of the public interest state argue that the market does not work properly, therefore intervention by the state is necessary in order to bring the activities of the market in line with the public interest. The private interest state theorists make the argument that market failure is a result of excessive state intervention, and should therefore be termed state failure. The private interest state is a pro market response to the problems of government.

From the writings of a range of theorists, Mackintosh (1992) distills three types of dynamics that result in state failure. Unlike the public interest approach to the nature of the state, the private interest view looks more closely at the internal dynamics of the state rather than just how the state interacts with broader society.

The first dynamic identified by Mackintosh (1992) is termed the economic theory of bureaucracy. The state is seen as being divided up into a number of monopolies which compete amongst one another for resources (Mackintosh, 1992; Hughes, 1993). These monopolies take the form of government departments, which covet particular skills and information. These monopolies then act in their own self interest by trying to maximise their own access to resources, while restricting the access of other departments to the same resources.

State monopolies pursue their own agendas and interests. These interests include higher remuneration for officials and associated perks of office such as housing and education subsidies (Niskanen in Mackintosh, 1992). When political principles are at stake, this pursuit of self interest is extended to include the enhancement of public

reputation, the extension of power bases and the consolidation of networks of patronage (Niskanen in Mackintosh, 1992).

The natural result of this is an increase in size of these monopolies in terms of budget, staff complement and in many cases the extension of their mandate, and a decrease in efficiency. This process of bureaucratisation is often advanced as an important reason for institutional failure in Africa.

The copious development of networks of patronage is often put forward as a major contributing factor to the bureaucratisation of the African state (Harsch, 1993). These networks are usually nepotistic in nature, although they often extend beyond family networks to other important contacts. People are often employed in the state sector due to their political connections, and not because of their ability to do a job, if they even do any work at all.

Related to the phenomenon of increased bureaucratisation is the concept of the Leviathan State, originally conceptualised by Thomas Hobbes in the seventeenth century in his book "The Leviathan State" (Wordsworth Encyclopedia, 1995). The Leviathan State is a monopolistic, absolutist and all powerful entity. Hobbes viewed a state of this nature as the only way in which to maintain order and keep control over society (Wordsworth Encyclopedia, 1995).

Modern theorists acknowledge the existence of large states but generally do not view them as being the desirable institutions portrayed by Hobbes. Part of the reason for this has been the drive by the developed world to encourage the development of democratic systems of government in the developing world, particularly since the end of the cold war

(Robinson,1993;World Bank,1997). A large and unwieldy state is increasingly seen to be an obstacle to development. One of the key functions of any state is to distribute resources in the absence, or seeming absence, of the market to do this in an effective, equitable and efficient manner. The existence of a large state, particularly one that is staffed with a particular interest group, results in the crowding out of other groups. These 'extra-state' groups often struggle to make meaningful progress towards development, as they are unable to access the basic resources necessary to manage their way through the bureaucracy of a large state system. These groups are in many cases the most vulnerable in society and the nature of the mode of operation of large state structures means that they are likely to remain vulnerable (Hughes,1993; Munro *et al*,1999).

In addition to crowding out activities, another key dynamic in the private interest stake is the economic phenomenon of rent seeking (Hughes,1993). Begg *et al* (1991:187) defines economic rent as "the extra payment a factor receives over and above the transfer earnings required to induce the factor to supply its services in that use". The concept of economic rent when applied to the analysis of the state sector refers to the benefits derived from state activity. These benefits are not only accrued by those working within the state system, but can also be exploited by outsiders.

The existence of these potential benefits distorts the market and encourages the realignment of economic activity. The act of realignment of economic activity in itself is uneconomic and imposes costs on society. Furthermore, the existence of economic rents created by the state and the presence of people pursuing their own private interests, creates a fertile ground for the abuse of state power and the proliferation of corruption.

North (1989) acknowledges that human nature being what it is means that the way in which states operate will primarily be determined by the manner in which people pursue their own state interest. He further notes that the interactions between individuals in the pursuit of their self interest are extremely complex, and have great potential for conflict (North, 1989). This complexity needs to be managed by an institution based on a set of rules. These rules are based on a set of norms, which it can be argued, is alternative terminology for the public interest.

The debate regarding the respective roles of the market and the state seems to have come full circle without being satisfactorily resolved. What this debate has made clear is that state failure can make a significant contribution to the non-delivery of development. Similarly, market failure has also resulted in low levels of development.

The following section attempts, at least at a theoretical level, to resolve the state/market debate by combining elements of the public interest state with the private interest state.

### **2.3 *Market or State: One, Both or None?***

North (1989) makes the point that the form of state institution and the way in which it evolves has a profound effect on the development path of a country. The preceding analysis suggests that there is very little agreement on whether state should play a leading role in the development process, or whether it should be left to the market and its 'invisible hand'.



The preceding discussion also made it clear that there are some things that the state does badly, and there are some things that the state does well. Similarly, the market is good at providing certain types of goods, and notoriously bad at providing other types of goods. The state and the market have two distinctly different, but no less valid roles to play in the development of delivery. International development organisations such as the World Bank have gradually come to this realisation during the last decade of the twentieth century (Munro *et al*, 1999).

Streeten (1993) presents an argument that attempts this trade off, albeit from the position that the current trend towards state minimalism is problematic. However, this attempt can be criticized as being problematic due to the fact that the two concepts are derived from fundamentally different theoretical bases.

The trend towards state minimalism can be equated with a *laissez-faire* approach to governance and the free and open operation of markets. Smaller government means less intervention in markets and therefore less distortion in market activity. This approach is premised on the fundamental assumption that the source of all distortions is to be found in the state sector (Streeten, 1993).

Streeten (1993) argues that markets are not the benevolent distributors of resources that they are assumed to be. He argues that markets are in fact neutral institutions that operate on the basis of a set of laws that make no consideration of the morality or immorality of actions. The role of the state therefore is to ensure that the market operates in a manner that is 'people friendly'. The state needs to facilitate social justice and the allocation of resources to all groupings within society. In other words, the state

needs to act in the public interest by assisting markets to function in a just and equitable manner.

This facilitation of justice and equity can be achieved by the state acting in a number of areas. The state is in the position to limit exploitation of factors of production through the provision of a legal framework and legislative environment that encourages law and order (Streeten, 1993). This is necessary in order to limit the social costs arising from rent seeking that occurs due to individuals taking advantage of market distortions.

It can also be argued that not all distortions occur as the result of state intervention, and there are some intrinsic characteristics of the way in which markets function that need to be dealt with. The most obvious of these is the development of monopolies, which in many cases bring with them a social cost (Streeten, 1993; Begg *et al*, 1991).

Streeten (1993:1283) argues that "the virtue of markets depends on the existence of competition" as it is able to minimise social costs if it is operating properly. The problem of a large social cost can be looked at in two ways. Firstly, it represents an opportunity cost in that these resources could be channelled into activities that have a net social benefit rather than accumulating as monopoly profit. Secondly, the distribution of resources in an economy is impacted as far as issues of equity and justice are concerned, when a market activity incurs a social cost (Begg *et al*, 1991).

The state also has a role to play in preventing the growth of inequalities (Streeten, 1993). The prevention of the growth of inequalities occurs in two senses. Firstly, the state is responsible for ensuring that vulnerable and marginalised groups have access to resources. Secondly, the state is responsible for developing the planning, institutional

and infrastructural framework for the development of both growing and lagging regions. These frameworks exist to stimulate the economies of these areas and to crowd in private sector investment.

Finally, the state is responsible for the development of human resources in its broadest sense (Streeten,1993). This is done by the provision of public goods such as education and health care, but also includes activities of the state aimed at the re-skilling of the unemployed and public works programmes. Agricultural extension services also fall into this broad definition of human resource development (Streeten,1993).

Four broad conclusions can be drawn from Streeten's (1993) arguments. Firstly, it is difficult to reconcile the range of functions that is considered critical to the functioning of the state with what is usually perceived of as the minimalist state.

Secondly, Streeten (1993) recognises that markets are as prone to imperfections and distortions as states are. The need is not to choose between states and markets but rather two look at the two institutions and assess how they can be brought together in a workable arrangement. As a starting point it is suggested that the ruthless efficiency of the market needs to be tempered with the social conscience of the state.

Thirdly, there are synergies between the activities of the public and private sector that can be exploited (Streeten,1993). The various spatial development initiatives currently occurring in and around South Africa are based on this premise. The state after having identified a previously disadvantaged area with high potential, embarks on a major infrastructural investment programme, and provides institutional support for would be

investors. This investment by the state is intended to develop an environment that is attractive to investors.

While there are undoubtedly benefits from an alliance of state and market, this alliance does not occur easily. Furthermore, market and the state are often cast against each other in an adversarial manner. The actions that they undertake in this context often results in them undermining and weakening each other. There is clearly a need for a third institution that will bring together the state and the market and facilitate their interactions. Streeten (1993) sees civil society as fulfilling this role.

Civil society is ideally placed to be able to temper the excesses of the state and the market. It often catches the issues that fall through the gaps of state policy and market activity. Civil society serves to conscientise the state to its own excesses as well as the excesses of the market (Streeten, 1993). Organs of civil society tend to operate a more local level than those of the state and the market, and consequently are seen to have more legitimacy and a better understanding of the dynamics of society than these institutions.

Finally, Streeten (1993) points out that market failure is not necessarily a valid argument for state intervention or *vice versa*. Other institutions also have a role to play, particularly when it comes to development delivery. This dissertation argues in its subsequent chapters that it is not just the non-state institutions of civil society that have a role to play, but that other forms of the state, particularly local forms, are critical to the success of development projects and programmes.

## **Chapter 3: Local Government and the Delivery of Development**

### **3.1 Introduction**

So far the debate regarding the delivery of development has focussed on the role of the market and the state, with some mention of the potential role of civil society. This discussion essentially conceptualises the state as a monolithic, centralised institution of governance. However, most political systems, socialist and capitalist, have a manifestation of the state at a local level. This local level of the state can be constituted in many different ways, and may exercise varying degrees of power.

It can generally be said that the central state is usually responsible for the setting of the macro political, economic and institutional framework. This framework sets the parameters for the development of policies and programmes, that when implemented, will result in the achievement of the state's objectives. Responsibility for the implementation of those programmes and policies is usually delegated to lower levels of government, although this is not always the case.

This chapter looks at the phenomenon of local government. A number of definitions of local government are used as the starting point for this discussion. The role of local government in the overall system of government is also explored, as is the potential for the physical delivery of development.

This chapter then goes onto explore the some of the conditions under which local government could be able to fulfil this potential. This is done by examining the concepts of "strong local government" and "developmental local government", as they are understood in the local and international literature.

The chapter concludes by examining the concept of strong development local government in the light of the state-market debate, and attempting to define some themes and criteria by which the efficiency and effectiveness of a local government system could be tested.

### **3.2 *The Concept of Local Government***

It can be argued that local government takes such a wide variety of forms that it cannot be adequately defined. However, there are a number of elements of local government that make it quite unique and are useful in giving some form to the concept. The definitions that follow pick up on some of these elements.

Firstly, and perhaps most obviously local government is government at a local level. In other words, local government is a component of a state system that derives its authority from the state, and operates at a local level.

Scruton (1982:274) picks up this element of the devolution of central state power when he defines local government as “a public organisation authorised to decide and administer a limited range of public policies pertaining to a circumscribed territory within a larger and sovereign jurisdiction”. However, this devolution may take many forms and the type and extent of the power devolved to the local level may also vary. In the former USSR, local government was purely administrative in nature and functioned merely as a field agency of central government. Theoretically at least, local government in the former USSR would not be considered to be true local government as it had no discretionary powers and operated largely as a field agency of central government (Scruton,1982).

The other extreme can be observed in France where local government has been granted extensive powers of legislation, largely due to a parallel process of largely due to the system of delegating power to mayors (Scruton,1982).

The issue of discretionary and legislative powers is further developed in the following definition. Local government is that "part of government dealing mainly with matters concerning the inhabitants of a particular area or town, usually financed in part by local taxes" (Wordsworth Encyclopedia,1995:1298). Local government is characterised by its ability to derive an income from local sources, usually in the form of a property tax. The mandate from central government which allows a local authority to raise taxes can either be direct i.e. legislated at a national level, or indirect i.e. as a result of locally promulgated laws and regulations.

There is also an element of reciprocity in the presence of a local government system, which allows local government to play a developmental role. In return for income from the local community, local government is expected to provide various types of public services. Cox (1994:1) picks up this element of reciprocity in her definition of local government:

"Local government is that tier of government or decision making which operates specifically at a local level dealing with grassroots and tangible issues which affect people in their everyday lives, such as rates and taxes, water provision, all services to properties and representation of local issues and communities at regional and national level".

Having established the broad parameters of what local government is and what it does, the question of why local government is seen to be important needs to be examined. Cox's (1994) definition indicates that local government is responsible for lobbying other levels of government on behalf of the community it serves. Due to the fact that

disadvantaged and marginalised groups within local communities are often voiceless, this advocacy role becomes a critical one in the delivery of development. The advocacy activity of local government gives it an important place in the overall system of governance, and is one of the fundamental reasons for the existence of local government.

Thomas-Slayter (1994) argues that local government has a critical role to play in environmental sustainability. Efforts at securing environmental sustainability need to take place within a broader policy framework. Agenda 21, which aims to achieve environmental sustainability at a global level forms this macro framework and was initiated by the United Nations at the earth Summit in Rio in 1992 (Urban Econ *et al*,1997). Agenda 21 recognises that sustainable development at a global scale requires implementation of sustainable development at a local scale. Hence a programme has been developed that is based on Agenda 21 that is called Local Agenda 21.

Local Agenda 21 programmes look specifically at ensuring that the economic development, community development and ecological development that occurs at the local level is sustainable (Urban Econ *et al*,1997). The principles of Local Agenda 21 include operating within ecological limits, partnerships between stakeholders, accountability of those stakeholders, participation and transparency, systemic approach, equity and justice, and a concern for the future. The Local Agenda 21 programme highlights the importance of the relationship of local government with other levels of government and groupings in society for development.

The principles espoused in Local Agenda 21 do not directly refer to local government. However, local authorities are seen to be one of the key stakeholders that need to be



intimately involved in implementing Local Agenda 21 programmes. It is argued that the provision of services by local government has an extensive impact on economic, community and ecological systems (UrbanEcon *et al*,1997). Sustainable development at a local level therefore depends on ensuring that these service networks and the provision of services do not undermine these economic, community and ecological systems.

Local areas need to be effectively governed because of the role they play in the development, or underdevelopment, of their hinterlands (Thomas-Slayter,1994). Although local government is often urban in nature, development of local government areas can induce development in surrounding more rural areas. This is not merely due to a trickle down income redistribution effect, although undoubtedly this does take place. Urban areas are also able to supply markets and social facilities such as health and welfare services, which impact directly on rural livelihoods.

Local government is also important from the point of view of physical delivery of development. As is the case with ecological concerns, development policy and legislation is usually established at macro level and forms the terms of reference for implementation at the local level. This involvement at grassroots level makes local government a key interface between the 'governors and the governed'.

Local government is often seen by the central state as a dumping ground for difficult mandates (Thomas-Slayter,1994). Powers are often devolved to the local level by central government that allow them to deal with issues that are politically sensitive at the central state level. In this way the blame for the implementation of unpopular policies is directed at local government rather than the central state.

### **3.3 The Arguments for Strong Local Government**

While the presence of local government in the political economy cannot be denied there is vigorous debate over the form it should take and the roles that it should play. In particular, this debate is focussed on the relationships between the local level of government and other levels of government.

Christianson *et al* (1993) argues that not only is local government a good thing, but that it is a key element in the post apartheid reconstruction of South Africa. The Reconstruction and Development Programme (RDP) identified local government as being a key factor in its success or failure, particularly as far as the delivery of services is concerned (African National Congress, 1994). The RDP also identified the need for transformation in the local government sector (African National Congress, 1994). The reason for this transformation imperative and the manner in which this process has been undertaken is examined in greater detail in the following chapter.

Christianson (1994) argues that the key determinant of local government effectiveness is its 'strength'. The need for strong local government can be justified in a number of ways. Christianson (1994) identifies three primary justifications for strong local government that relate directly to each other.

Firstly, strong local government has a role to play in the extension of democratic practice into broader society. The RDP correctly identifies local government as being "the level of representative democracy closest to the people" (African National Congress, 1994:129). Local government is also usually small and is therefore in a position to articulate the

needs of the local population (Christianson,1994). Local government is a key element of a broad-based participatory democracy and a source of ideas and pressures for the development of policy. The local level is where "Joe and Jane Citizen" can directly participate in the democratic system and where they can experience the results of their participation in a direct manner.

Furthermore, the proximity of local government to local community groupings gives it the potential to be responsive to the needs articulated by those groupings. The potential therefore also exists for local government to play an advocacy role by approaching other spheres of government on behalf of local communities.

Secondly, international development agencies, the World Bank in particular, has increasingly recognised good governance as a key variable in the process of development (Christianson,1994; Clapham,1996, Barya,1993). The role of the local level of government in the reconstruction of post-apartheid South Africa has been acknowledged by the World Bank as critical to successful development (World Bank, 1993). The local level is where the delivery of development in the form of services, social facilities or economic opportunities actually occurs in a physical form. It follows therefore the stronger local government is, the more vigorously it will be able to pursue a developmental agenda and the higher the rate of development delivery will be.

The role of local government can be taken further than merely being the agent of delivery of services and infrastructure. In South Africa this delivery is placed within the broader political imperative of the redistribution of resources to formerly disadvantaged areas and communities. The success or failure of local government, therefore, will have a direct impact on the credibility of the ruling party at a national level.

Finally, and linked closely to the notion that strong local government entrenches democratic practices in society, particularly at the local level, is the idea that strong local government encourages “institutional pluralism” (Christianson,1994). Institutional pluralism relates to the national governmental context and refers to the tension, in terms of power and influence, between local government and other spheres or tiers of government. Strong local government is necessary as a “countervailing force against centrist domination” (Christianson,1994:40). It is envisaged that a strong local government system forms part of the system of checks and balances that prevents the erosion of democracy at a local level. However, in order to play this role, local government needs a measure of independence and delegated power.

A number of other arguments have also been made that support the desirability of strong local government. For the most part these arguments are the logical extension of the three basic arguments that local government extends democracy, is necessary for good governance and restrains the power of central government. However, these arguments tend to be problematic as they can also be used to argue against the need for strong local government.

Strong local government has been seen to be a critical component of ensuring free market competition and the effective operation of the market (Cox,1994). This argument defines the role of local government to be the creation of an enabling environment for economic development. However, there is a counter argument to this that suggests that the ‘rules’ for investment are set at national and provincial level and consequently constrain the ability of local government to engage with the market in a manner that is always conducive to investment.

The presence of strong local government within the political economy is not always seen to be a good thing. It is often the case that functions and powers that the central state is unable to manage is devolved to lower levels of government, particularly to the local level. The devolution of these powers and function can be funded or unfunded. In both cases, local governments often struggle to fulfil these devolved mandates due to capacity problems and resources constraints. When local government is successful in the fulfilment of these mandates, the central state often responds by returning the responsibilities for those powers and functions to the national level (Thomas-Slayter, 1994).

The concentration of political power at the local level, not only threatens the power base of the central state, but can also result in the extension of networks of clientalism and patronage under the right conditions (Cox, 1994). The presence of corruption at the local level undermines democracy and the ability of local government to be responsive to the needs of the local population.

The issue of corruption is closely linked to the development of a class of new urban elites. These elites are usually newly empowered and have little experience of governance and development. Cox (1994) suggests that in the face of this inexperience in the use of political, local government becomes a potentially fertile breeding ground for the growth of corruption.

A further argument against the establishment of a strong system of local government is that a change in political system at national level may have little impact on the perceived legitimacy of local government. A general lack of legitimacy impacts heavily on the ability

of local government to be strong due to its need to be intimately involved with the extension of democracy into local structures and its need to be highly responsive to the demands articulated as a result of that extension. This issue of legitimacy is particularly pertinent to the South African context and is looked at in greater detail in the following chapter where the history of local government in South Africa is discussed.

### **3.4 *The Characteristics of Strong Local Government***

From the above discussion, which presents some of the more pertinent arguments for and against strong local government, four key characteristics of strong local government can be distilled. These characteristics can be used to measure the strength of local government and its potential effectiveness in the delivery of development. Furthermore, the characteristics that determine the strength of a local government system go far beyond the notion that the more powerful local government is, the more powers and functions it is permitted to exercise.

Firstly, the strength of local government can be measured by considering the role that it plays in the broader government system (Christianson,1994). The way in which the relationship between local and central government is defined is a key determinant of strong local government. In many ways the characteristics of strong local government highlights the issue of the devolution of powers and functions. However, it is not the number of devolved powers and functions that is critical, but rather the level of autonomy that local government has in performing those functions. The more that local government is able to operate in relative autonomy from other tiers or spheres of government, the stronger it can be considered to be.

Local government is never completely autonomous due to the fundamental fact that it is an organ of the central state<sup>2</sup>. The strength of local government is reflected in the influence it has in developing the national framework of governance in which it has to operate. Autonomy can be measured by examining the real power that local government can exercise in resisting the influence of national government on local affairs.

The second characteristic of strong local government is closely linked to the first. Strong local government has the power to levy taxes and raise revenue at the local level (Cox, 1994). Furthermore, strong local government has the ability to spend its locally raised revenue at the local level. Local government is often prevented from deriving income from any source other than property taxes and profit on the supply of engineering services, and could therefore possibly not be considered to be strong.

However, the source of local government income is half of the issue. The strength of local government can also be judged in terms of its ability to spend local revenue at the local level in a manner that is responsive to locally articulated needs. The mandatory redistribution of revenue income to other spheres of government weakens the autonomy of local government. Likewise, the regulation of local government with regard to the manner in which locally raised revenues should be disbursed also erodes the strength of local government.

Thirdly, strong local government is dependent on high levels of technical and administrative capacity within the institution (Christianson *et al*, 1993). The level of capacity impacts on the strength of local government in a number of ways. Low levels of

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<sup>2</sup> The only possible exception to this is Singapore where the city is the state and the national and local levels are essentially the same.

capacity puts pressure on the ability of local government to deliver basic services, as well as precluding the ability of local government to be proactive in dealing with broader developmental issues such as the establishment and extension of economic activity.

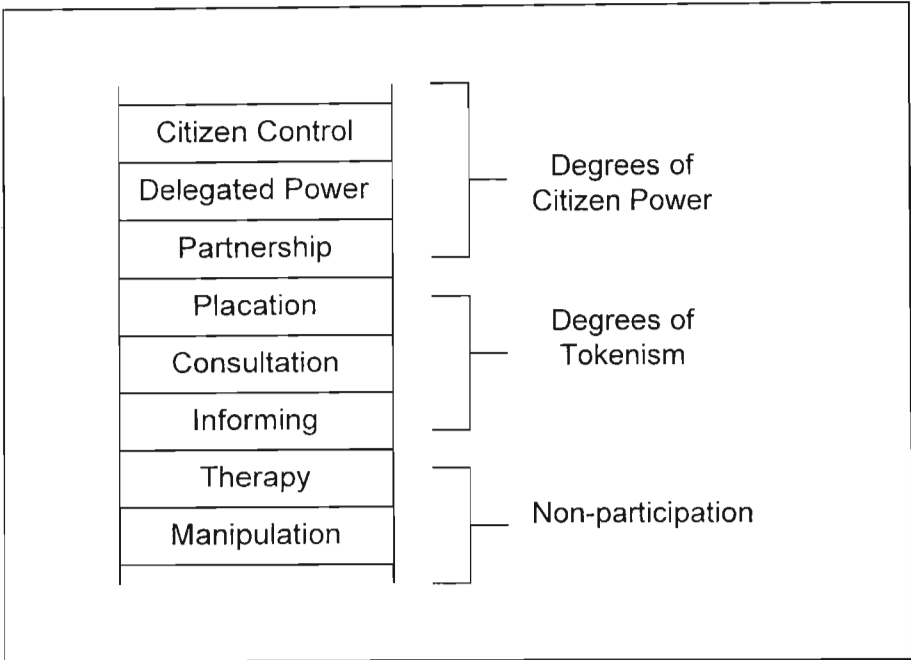
Moreover, where local government is put under pressure to fulfil a mandate for which it does not have the capacity, technical and administrative assistance is usually sought with consultants or other spheres of government that do have the required expertise. The engagement of consultants, in addition to being a potentially costly exercise, may not always have the desired result. Furthermore, the fees paid to a consultant represent an opportunity cost to local government.

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The use of other spheres of government as a source of technical and administrative support has the potential to erode the power base of local government. In order to gain access to the capacity of other spheres of government, local government has to agree to adjust its activities to be congruent with the aims of the outside institution. This may directly impact on the ability of local government to be responsive to the local communities, particularly where the aims of the outside agencies are not congruent with the articulated needs of communities at the local level.

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Finally, the arguments for strong local government suggest that a fourth characteristic of strong local government is that the institution itself, the structures it operates and the services that it offers are fundamentally democratic. Not only are levels of community input into local government processes significant, but participation extends to the inclusion of decision making at the micro level. This level of participation is constrained if there are low levels of capacity within the community. Low capacity in this case is defined as low levels of understanding of development processes and their impacts.



The strength of local government is determined by how democratic it is perceived to be. Democracy at the local level can be defined by looking at how participation of the community is integrated into the business of local government. Arnstein (1969) provides a typology that is of some use in measuring levels of participation. This typology is illustrated in Figure 1 below.



**Figure 1: Arnstein's (1969) Ladder of Participation**

Strong local government is characterised by a democracy that at least allows local communities to act in partnership with it in the pursuit of its mandate. Partnership in a participative sense is characterised by a sharing of power with local communities (Arnstein,1969). However, it is important to note that often this power sharing dynamic is a result of local citizens taking power themselves rather than it being given away freely by a local authority (Arnstein,1969).

“Strong local government is the perfect vehicle for managing people centred development at the grassroots level” (Christianson,1994). The argument for a strong local government system builds on the previous arguments that local government is important from the point of view of democracy, delivery and advocacy. In summary, it can be said that strong local government is characterised by its strength in the following four areas:

- The role it plays in the broader system of government
- Its ability to raise revenue and to spend that revenue
- The capacity it has to fulfil the role assigned to it
- Its ability to expand democratic practice and extend it to local communities

### **3.5 *Developmental Local Government***

Frequent allusions have been made to the possibility that the local level of government is ideally place to be the key agent of development delivery. The preceding argument has examined the concept of strong local government. While weak local government can probably deliver development, strong local government has the potential to enhance the act of development delivery by strengthening democracy and empowerment. Due to the enhancement of the development process, it is assumed that ideally developmental local government should be based on a form of local government that is considered to be strong.

The concept of development was initially defined in the first chapter of this dissertation as “the provision of and increased access to employment opportunities, social facilities

and service infrastructure". This definition is rather crudely constructed, but was necessary as a basis for an initial discussion of the role of the state sector in general, and the local government sector in particular. It is now necessary to develop a more refined understanding of the concept of development, its origins, what it is perceived to be and what it often is, especially as far as the institution of local government is concerned. This understanding combined with an understanding of the nature of strong local government provides an insight into the characteristics and dynamics of strong local government.

The notion of development has undergone a number of changes in meaning over time. These changes have often been as a result of different fields of study examining the concept and defining in a way that satisfies the outcomes and objectives of that field of study.

French evolutionary sociologists and English political economists in the late eighteenth and early nineteenth century viewed development as the evolution of society (Hadjor,1993; Todaro,1989). Anthropologists adopted this approach to social change in the late nineteenth century and applied it to non-European society as a means determining the reasons why European civilisation had advanced and that of non-European society had not (Hadjor,1993).

During the course of the twentieth century, the notion of development became increasingly associated with western capitalism and the focus shifted onto economic development (Hadjor,1993). Modernisation theory set out a development path for countries outside western Europe and North America. The focus of the modernisation

drive is to reproduce the experience of western Europe's industrial revolution in less developed countries.

It has been increasingly recognised that economic progress is only a single element of development and consequently concern over lack of development has been extended to the well being of humanity (Hadjor,1993). This concern is reflected in the human development index (HDI) developed by the United Nations Development Programme (UNDP). The HDI is a composite index that comprise national income, life expectancy, adult literacy and mean years of schooling (UNDP,1992).

The notion of development, the way that it has been defined and the assumption that it is desirable in the first place has also been criticised. Most of this criticism is derived from Marxist core-periphery theory. Development is perceived as an imposition of industrialised nations that entrenches their position in the global economy at the expense of less developed countries (Wallerstein,1983; 1994).

While there is no single universal definition for the concept of development, there seems to be an emerging consensus that development is a process rather than an end state (Hadjor,1993). There is also recognition that the development path of a particular country is unique to that country, and therefore can only be determined in the context of that country's social, economic and political history.

Having established the nature of development in broad terms, it is necessary to look at it in more detailed terms in order to provide a practical basis for understanding the notion of developmental local government. The following is a possible definition that draws in the various components discussed above: *Development is a system of economic and*

*social processes that reinforce each other to create benefits for and consolidate the livelihoods of all sectors of society in general, but that focus on vulnerable groups in particular.*

The meaning of development varies significantly between developed countries and developing countries. What may be considered a life or death issue in a less developed country, may be taken for granted in a highly industrialised one. The definition proposed above refers more to an understanding of development in countries outside of western Europe and North America. Local government in the developed world plays a developmental role, however this role is based on a very different understanding of the notion of development that tends to focus on the economic aspects.

The use of a definition that reflects an understanding of development that is more pertinent to the developing world is a reflection of the concern of this dissertation with the delivery of development to previously disadvantaged and disempowered groups. For this reason the above definition, as well as the one alluded to in Chapter One, will be used as the basis for exploring the role of local government in the implementation of programmes and projects that directly benefit local communities.

If development is defined in the manner it is above, developmental local government can quite simply be defined as the sphere of government that is responsible for the facilitation of development. For local government to be considered to be developmental it should, to a greater or lesser degree, display some of the following broad characteristics. Developmental local government:

- Is geared to governance rather than government;
- Has an explicit focus on resource distribution;
- Is entrepreneurial in nature;
- Is concerned with the provision of economic, social and engineering services;  
and
- Facilitates development activities by non-governmental bodies by acting as an information-clearing house.

The definition of development developed in this chapter indicates the intricate nature of development processes. These processes appear to be iterative and continually respond to each other. These processes are also characterised by a multiplicity of demands in terms of resources, technical and administrative capacity, and political imperatives. The successful management of these competing demands requires strong local government.

However, developmental local government has characteristics that are not explicitly part of strong local government. In fact it may be argued that the characteristics of developmental local government may in some cases undermine the strength of local government. Furthermore, local government may be developmental in nature, but not exhibit all of the characteristics set out above. The social, economic, historical and political context in which local government operates has an impact on the nature of developmental local government (Tomlinson, 1994).

It should be noted that the definition developed earlier in the chapter is very idealistic, and not necessarily reflect how local government is perceived in South Africa. However,

such a general definition does provide a useful basis for examining the characteristics and objectives of developmental local government from a theoretical perspective, which in turn provides a useful benchmark for evaluating the local government system in South Africa.

The characteristics of developmental local government have up until this point been alluded to and merit further discussion. Each characteristic is discussed in the order they appear above.

There has been a shift in terminology as far as the state sector is concerned. Whereas the state has traditionally conceived as being government, it is now being seen as the institution responsible for ***governance***. This shift is significant in that it redefines the state as something that is involved in activity, rather than merely an institution. Hence the use of a verb rather than a noun to describe the state sector. Furthermore, and related to the first point, the use of the word governance recognises that the state does not act alone but that it is part of a dynamic interaction with other actors outside the state sector, such as private enterprise and community based organisations. The need for co-operation and partnership between government, the private sector and community organisations therefore becomes critical (Halfani,1997). The term governance also suggests a shift from linearity and rational structuration towards patterns of chaos (Swilling, 1997). This in turn reflects the impact of post modernism and its rejection of the utopian myth of the unification of a homogenous humanity (Swilling, 1997).

Swilling (1997) identifies four approaches to the application of governance to society. The first approach is where governance is equated with what he terms the classic liberal democratic model. This approach is generally favoured by international development

and aid agencies that are trying to reproduce the desirable elements of the state, which they perceive to be lacking in under developed countries. These elements include the "separation of powers, Bill of Rights, federal intergovernmental arrangements, independent judiciary, limited role for the state, neutral and effective public service, and political pluralism" (Swilling, 1997:4)

The second approach to governance emphasises the relationships between the state sector and civil society. This approach argues that the rationale for democratic governance is to secure the participation of civil society in decision making and policy formulation activities (Swilling, 1997). The role of the state sector in this case is to facilitate the empowerment of civil society in a manner that will enable them to play their designated role. ✓

Thirdly, the concept of governance is also subject to a Marxist critique which views governance as a ideological tool that is used by the developed nations of the west to entrench and extend their economic and political hegemony over less developed nations (Swilling, 1997). This argument highlights the shift in the aims of development over time. In the 1960 and earlier, the application of modernisation theory suggested that development would lead to a stable, democratic political system. However, increasingly stable, democratic political systems are being touted as a precondition for successful development and this agenda is being pursued through the insistence on an institutional reform component in structural adjustment packages (Barya, 1993; Clapham, 1996).

Finally, there is the argument that "governance is the conscious management of regime structures with a view to enhancing the legitimacy of the public realm" (Swilling, 1997:5). This approach to the concept of governance is perhaps the most useful to consider at a



local level, since it deals with the way the state manages its own activities as well as its relations with civil society.

Swilling (1997) identifies the following properties of governance. Bonds of trust between the various actors in the civic state arena is critical to effective governance. This trust serves as an incentive to participate in the interaction between state and society. Reciprocity also needs to exist that will enable groups to form and compete with each other in the civil state realm. Reciprocity does not exist where there is no trust, as the absence of trust renders pressure, negotiation and conflict resolution meaningless. Accountability is another necessary element that encourages actors to remain in the civic state realm. Accountability enhances legitimacy and therefore proves a disincentive for exit. Finally, governance is about the establishment of a broad-based legitimacy through redefining the state as a body that is responsive to the needs of the broader society. This responsiveness is reflected in the manner in which the state sector relates to civil society and the way in which it responds to the articulated needs of society through its policy formulation and legislative processes.

Developmental local government is also inherently concerned with the **distribution of resources**. There are a number of areas where developmental local government is engaged in the distribution of resources. Some of these areas of engagement are familiar to those operating in the local government arena, as they have traditionally been functions of local government. Other areas are new to the local government arena and are consequently less easily accepted.

The area of land use management is one that has traditionally been undertaken by local authorities. The allocation of land and the restriction of use of land performs a key role in

the redistribution of resources. Land use management plans whether in the form of town planning schemes, zoning plans or guide plans have traditionally been drawn up by planning professionals. Therefore, this particular local government activity, while having the potential to be developmental, is not currently so, due to limited participation in the production of land use management plans.

In the past some of the more proactive local authorities have been involved in the economic development of their area of jurisdiction. However, this involvement has usually been limited to facilitating the implementation of national policies and programmes at the local level. The focus of this type of economic development has been on the attraction of large scale industry and the promotion of investment (Tomlinson,1994). There has been a rapidly expanding amount of literature relating to local economic development in post apartheid South Africa that has identified the need for adding another element to economic development at the local level. The core activity of this second element of local economic development is the fostering of indigenous economic activities, which traditionally take place on a relatively small scale. A further element that considers regeneration initiatives could be added to the approaches used in local economic development (Dauskardt,1994). This element of regeneration deals specifically with the support and refocusing of established industries.

Another concern related to resource distribution is the consolidation of livelihoods in a sustainable fashion. This area is often linked to the development of economic activity and the management of land. An example of this linkage is where a local government zones land for agricultural use and then invests in the basic infrastructure that allows that land to be used for food gardens. This is a function that is not usually performed by

local authorities, but is increasingly important in terms of a developmental mandate, particularly in the developing world.

Local government is also required to manage the natural environment and natural resources. This mandate has by and large been a result of the adoption of the Agenda 21 programme by the United Nation at the Earth Summit in Brazil in 1993. Agenda 21 recognised that the local level of implementation was the most practical and realistic level at which a programme aimed at the sustainable use and conservation of environmental resources was possible.

Developmental local government is also characterised by an outlook that is **entrepreneurial in nature** (Tomlinson,1994). This does only apply to its activities when it is engaged in local economic development, but can be extended to all its activities. This characteristic is necessary due to changes in the way in which the global economy operates. Cities are increasingly competing against each other for a slice of the investment cake (Halfani, 1997). Foreign direct investment in national economies is no longer channeled through national government but is invested directly in cities. Cities, in order to avoid global marginalisation, need to compete directly in the global economy and therefore need to gear up their productive capacity to do so. Developmental local government needs to be entrepreneurial in outlook to be able to support the realignment of this capacity.

A further characteristic of developmental local government is that it is engaged in meeting the **basic needs** of communities within its area of jurisdiction (Swilling,1997). The provision of basic services can be divided into two areas. Firstly, local government is responsible for facilitating and providing a range of 'soft' services such as primary

education, primary health care and pension payout points. In most cases local government does not directly supply these services but either acts as an agent for other spheres of government, or at the very least facilitates the operation of these services.

Local government is also responsible for the delivery of 'hard' services such as water, sewage, electricity, roads and storm water. Local government is usually more directly involved with the provision of these services than it is with social services. In developing countries local government is responsible for building and maintaining at least a minimum level of service. A minimum level of service is one that supplies the basic needs of a household. The World Bank's (1993) minimum level of service is as follows:

- Water supply by communal standpipe
- Bucket system or shared toilet
- Graded and gravelled main routes, and tracks
- No formal drainage
- No solid waste collection
- No electricity supply

Finally, developmental local government is characterised by an **ability to facilitate** the interaction of civil society with itself and with other civil society actors. The communications process that drives these interactions and fraught with difficulty and the information that is transmitted is very easily distorted, although this distortion is often unintentional (Forester, 1980). Although Forester (1980) is mostly concerned with the interactions between planners and society, his analysis can be extended to any

profession operating out of a government institution and their attempts to communicate with the rest of society.

The goal of clear undistorted communication is ultimately the empowerment and democratisation of communities. The assumption is that clarity of communication will result in the efficient use of resources, as state and civil society actors will know what opportunities are real opportunities, and what threats are real threats. In developmental terms, therefore, local government has a crucial role to play as a disseminator of information. This information needs to be comprehensible, sincere, legitimate and truthful if it is to be useful to the development process

### **3.6 Conclusion**

This chapter has traced the importance of local government in the overall system of government. A conclusion can be drawn that local government needs to be strong if it is to achieve the aims and objectives that it sets out to achieve. It can be inferred that strong local government is a precondition to effective developmental local government. This is not to argue that developmental local government cannot be weak, but rather to state that developmental local government that is strong has a greater chance of being sustainable in the long term and able to impact the development problem in a more meaningful way.

An analysis of the prospects for developmental local government therefore needs to consider a range of factors. Firstly, however, developmental local government needs to be examined in the light of the characteristics of strong local government. The second round of analysis is then concerned with the developmental nature of local government.

This is not to say that should local government be found wanting in terms of its perceived strength, this second level of analysis should not be undertaken. In such a case the second level of analysis should be illustrative of the prospects of local government in developmental terms should the broad structural impediments to its strength be dealt with.

## **Chapter 4: Local Government in South Africa**

### **4.1 Introduction**

"It is not possible to govern a modern state without extensive local government, but it is also impossible to govern it if local government is not responsive to the demands of a central power, nor answerable directly to the citizens" (Scruton, 1983:275). This statement highlights three areas of importance, in terms of the prospects for the establishment of strong developmental local government in South Africa. Firstly, local government is necessary, secondly, local government has to be responsive to central government and finally it has to be responsive to the local community.

An analysis of the history of local government in South Africa reveals a number of disturbing precedents that may limit the ability of a future local government system to be both strong and developmental. These precedents are disturbing particularly in the light of the three areas of importance highlighted above. Furthermore, these historical precedents may undermine the effective functioning of a future system of local government. An analysis of the history of local government in South Africa highlights the impact that the approach to local government during the apartheid era may have.

### **4.2 The History of Local Government in South Africa**

Perhaps the most significant year in the history of local government in South Africa is 1971 especially in terms of local government in non-white areas. Prior to 1971, local government essentially took two forms.

A limited system of local government was established in the TBVC states with traditional leaders being given responsibility for management of the rural areas. Small rural towns

were established in the bantustans that were known as R293 towns after the legislation that provided for their establishment (Department of Constitutional Development,1998). These towns had very few powers, although they had their own administrations. This system of R293 towns still operates in former homeland areas today, although gradually their administration and powers are being upgraded to full local council status.

The other form of local government was the white local authority. These authorities were responsible for a full range of municipal functions, and were also responsible for areas designated as "Coloured", "Indian" and "Black" areas under the Group Areas Act. In the 1960s, management committees were established in the "Coloured" and "Indian" areas as advisory bodies to the white local authorities (Department of Constitutional Development,1998). These committees had no real power and strictly performed an advisory role.

In 1971 responsibility for the administration of the "black" townships areas was removed from the white local authorities with the promulgation of the Bantu Affairs Administration Act (Department of Constitutional Development,1998). This Act made provision for the establishment of Administration Boards. These Administration Boards were bodies appointed by the national government and were headed up by a white townships manager (Christianson *et al*,1993). The urban uprising of 1976 forced the nationalist government to review their policy on the status of black urban residents. This shift in thinking resulted in the creation of Community Councils, which were supposed to have a broad range of powers.

The Community Councils Act (125 of 1977) was the enabling legislation for the establishment of these councils and made provision for central government to transfer



powers from the administration boards to the new community councils. In practice this did not occur and community council became advisory bodies to the administration boards (Christianson *et al*, 1993). What was significant about the community councils was that it represented a shift in thinking by the government. Blacks living in urban areas, considered up until this time to be temporary sojourners, were increasingly seen to be permanent residents. Hence, the extension of some rights to participation in local government (Christianson *et al*,1993; Parnell *et al*,1998). These rights were relatively limited and rather token in nature, but they served as a base from which the accumulation of more meaningful political rights could be acquired..

Once the apartheid government had recognised the rights of urban blacks to dwell permanently in urban areas and to participate in government, there was no turning back in terms of the extension of local democracy. The lack of real power invested in the community councils quickly caused them to lose legitimacy and to be disregarded. In 1982 the tri-cameral system of parliament, which allowed Indians and Coloureds limited political rights at a national level, was introduced. Partly, in response to the failure of community councils and partly as a means of placating the black population who were not accorded national political rights, the government passed the Black Local Authorities Act (Christianson *et al*,1993).

This Act established local authorities in the township areas that had the same status and range of powers as the white local authorities. Due to the fact that these local government structures were established in black areas at the same time as other disadvantaged race groups were given limited national rights, the black local authorities came to be "seen as a symbol of political exclusion" (Christianson *et al*,1993:15). This was in spite of the fact that the establishment of black local authorities represented

another shift in the thinking of national government. The Black Local Authorities Act recognised that urban blacks were entitled to the same local citizenship rights as the members of other population groups (Christianson *et al*,1993). In addition to a lack of political legitimacy, black local authorities faced problems of capacity and severe financial constraints.

Grassroots organisations, known as civic organisations or civics, which had been active since the early seventies became more organised and became one of the focal points of national resistance (Christianson *et al*,1994;Bernstein *et al*,1994). National activism was manifested at the local level by civics attempting to make the townships ungovernable. This resistance occurred mainly by means of civil disobedience and mass action, particularly with regard to the payment of rates and service charges to the black local authorities. This non-payment put the black local authorities under increasing pressure as far as the sustainability of their financial position was concerned.

Even without the large-scale rent and services boycotts, the financial position of most black local authorities was shaky. This was as a result of the particular form that the urban fabric took in South Africa. Land use in South Africa was strictly segregated in a number of senses. Incompatible land uses were separated from each other by means of the familiar zoning schemes. However, the use of these schemes was extended to cover more than just land use. Racial zones were also woven into the fabric of the apartheid city. One of the most striking characteristics of these racial zones, essentially areas of land set aside for the use of non-whites, was their uniformity of land uses. The predominant land use in these areas was residential, with limited commercial land use and in most cases a complete absence of industrial land use. Commercial and industrial land uses, traditionally the mainstay of the urban rates bases were located almost

exclusively in white areas. Black local authorities therefore had a very limited base from which to draw income and consequently had to rely on inter-governmental transfers for their continued operation.

It was recognised at national level that transfer to black local authorities could not continue indefinitely. In response to the increasing financial failure of black local authorities a quasi-governmental institution, the Regional Services Councils, were introduced in 1985. Regional Services Councils and were intended to compensate for the lack of a tax base in black local authorities and served two basic functions, the provision of bulk service infrastructure and the redistribution of financial resources. Regional Service Council incomes were derived from a levy on the turnover of companies in the regional services council's area of jurisdiction, and a levy on the payroll of the same companies (Solomon,1993a). These levies were payable regardless of whether or not companies were located within white local authorities or not.

Although the establishment of Regional Service Councils did not usher in a radical new conception of local government, they did signify a new understanding of the nature of the citizenship rights of black urban residents. "The Regional Service Council system acknowledged that township residents were citizens of a wider city, entitled to a share of its wealth, its municipal services and its decisions" (Christianson *et al*,1993:16).

This local government system of white local authorities, black local authorities and regional services council operated until 1993 when the Local Government Transition Act (Act 209 of 1993) was promulgated. The transition phase marked the end of the era of apartheid local government. The period of local government transition since 1993 is discussed in the following section through the analysis of various pieces of legislation

and policy that has been produced by government. However, it is useful at this point to step back and look at some of the themes that emerge from the history of local government in South Africa in the period up until the transition.

An analysis of the recent history of local government in South Africa in terms of the three aspects drawn out of Scruton's (1982) statement on the need for local government reveals a number of key points. Local government was seen as necessary by the apartheid regime. This statement, however, needs some qualification, as issues of good governance and the extension of democratic practice were not objectives of the development of the local government system. The apartheid regime made an attempt to use local government structures to extend their control over the lives of the citizens of South Africa, particularly the non-white populace.

It can therefore be argued that apartheid local government was never truly local government in terms of the definition explored in the previous chapter, as it proved to be more responsive to the needs of central government than the needs of the local community. Furthermore, this analysis of the history of apartheid local government emphasizes the contribution of democracy to the effective functioning of local government. The issue of effectiveness and responsiveness to local communities is intimately linked to the notion of democracy discussed in the previous chapter as one of the characteristics of strong local government.

The historical analysis also highlights the manner in which local government reform has been undertaken. The transformation of the local government system has historically been done by means of incremental changes in a reactive fashion. The apartheid government sought to implement changes in such a way that it was merely a reworking

of a flawed system rather than a true change in the nature and role of local government (Christianson *et al*,1993). When a facet of local government activity appeared to be failing, central government responded in a manner that, while changing the way in which local government operated, still made the overall achievement of the goals of the apartheid system possible.

The reactive manner in which change in local government has occurred historically also raises concerns regarding the future of local government, particularly if local government change continues to occur in a reactive mode. Christianson (1994) notes that this tendency towards reactivity was present at the Convention for a Democratic South Africa (CODESA) negotiations, where local government was removed from the main agenda at the national level. Local government issues were eventually given voice at a separate Local Government Negotiating Forum (Christianson,1994;Bernstein,1994).

In spite of its lack of responsiveness to the local community, some form of local government has always been present and is therefore easily targeted when grievances are vented. Resistance to the apartheid system was most strongly manifested at a local rather than a national level. Apartheid based local government was therefore a logical target for resistance and animosity.

The resistance to the apartheid system of local government has not been without its costs. Local resistance, particularly non-payment of local taxes and service charges, has resulted in the poor functioning of service provision systems. The cost of eradicating infrastructure and social service backlogs is going to be high (World Bank,1993).

However, the delivery of these services is critical if local government institutions are to be seen by local communities to be different from apartheid structures. This perception that local government is pursuing a post apartheid agenda must be developed in order to give local government an opportunity to establish itself as an agent of delivery. However, increasing local taxation to raise the necessary revenues may undermine this perception of local government, even if it is made clear that the increased revenues will be spent on development related projects. Furthermore, more aggressive taxation policies may cause more affluent citizens and firms to relocate elsewhere, which would further undermine the ability of local government to deliver (Dunleavy *et al*, 1987).

The first part of this chapter has begun to sketch out some of the lessons that can be learned from the way in which local government was institutionalised during the apartheid era. It has also highlighted a number of constraints on the development of future local government systems. These constraints arise from the actions performed by the apartheid state in response to the perceived failure of the local government system as well as from the response of the anti-apartheid movement to the change.

Among these lessons and constraints are the limits to future change imposed by the reactive reform that has taken place in the past. A future system of local government needs to be proactively instituted and focussed on the development problem, and should ideally be recreated rather than reformed. Furthermore, the development of local government in South Africa has left many of these institutions in a financially vulnerable position. The patterns of urban development do not lend themselves to effective management by local authority institutions. The space economy was fragmented by apartheid authorities on the basis of racial concerns, and while the physical form of

urban areas is changing gradually, this change is occurring at a slower rate than the change that is occurring in the social and political realms.

### **4.3 *The Post-Apartheid Local Government Transition***

The evolution of local government since 1995 will now be examined by looking at the main pieces of legislation and policy that have been put in place to manage the transition and to give direction to the reform of local government structures. This analysis will initially look at the Constitution as it sets the broad framework in which local government has to operate. Legislation and policy emerging from national government is then examined in chronological order. Some of the earlier legislation, such as the Local Government Transition Acts, were put in place before the Constitution was passed in its final form. However, the Constitution had been in existence in a draft and an interim format before the promulgation of these acts and hence the decision to initially discuss the Constitution.

#### **4.3.1 *The Constitution***

The Constitution of the Republic of South Africa (Act 108 of 1996) sets out very clearly the fundamental principle by which the country is to be governed. The institution of local government is considered to be an important component of the governance system, and accordingly has been allocated an entire chapter in the Constitution. An amendment to the Constitution in the form of the Constitution of the Republic of South Africa Second Amendment Act (Act 87 of 1998) was specifically concerned with the extension of local government activities (Republic of South Africa, 1998a).

The Constitution attempts to give some strength to the local sphere of government in s151 (4) where it states that “the national or a provincial government may not compromise or impede a municipality’s ability or right to exercise its powers or perform its functions” (Republic of South Africa, 1996:63). This clearly enables local government to be strong in respect to its role in the broader system of governance. In reality these rights to operate as an independent entity are limited by later provisions as well as by other pieces of legislation and policies.

The developmental potential of local government is picked up in s152, where the objectives of local government are set out. In short s152 gives local government the responsibility for providing democratic and accountable government, ensuring the sustainable provision of services, promoting social and economic development and the promotion of a safe and healthy environment (Republic of South Africa, 1996).

Section 153 gives the developmental duties of local government a basic needs focus. This section suggests that local government should not only look outward to other spheres of government to fund development projects, but should also try to channel internally sourced funding to such projects.

The nature of the relationship between local government and other spheres of government is clarified in s154, which introduces the notion of co-operative governance. Onus is placed on national and provincial government to support the activities of local government (Republic of South Africa, 1996).

Sections 155 to 164 establish a framework for the establishment, composition and operation of local government entities, of which there are three types. These issues are



further elaborated on and formalised in local government legislation aimed at supporting the transition process.

The Constitution in effect sets the broad parameters for a new form of legitimate and effective local government. It envisages a system of local government where local institutions are strong and effective. Local government is also seen to be developmental in nature, although this developmentalist element has a strong basic needs focus.

#### *4.3.2 The Local Government Transition Acts*

Following negotiations at the Local Government Negotiating Forum, the Local Government Transition Act (Act 209 of 1993) was promulgated. Amongst other things, this Act set out a three phase framework for the transition of local government. The first two phases of this transition are set out in detail, while the third phase is alluded to, but is seen by the Act to be the subject of further legislation.

The first phase of the transition was the pre-interim phase. This phase required that local negotiating forums be established in local areas. These forums would be representative of both black and white local authorities, as well as political parties active in the area. These forums were not democratic entities but rather interim bodies tasked with ensuring that services continued to be delivered to the local community. Furthermore, these forums had to lay the foundation for the system of local government that would be put in place after a multi-racial local government election. To this end these forums had to establish a boundary for the local government entity, choose a local government model, register voters and delimit voting wards (Solomon, 1993b).

The Act also allowed the administrator, or premier after the national elections in 1994, to act if local authorities failed to establish local negotiating forums or undertake any of the required tasks. This was done to prevent former white local authorities from 'cherry picking' areas that were developed and would not impact on the standard of service delivery that they offered to their white constituencies. White local authority areas had to be linked with disadvantaged areas. Already at this pre-interim stage the potential of local government to redistribute resources was recognised and encouraged (Van Ryneveld, 1994).

The pre-interim phase of local government came to an end with the local government elections in November 1995 in seven of the nine provinces, and in the remaining two provinces in April 1996. Local negotiating forums were replaced by transitional local councils, which then became the institution responsible for the management of local authority functions for the transition phase.

The transition phase was envisaged to last until the following round of local government elections five years after the first. The transitional local councils operating during this period were not envisaged to be the final post apartheid form of local government. The final form of local government would be developed during the transition period and relevant legislation would be put in place that would facilitate the outcomes of this process (Sutcliffe, 1999).

The Local Government Transition Act (Act 209 of 1993) set the stage for the transition, and anticipated as far as possible some of the stumbling blocks that the transformation of local government might run into. However, it became necessary in 1995 to amend the Act in order to deal with some of the unforeseen outcomes of the transition, and to refine

some of the procedures and processes outlined in the first act. The Local Government Transition Act Second Amendment (Act 89 of 1995) details the nature and function of rural local government. This type of local government was referred to in the original Act, but was never explicitly dealt with.

The importance of the two acts relate to the way in which they reconceptualise the role of local government by bringing together advantaged and disadvantaged areas, and requiring that the disadvantaged areas be developed. The aim of the acts was to begin to even out some of the spatial and organisational anomalies created by the system of apartheid through the creation of single local authorities with a single tax base, which could benefit particularly the residents of the more disadvantaged areas.

Prior to these two acts the focus of local government, in the case of white local authorities, was to provide a high level of services to the local community. In the case of black local authorities, the aim was to keep control of a growing population of urban blacks. The local government transition acts provided a new rationale for the existence of local government, and in so doing provided some of the seeds for the notion of developmental local government that would be further expanded upon in the White Paper on Local Government.

#### *4.3.3 The White Paper on Local Government*

The White Paper on Local Government, which was published in March 1998, is probably the definitive policy document emanating from central government with regards to the transformation of local government. The "White Paper maps out the future of local

governments”, and is the basis upon which the latest set of legislation relating to local government matters is based (Tsedu,1998:14).

The White Paper on Local Government sets out its own approach to developmental local government, which is not entirely the same as the approach set out in the discussion of developmental local government in the preceding chapter. The differences and similarities between the two conceptions of developmental local government are dealt with in the final section of this chapter.

The White Paper expands on three key concepts that relate explicitly to the transformation of local government. These three concepts are developmental local government, co-operative government and the revised institutional system. While the White paper also examines other areas such as political, administrative and financial systems, these issues flow from the three key concepts. The three key concepts are critical to developing an understanding of developmental local government.

The clarification of the concept of developmental local government is based on the role of local government as outlined in the Constitution. One of the main functions of local government is the addressing of services and backlogs and the inequalities associated with the apartheid spatial economy (Department of Constitutional Development, 1998).

The developmental role of local government is characterised by a closely knit matrix of interrelated objectives, functions, roles and outcomes. The objectives of developmental local government are contained within the following four tasks that local government entities are expected to take the lead in:

- Maximising economic growth and social development
- Integrating and co-ordinating a range of services and regulations
- Democratising development, empowerment and redistribution
- Leading and learning

(Department of Constitutional Development, 1998)

Local government needs to maximise economic growth and social development by shifting its focus from the provision of high level services to the provision of basic household infrastructure. This shift requires that projects are undertaken that encourage local disadvantaged communities to become involved in the formal sector. The aim of these activities is the alleviation of urban poverty. \*

Human rights issues aside, one of the main criticisms of the apartheid system was its obscene wastefulness in terms of scarce resources. Functions and activities were often duplicated and uncoordinated. This represents a huge opportunity cost to society. The focus on integration and co-ordination at the local level is intended to reduce this opportunity cost thereby freeing up resources for productive investment. \*

Land use planning, household infrastructure, environmental management, transport, health and education, safety and security and housing, as well as the activities of other spheres of government and service providers within the area of jurisdiction of a local authority, are identified in the White Paper as the key areas in which integration and co-ordination needs to take place. The complexity of co-ordinating and integrating this wide range of activities means that some sort of plan needs to be put in place by local \*

government. The White Paper advocates the use of integrated development planning as a tool to achieve integration and co-ordination.

While the necessity of an integrated plan in the medium to long term is not disputed the White Paper does not appear to take cognisance of the fact that such planning studies are time consuming exercises in two ways. Firstly, at least six months is required to develop a plan for a local area that adequately reflects the needs and aspirations of the local community. Secondly, the local capacity necessary to implement the plan once it is completed is often lacking, particularly in smaller local authorities. While the plan is being drawn up and local capacity developed, expectations are being built up in the local communities who are demanding immediate delivery. The White Paper, while advocating integrated development planning, has very few ideas on how to balance short-term delivery imperatives with medium and long term planning exercises. The fact that expectations are being raised by provincial and national politicians, while local politicians are expected to deliver, further exacerbates this problem.

The apartheid system marginalised many groups, which were then faced with two choices. Either these groups could organise themselves and overtly or subversively agitate for change and reform, or they could remain marginalised. The civic movement has its roots in resistance to attempts by the apartheid government to marginalise black urban residents. Such organisations have been very vocal and articulate in putting forward the needs and aspirations of their constituents<sup>3</sup>. Other groups that have been unable to organise as well, have been marginalised further. Local government has the

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<sup>3</sup> However, since the advent of democracy civic groups appear to have faded from the political scene and have tended to focus on local development rather than political issues.

responsibility for identifying these groups and bringing them into the developmental realm.

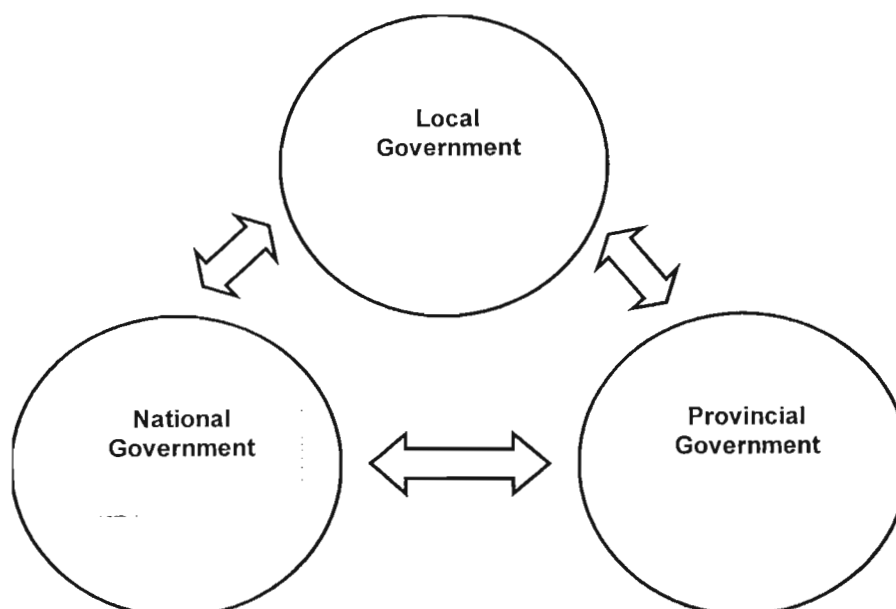
The facilitative nature of developmental local government is brought out in the concept of leading and learning. This firmly places local government activity in the realm of governance, where local government is involved as a partner in development with the local community and civil society. In order to be developmental, local government institutions need to act as a catalyst in the development process.

The white paper identifies two tools, which local government can use to assist in the fulfillment of its development mandate. The first tool, which has already been discussed, is integrated development planning. The second tool is known as performance management and is related to integrated development plans. Performance management is done by measuring goals achievement against a set of key performance indicators (Department of Constitutional Development, 1998). These key performance indicators should ideally be linked to the integrated development plan and have been developed in close consultation with local communities. When the actual delivery of development is measured against key performance indicators, the extent to which the integrated development plan is being implemented becomes clear. ✖

The second key concept elaborated on in the White Paper on Local Government is that of co-operative governance. Prior to 1994, the South African state was arranged in a very hierarchical manner. A very powerful central state handed down decrees to a weak and ineffectual provincial government, who then assisted local government in the implementation of these decrees. Local government, although exercising a significant

degree of power in the local arena, had very little impact on national policy (Department of Constitutional Development, 1998).

The White Paper on Local Government proposes an alternative model of inter-governmental relations. The essence of this model is illustrated in Figure 2 below.



**Figure 2: The Co-operative Model of the State (Department of Constitutional Development, 1998)**

Figure 2 essentially illustrates the fact that no one sphere of government can be considered to be the most important. This model recognises that each sphere of government has a particular role to play as far as reconstruction and development is concerned, and should be given the freedom to play that role. The model also suggests that various synergies exist between the different sphere of government that enables them to collaborate in meaningful ways.



It is debatable whether or not such a free and equal relationship between the various sphere of government actually exists in South Africa. Christianson *et al* (1993) points out that the strong centralist tendencies of national government may hinder the development of strong local government. The presence of the provincial sphere also has a dilutory effect on the ability of local government to fulfil its mandate (Cox,1994).

A typology of local government is the third key concept presented in the White Paper on Local Government. Three potential types of local government, are specified, Category (A), Category (B) and Category (C) municipalities. The nature and role of Category (A) municipalities is very clearly spelt out in the White Paper on Local Government. The relationship between Category (B) and Category (C) municipalities is less clearly articulated.

Category (A) municipalities are those that can be found in metropolitan areas. A Category (A) municipality has both executive and legislative authority for its area of jurisdiction. Six areas in South Africa have been granted metropolitan status and will have Category (A) municipalities (Department of Constitutional Development,1998). These areas are Greater Johannesburg, Greater Pretoria, Cape Town, Durban, Lekoa-Vaal and Khayalami.

It is interesting to note that three of these metropolitan areas are located in Gauteng, South Africa's smallest province in terms of physical size but largest in terms of economic output. Similarly, the other proposed metropolitan areas have high concentrations of economic activity. Due to the large economic surpluses these areas generate and their large diverse areas of jurisdiction, they are particularly important in terms of redistribution.

Category (C) municipalities will form the local government institution that will be responsible for all areas outside of Category (A) municipality areas, including all areas that currently form TLCs. These municipalities will be known as District Councils and will have executive and legislative authority over an area that includes more than one Category (B) municipality (Department of Constitutional Development, 1998). Initially, all local government functions and mandates will be vested with the District Councils, including those of Category (B) municipalities (Sutcliffe, 1999).

Category (B) municipalities have executive and legislative authority over an area that makes up part of a Category (C) municipality. Category (B) municipalities will consist of former transitional local council areas as well as rural and traditional areas. In this way a Category (C) municipality (District Council) will have "wall to wall" coverage of Category (B) municipalities within its area of jurisdiction (Sutcliffe, 1999). The administrative centres of Category (B) municipalities will most likely be located in the largest former transitional local council area within the new boundary demarcation.

The institutional model proposed for local government in the White Paper on Local Government is intended to ensure that rural areas are not left behind when it comes to the delivery of development. It can be argued that transitional local councils should remain and development investment should be concentrated in urban areas where the 'social rate of return' is relatively high. A high social rate of return is indicative of lower cost per capita for access to some form of development service.

Recovery of service charges, particularly in former black local authority areas, is not high and this has placed a number of transitional local councils in a vulnerable financial

position. The expansion of the areas of responsibility from transitional local council areas to larger rural areas may expose local government to higher levels of risk. The White Paper on Local Government suggests that a system of inter-governmental transfers may be a solution to this problem (Department of Constitutional Development, 1998). However, a reliance on funding from other governmental sources becomes problematic when viewed from a strong local government perspective, particularly where conditions are attached to the use of this funding.

#### *4.3.4 The Municipal Trinity*

The White Paper on Local Government is the basis on which the future system of local government is to be developed. To this end the models and systems proposed by the White Paper on Local Government has been translated in the "Municipal Trinity", a set of three acts of parliament that will govern the way in which local government is established and operates.

Currently, the Trinity consists of two acts and a bill, with the bill expected to be passed by government early next year. The first of the acts to be passed was the Local Government: Municipal Demarcation Act (Act 27 of 1998). This Act allows for the establishment of an independent authority that will be responsible for the demarcation of the boundaries of Category (A), Category (B) and Category (C) municipalities. The Act also lays out a set of criteria and procedures for the demarcation of municipal boundaries (Republic of South Africa, 1998b).

The second Act that was passed is Local Government: Municipal Structures Act (Act 117 of 1998). This Act sets out criteria for the determination of Category (A), Category (B)

and Category (C) municipalities (Republic of South Africa, 1998c). It also gives details of how functions are to be devolved from Category (C) municipalities to Category (B) municipalities (Republic of South Africa, 1998c). In addition, the Act gives guidance as to the manner in which the internal functioning of local authorities should take place (Republic of South Africa, 1998c).

Sections of the Local Government: Municipal Structures Act (Act 117 of 1998) have been found to be in conflict with the constitution (Xundu *et al*, 1999). The sections that were found to be unconstitutional relate to the powers of the Minister of Provincial and Local Government. The original act gave national government powers that allowed the Minister of Provincial and Local Government to determine the category of municipality an area would have and to provide guidelines for the determination of municipal categories. An amendment bill has already been drawn up that removes these powers from the Minister of Provincial and Local Government and vests them with the Demarcation Board (Republic of South Africa, 1999a).

The findings of the Constitutional Court have been described in some quarters as a victory against the Minister of Provincial and Local Government's "'encroachment' on provinces and municipalities" (Xundu *et al*, 1999:1). The findings of the Constitutional Court are significant from the point of view that the constitutional conception of local government as a strong institution in an equal relationship with other spheres of government has been upheld.

The Local Government: Municipal Systems Bill, which is expected to be passed into law in the first parliamentary session of 2000, is the third component of the Trinity. This Bill outlines the principle, mechanisms and processes that are necessary to facilitate the

establishment of a developmental system of government that can implement social upliftment policies and ensure broad access to services (Republic of South Africa, 1999b).

The bill also provides a framework for the four core elements of the transformation process. Firstly, an integrated development planning process and system is detailed, which is supported by performance management, the second core component. The mobilisation of appropriate resources and need for organisational change and development are the remaining two components. Detailed process and procedures are laid out in the bill, as well as recommendations for the substantive contents of these various elements.

There is a danger that the bill is too overly prescriptive in this respect and that the recommendations may not be sensitive enough to the context in which the municipality operates. The early drafts of the regulations for the KwaZulu-Natal Planning and Development Act detailed the process and contents of development plans. Later drafts stepped back from this prescriptive approach and provided broad guidelines, as development planning practitioners often found it difficult to apply all elements of the regulations to their planning exercises.

Finally, the bill sets the 'rules of the game' for interactions between other sphere of government. The bill allows for support, monitoring and intervention by other spheres to facilitate the evolution of local government institutions into effective development agencies. The devolution of powers and functions that national and provincial government have been unable to perform has been one of the salient characteristics of inter-government relations during the transition. In many cases, assistance with funding

was withheld and local government was saddled with a number of unfunded mandates. The Municipal Systems Bill prevents another sphere of government from devolving the mandate to perform a particular function, without the associated transfer of funds.

#### **4.4 Conclusion**

Local government under the apartheid state was focussed on political control. Since 1994, an attempt has been made to establish local government as an equal and independent institution. However, it seems that the tendency remains to attempt to concentrate power in the centre and dictate to the local level as the recent Constitutional Court case regarding the constitutionality of the Local Government: Municipal Structures Act (Act 117 of 1998) illustrates (Xundu *et al*, 1999).

As far as the concept of developmental local government is concerned, the White paper on Local Government outlines a very simple basic needs understanding of the concept, in that it focuses on redistribution rather than balancing these concerns with economic growth. The notion of developmental local government in the preceding chapter is slightly more complex and gives more focus to the economic development aspect of the concept, as well as the relationship of this aspect to the delivery of social and engineering infrastructure. The approach of the White Paper on Local Government in this regard may be the more realistic one as it recognises the dire lack of capacity at local level and argues for a 'walk before you walk approach'.

While there may be some problems with the implementation of the institutional models put forward by the White Paper on Local Government, the theory behind the arguments appears to be sound. However, the White Paper on Local Government can be criticised

from the point of view that its arguments are often utopian in nature. The characteristics of strong local government discussed in the preceding chapter suggest an institution that is both dynamic and flexible. Utopian thought, however, is characterised by the opposite, a pursuit of a static ideal end state (Hall,1995). The use of utopian arguments is inconsistent with the stated aims of a dynamic form of local government that is responsive and has the ability to learn and therefore adapt to changing contexts. Perhaps more importantly the assumption has been made that the capacity to implement the envisaged form of government exists. This fundamental assumption is clearly flawed as a basis for building a system of developmental local government. The model of local government put forward by the White Paper on Local Government may not be achievable for this reason.

The following chapter traces the history of a small town in the KwaZulu-Natal Midlands through the last years of the apartheid state and through the current period of local government transition. This is done in order to assess the likelihood that the institutional models proposed for the post-transition period will result in a system of strong developmental local government.

## **Chapter 5: The Mooi River TLC: A Case Study**

### **5.1 Introduction**

This chapter will examine the experience of the Mooi River Transitional Local Council, a small town in the KwaZulu-Natal Midlands and attempt to unpack its experience of the local government transition. The first part of the chapter puts the Mooi River TLC in context by looking at its history, its demographic characteristics and elements such as topography, spatial structure and levels of service provision. The chapter also outlines the current institutional set up in the TLC. The Mooi River TLC is currently facing an uncertain future, the reasons for which relate directly to the development issues confronting the town.

The second part of the chapter will assess the experience of the Mooi River TLC in terms of the four characteristics of strong local government, and the five characteristics of developmental local government. The aim of this analysis is to assess the future prospects for strong developmental local government in the region. Chapter Three strongly suggested that local government, at least from a theoretical point of view, has an important role to play in the delivery of development. Chapter Four suggested that the legacy of apartheid and the post apartheid response to this legacy may constrain the development of a system of developmental local government in the future. This chapter will examine if this is actually the case, and will attempt to identify some constraints to the fulfilment of this role by local government.

The information presented in this chapter comes from a number of sources. The author was involved in a local development planning exercise in the Mooi River TLC during the course of 1999. The information presented here comes from various reports prepared as



part of this process, previous planning studies done in the area, interactions with the project steering committee, and a series of informal interviews undertaken with key informants living in and around the Mooi River TLC.

## **5.2 *The Mooi River TLC in Context***

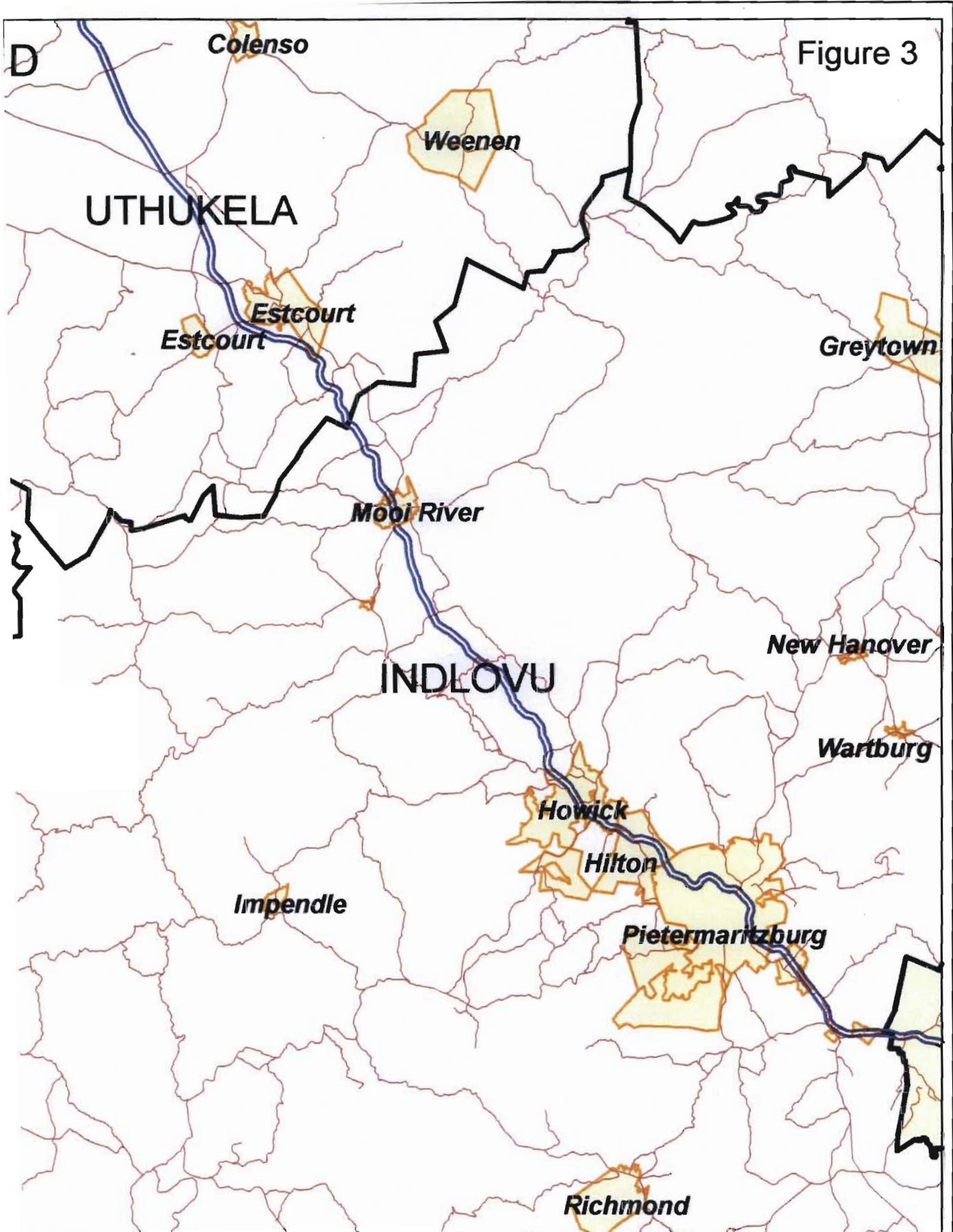
### **5.2.1 *The Mooi River TLC in its Regional Context***

The Mooi River TLC is located in the KwaZulu-Natal Midlands, approximately seventy kilometres north west of Pietermaritzburg. The N3 national highway that links Gauteng, the industrial heartland of the country, with Durban, the country's dominant port, bisects the town. The town is also located on the main railway line that runs from Johannesburg to Durban. Figure 3 on the following page puts the town in its regional context.

The Mooi River TLC was formed out of three previously separate towns prior to the 1995 local government elections. The former township area of Bruntville is located to the east of the N3 national highway, while the town of Mooi River is located to the west of the same highway. The Mooi River TLC also includes the small settlement of Rosetta located fourteen kilometres south of the town of Mooi River. The phrase 'Mooi River TLC' will be used to refer to all three components of the town collectively. A reference to 'Mooi River' refers to the former white town west of the N3 national highway, while references to 'the Mooi River' refers to the river that runs through the town.





### **5.2.2 *The History of the Mooi River TLC***

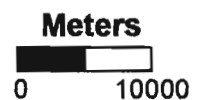
Early development in the Mooi River area occurred to the east of where the Mooi River TLC is currently located. The main road between the town of Estcourt to the north and Curries Post to the south crossed the Mooi River at a drift (Seneque Maughan-Brown



**Mooi River Transitional  
Local Council  
Context Plan**

**Legend**

-  TLC Boundaries
-  Regional Councils (as at March 1997)
-  National Roads
-  Provincial Roads



SWK,1995). Development related to the movement of goods and people began to occur in this area. A bridge was built across the river in 1866 and by 1872 a township by the name of Western had been laid out and a hotel, a store and a church had been built on the southern side of the Mooi River (Seneque Maughan-Brown SWK,1995).

In 1879 Alexander Lawrence purchased the farm of Grantleigh to the west of Western. The Mooi River TLCs central business district is currently located on the site of this farm (Seneque Maughan-Brown SWK,1995). The spatial form of the Mooi River TLC was determined by the construction of a railway line two kilometres west of the Township of Western in 1844. The line was constructed away from Western due to technical reasons (Seneque Maughan-Brown SWK,1995). Lawrence sold the land required for the railway reserve on the condition that a station be built and that trains would stop in the town (Seneque Maughan-Brown SWK,1995). Development gradually moved westwards and clustered around the station area. As a result of this movement of activity and development the main road was also shifted to the alignment of the present day R103 (Seneque Maughan-Brown SWK,1995).

The nature of the town had changed from a stop on the transit route inland to a market where local farmers could sell their produce and export it to other areas of the country. Along with this function the town began to develop a service centre function to the surrounding farming activities. This growing role also led to the development of a small agro-processing industry (Seneque Maughan-Brown SWK,1995). Most of this activity was related to Natal Co-operative Dairies and to the Mooi River Bacon Factory. The town is no longer involved in agricultural processing since the Bacon factory amalgamated with the Estcourt Bacon Factory and moved to Estcourt, and the dairy

operation closed due to pressure in the broader industry (Seneque Maughan-Brown SWK,1995).

After World War Two the economic base of the town diversified as a result of the construction of a textile factory in the town. The town was an attractive location for industry due to a range of industrial incentives offered by the national government, as well as the availability of infrastructure, water and labour (Seneque Maughan-Brown SWK,1995).

The townships of Old Western, New Western, Grantleigh and Lawrenceville were amalgamated in 1921 and the first town board of Mooi River was created (Seneque Maughan-Brown SWK,1995). Shortly after the textile was established in the town, Councillor Brunt donated a portion of her farm for the settlement of the black workforce used in the textile factory (Seneque Maughan-Brown SWK,1995).

Since the establishment of the factory the town has been managed in a conservative manner, which has been very responsive to a vocal anti-development faction (Venables,pers comm)<sup>4</sup>. The local economy has failed to diversify and as a result, the town now finds itself in a vulnerable position. The closure and relocation of the key agricultural processing concerns during the eighties and early nineties had a significant impact on the economy of the town. These industries were not replaced, and the partial shutdown of the textile factory in June 1999 has left the town in a state of crisis.

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<sup>4</sup> Chairman of the Mooi River Chamber of Commerce, Rosetta, 28<sup>th</sup> May 1999.

### *5.2.3 Demographic Characteristics*

The following figures relating to the population of the Mooi River TLC are based on the database developed by Scott Wilson (1998) for the purposes of assisting with the preparation of the iNdllovu Regional Plan.

Population projections based on the 1991 census estimate that the population of the Mooi River TLC to be 8 405 people. Fifty-one percent of the population is male. The bulk of the population, fifty-two percent, falls into the economically active age cohort. Forty-one percent of the population is under the age of eighteen. Six percent of the population is over the age of sixty-four. This population distribution between various age cohorts further suggests that the Mooi River TLC is a reception area for migrant labour.

Average household size is estimated to be approximately 5.12 people per household. It is therefore estimated that there are around 1643 households located within the Mooi River TLC. Most of these households (ninety-four percent) are accommodated in formal housing, while only three percent of households are accommodated in informal structures. These housing figures are largely reflective of the low income housing developments that have been undertaken in the last five years.

The poverty datum line for the iNdllovu Regional Plan was set at R840 per month per household (Scott Wilson, 1998). On this basis it was estimated that 38% of the households living in the Mooi River TLC area could be considered poor. It must be noted that this measure of poverty reflects only cash remittances. However, the figures are high enough to be a cause of concern, particularly in the light of the job losses at the textile factory and the shaky financial position of the Mooi River TLC.

Only 22% of households have an average monthly income of more than R3650 per month. This section of the population is usually responsible for the financial support of the town through the payment of rates and property taxes, and the payment of service charges. This suggests that a situation may be developing where a few households are required to support many more. It is felt that this situation is not one that is sustainable (Macallister,pers comm)<sup>5</sup>.

#### *5.2.4 Economic Aspects*

The economy of the Mooi River TLC is dominated by the primary sector and the activities that service those industries (Seneque Maughan-Brown SWK,1995). In spite of the fact that the agro-processing factories have either closed or moved, the Mooi River TLC is still an important provider of services to the surrounding farming communities. The agriculture sector is focused mainly on the production of beef and dairy, although the farming areas surrounding the Mooi River TLC are renowned throughout South Africa for their stud farms.

Historically, the manufacturing sector, particularly the textile and clothing sub-sector has also made an important contribution to economy of the Mooi River TLC. During its hey-day the Mooi River Textiles factory employed 1350 people (Seneque Maughan-Brown SWK,1995). The factory produced yarn and woven fabric for the national market. The factory wound up most of its operations in June 1999, and currently only the Cut, Make and Trim department is still operational. The reasons advanced for the closure relate to the entry of the South African clothing industry into the global economy, and the fact that the South African sector is not competitive (Venables,pers comm)<sup>6</sup>. Furthermore, the

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<sup>5</sup> Town Clerk of Mooi River, Mooi River, 26<sup>th</sup> November, 1999.

<sup>6</sup> Chairman of the Mooi River Chamber of Commerce, Rosetta, 28<sup>th</sup> May 1999.

factory's labour force was highly unionised and it was suggested by the owners of the factory that this was a key contributing factor to the uncompetitiveness of the factory.

The closure of the textile factory has impacted the Mooi River TLC in a number of ways. Firstly, a large number of jobs has been lost and while an attempt is being made to offset some of these losses through small scale local economic development projects, these projects are not recreating jobs on the same scale as they were lost. Furthermore, the employment that is created through these local economic development projects is not necessarily being taken up by former textile factory workers.. The loss of jobs has had an impact on the ability of households living in the Mooi River TLC to pay rates, property taxes, and service charges. This is significantly affecting the Mooi River TLC's revenue stream. The Mooi River TLC is also more directly affected as the textile factory is no longer paying rate and property tax to the TLC. Furthermore, the Mooi River TLC used to derive seventy percent of its income from the sale of electricity to the textile factory.

As has already been mentioned, the Mooi River TLC performs a service centre role for the surrounding rural hinterland. The Mooi River TLC provides a range of banking, personal and retail services for this hinterland. The location of the Mooi River TLC in terms of Johannesburg Durban holiday traffic has prompted the TLC's Local Economic Development Committee to investigate the possibility of expanding tourism facilities in the town (Scott Wilson,1999). The Mooi River TLC already forms part of the Midlands Meander, an arts and craft route which winds its way along the R103 between Pietermaritzburg and Mooi River. A piece of land has been made available for the development of a tourism information office.

Informal economic activity is also taking place in the Mooi River TLC. This activity is located mainly around transport nodes and in the former township area of Bruntville. The informal activity in Bruntville is a result of apartheid planning policies that limited the extent of commercial activities that were permitted to take place in African townships. Much of this activity seems to be undertaken by women and is focussed on the sale of foodstuff and household consumables.

#### *5.2.5 Spatial and Physical Characteristics*

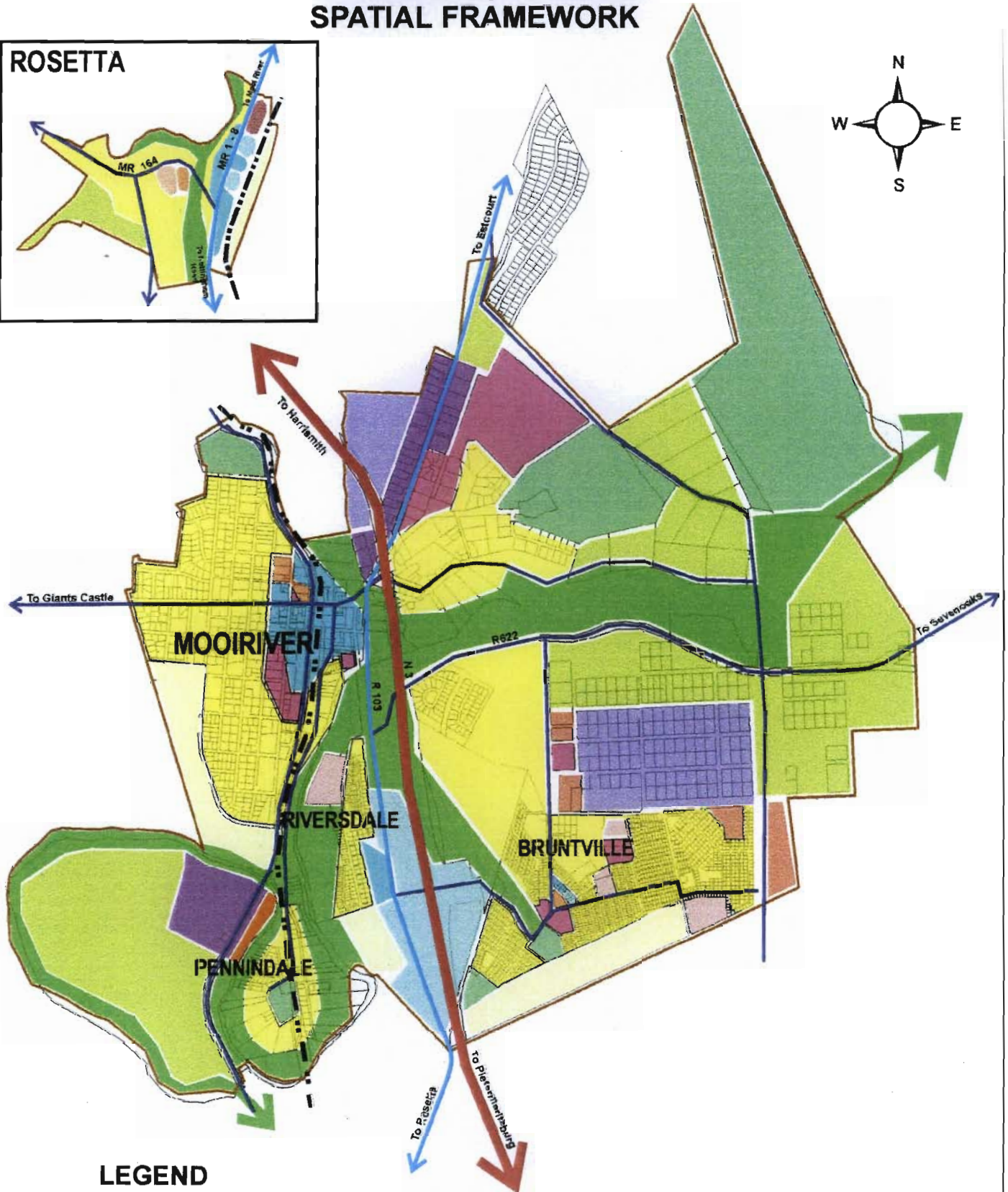
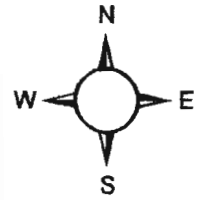
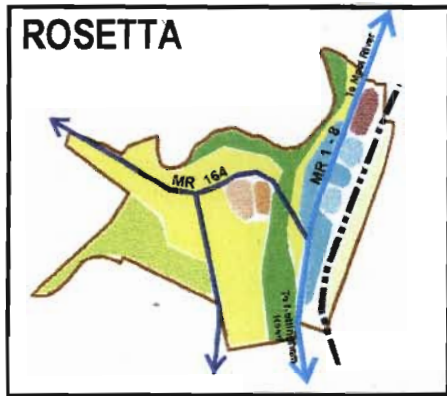
It has already been mentioned that the Mooi River TLC consists of two geographically distinct areas, Mooi River and Bruntville, and the small town of Rosetta, 12 kilometres south of Mooi River. Figure 4 on the following page gives an idea of the spread of actual and proposed land uses in TLC area, as well as the location of the TLC's main structuring elements.

Two 'hard' linear elements and one 'soft' linear element bisect the Mooi River TLC. The railway line and the N3 national highway are the hard elements, while the Mooi River is the third softer element. The presence of three edges of limited penetrability has contributed to a fragmented and disjointed spatial form. The former White and Indian areas of Mooi River are located west of the N3 national highway, while Bruntville is located to the east. One of the key problems facing post apartheid planners revolved around the integration of these disjointed areas. Although the various residential areas are spatially separate, the Mooi River TLC is relatively small, and the central business district is within walking distance of Bruntville.



# MOOIRIVER TRANSITIONAL LOCAL COUNCIL Local Development Plan SPATIAL FRAMEWORK

Figure 4



## LEGEND

Existing Residential	Existing Commercial	Existing Civic Facilities
Proposed Residential	Proposed Mixed Use Area	Proposed Civic Facilities
Existing Industry	Existing Cemetery	CH Community Hall
Proposed Industry	Proposed Cemetery	PO Post Office
Open Space System	Existing Social Facilities	SP Sewer Ponds
Existing Active Recreation	Proposed Social Facilities	Agricultural Land
Proposed Active Recreation	PS Primary School	Major Roads
	SS Secondary School	Railway Line
	C Clinic	River Line



Apart from the textile factory, which is located south of Mooi River in one of the Mooi River's meanders, industrial activity is located to the north of the TLC along the R103. Commercial activity is concentrated around the railway station. Similar to the town, the central business district is also fragmented, as it is cut almost in half by the railway line. Due to security reasons, pedestrian access across the railway line has been completely restricted and the only link between the two halves of the central business district is over the bridge that also provides road access.

Shortly after the 1995 local government elections, the Mooi River TLC drew up a housing waiting list for the TLC. A set of criteria was applied to this housing list in order to identify potential beneficiaries for a low-income housing project. A group of approximately 200 households was identified as potential beneficiaries and a low-income housing project was undertaken to meet this demand. This development was located south of Bruntville along the N3 national highway.

Shortly afterwards the Mooi River TLC was approached by a developer interested in developing more low-income housing in the TLC. The councillors gave the go ahead for the construction of almost 2000 low-income houses, despite a lack of support from officials. Once this housing was completed there was an influx into the Mooi River TLC of low-income households that had previously been living outside the TLC. Many of these new residents were 'dumped' in the Mooi River TLC in response to new legislation promulgated by the Department of Land Affairs that extended security of tenure to farmworkers. The new residents were not used to paying rates and property taxes, or for the use of services. As a result the Mooi River TLC has had to face the prospect of an increasing population that is unable to pay for services.

The small town of Rosetta consists of a small strip development of mainly tourist related commercial activity along the R103. Residential land uses are clustered to the west of the R103 and the railway line runs along the eastern edge of the town. As is the case with Mooi River, housing for the lower income groups is separated from the remaining land uses by a hard edge, in this case the railway line.

#### *5.2.6 Institutional Dynamics*

The Mooi River TLC is run by an executive committee that consists of a mayor and ten councillors. Nine of these councillors are aligned to the African National Congress, one is aligned to the Democratic Party. The executive committee is responsible for taking all major decisions that affect the TLC and is assisted in this task by the Town Clerk and the Town Treasurer.

The day to day functioning of the Mooi River TLC is the responsibility of the Town Clerk and his team of officials. The TLC has the following departments that are responsible for the execution of local authority functions:

- Town Treasury
- Electricity
- Public Works
- Public Health
- Parks and Gardens
- Traffic

All local authority functions that do not fall under the auspices of these departments are carried out by the Town Clerk.

Like many other local governments in the post apartheid era, the Mooi River TLC has had to undergo rapid change and adjustment. In this process, unfortunately, the TLC has made a number of mistakes. Some of these mistakes have been extremely costly and have brought the town to its knees. The development of the 2000 low income housing sites is a good example. However, councillors and officials alike are aware of these mistakes and appear to have learnt from them. Faced with the same choices now, it is unlikely that the TLC would make the same mistakes again (Macallister,pers comm)<sup>7</sup>.

#### *5.2.7 Development Issues*

Four clear development issues have been identified in the Mooi River TLC area (Scott Wilson,1999; Riel and Associates,1999). Firstly, and perhaps most importantly, is the need for economic regeneration in the town. In response to the closure of the textile factory, the Regional Economic Forum, in association with the Department of Economic Affairs and Tourism, commissioned consultants to investigate the option for the regeneration of the local economy. This process led to the establishment of a Section 21 (not for profit) company that has been tasked with the investigation, planning and negotiation of new projects that will precipitate economic growth in the broader KwaZulu-Natal Midlands Region (van Duffelen,1999). The initial focus of their activity, however, will be in the Mooi River TLC area.

The second development challenge facing the Mooi River TLC is the upgrading of disadvantaged areas, in terms of engineering services and social facilities. The spatial

focus of this challenge will be in Bruntville and the settlement to the east of the railway line in Rosetta. The two former Indian areas in Mooi River also need attention in this regard, although the provision of engineering and social services is higher in these areas than in the former black townships.

The first two challenges are in some senses diametrically opposed. Economic regeneration implies the generation of wealth and the accumulation of capital and wealth, while service provision requires a capital outlay, which in some cases may not be recoverable. The third challenge, therefore, is the management of these opposing dynamics in a manner that ensures the long term financial sustainability of the TLC.

The final challenge facing the Mooi River TLC is the building of appropriate capacity that will enable both councillors and officials to meet the first three challenges (Scott Wilson, 1999). As the development of the 2000 low-income housing sites illustrated, there was a lack of understanding on the part of the councillors as to what would be the implications of the development of the project. The officials on the other hand were unable to effectively communicate their concerns about financial sustainability to the councillors.

### **5.3 *An Assessment of the Mooi River TLC***

Chapter Three of this dissertation outlined four key characteristics of strong local government, and five key characteristics of developmental local government. This section looks at the case of the Mooi River TLC in the light of these characteristics in an attempt to assess, firstly, whether or not strong developmental local government is in fact attainable. Secondly, this analysis is undertaken in an attempt to identify key

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<sup>7</sup> Town Clerk of Mooi River, Mooi River, 26<sup>th</sup> November 1999.

contributing factors to the successful implementation of strong developmental local government.

Strong local government is characterised in the first instance by its role in the broader system of government, as well as its relationship with other spheres of government. In the early stages of the local government transition, the Mooi River TLC appears to have engaged well with the other spheres of government. A low-income housing project was undertaken that made use of provincial housing board funding. Furthermore, funding was obtained from the Consolidated Municipal Infrastructure Programme for the provision of additional infrastructure for the new development area as well as the areas of Bruntville with infrastructure that required augmentation.

In some sense, local government in the Mooi River TLC can be seen to have been too strong for its own good and hence able to proceed with developments it could not realistically sustain. However, the blame for this cannot be completely laid at the door of the TLC. Much of the funding for the 2000 unit low-income housing development was sourced outside the TLC. The government departments and programmes offering this funding, were pursuing political agendas that were not necessarily in the interests of the Mooi River TLC, and seemingly felt no need to withhold funding. In this sense the Mooi River was quite weak in that they were unable to resist the imposition of other agendas on the TLC once they had started the ball rolling.

The second characteristic of strong local government is its ability to raise and spend revenue. The Mooi River TLC is strong in the sense that it is able to spend all revenue raised within its area of jurisdiction as it sees fit. However, the weakness of the Mooi River TLC is revealed in its inability to raise the necessary revenue that will enable it to

fulfil its developmental mandate. Non payment of rates and service charges, as well as the loss of revenue from electricity sales has put the Mooi River TLC in a very vulnerable position.

The inability of the Mooi River TLC to raise revenue through the usual mechanisms suggests that it may not have been completely successful in extending democracy to local communities. The ability of local government to extend democracy is the third characteristic of strong local government. This argument is based on the assumption that the more local communities perceive local government to be legitimate and effective, the more likely they are to respond to calls for service and rates payments. An attempt was made at running a Masakahne campaign in the Mooi River TLC but it had very little effect.

The lack of extension of democracy in the Mooi River TLC is further highlighted by the fact that the TLC was unaware of the profitability problems of the textile factory until it announced its imminent closure. Strong local government has a strong and open relationship with civil society actors and the private sector. In the case of the Mooi River TLC these actors clearly did not consider themselves to be constituents of the TLC. The closure of the textile factory also highlights the inability of the Mooi River TLC to intervene in what has become a serious threat to the long term future of the TLC.

The final characteristic of strong local government is the depth of the capacity of the local authority to fulfil its envisaged role. A brief analysis of the capacity of the Mooi River TLC suggests that a lack of strength as far as this characteristic is concerned may be at the root of many of the challenges facing the TLC.

This lack of capacity is a problem that faces both the political and the administrative components of the Mooi River TLC. Nine of the ten councillors elected in the 1995 local government elections were from disadvantaged backgrounds and had very little experience of local government, although they were well versed in grassroots democracy. This inexperience, coupled with external political pressure to redistribute resources, made an important contribution to the position in which the Mooi River TLC currently finds itself.

On the administrative side, the TLC officials have struggled to refocus their activities on the demands of a local government system with a significantly different mandate. Furthermore, senior officials have resigned and have not been replaced. Two departments, the Public Works Department and the Electricity Department, are currently being run by junior officials under the guidance of the Town Clerk who is not an expert in these areas. The Town Clerk, who is retiring in June 2000, has admitted to being bewildered at the stream of new legislation and policy relating to local government management that crosses his desk (Macallister,pers comm)<sup>8</sup>. In spite of extensive advertising, suitably qualified candidates have yet to be found to fill his post and those of the heads of the two engineering departments (Macallister,pers comm)<sup>9</sup>.

While the Mooi River TLC cannot be considered to be weak, it can hardly be considered strong either. The lack of appropriate capacity appears to be a major problem. The fact that suitably qualified candidates cannot be found to fill the vacant senior management positions suggests that this capacity problem may not necessarily be only a local one.

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<sup>8</sup> Town Clerk of Mooi River, Mooi River, 26<sup>th</sup> November 1999.

<sup>9</sup> Town Clerk of Mooi River, Mooi River, 26<sup>th</sup> November 1999.



Having established the relative strength of the Mooi River TLC, it is now possible to examine the extent to which the TLC can be considered to be developmental.

The first characteristic of developmental local government is that it has geared its activities to the pursuit of governance. The difficulties that the Mooi River TLC seems to have run into with regard to extending democracy, in many ways also reflect the inability of the Mooi River TLC to shift from government to governance. There is a level of conflict between the councillors and the officials and between the TLC and actors in civil society. Under these situations it is difficult to develop the trust and accountability necessary for governance to take place. Furthermore, conflict of this nature undermines the perceived legitimacy of local government, as it gives the impression that local government is not responsive to the needs of local communities and civil society.

The low levels of governance are further reflected in the apparent lack of common purpose in the Mooi River TLC. Attendance at workshops that were held as part of the local development plan process was overwhelmingly black, while attendance at the workshops that were held as part of the economic regeneration strategy process was overwhelmingly white. It appears that the local development plan workshops were associated with the provision of services and social facilities and were therefore a 'black thing'. The economic regeneration strategy workshops were seen to be for the benefits of the TLC's businessmen and were therefore a 'white thing'. There was no sense that both elements were intimately related and that they should be considered equally important by the residents of the TLC. The Mooi River TLC while attending both sets of workshops did not fulfil a facilitative function that would have brought these two elements together.

The second salient characteristic of developmental local government is its focus on the distribution and redistribution of resources. At first glance, the Mooi River TLC has grasped the importance of this particular element of the new local government paradigm and pursued it with vigour. Various infrastructure and housing related projects have been undertaken, undoubtedly to the benefit of the Mooi River TLC's residents.

The Mooi River TLC has an environmental management plan, which was developed as part of the local development plan. As this plan is still in the early stages of implementation, it is not possible to pass comment on the impact that it is having on the distribution of resources. The Mooi River TLC also actively manages the distribution of resources through the administration of its town planning scheme.

The two areas of resource distribution relating to the promotion of economic activities and the consolidation of livelihoods have largely been removed from the Mooi River TLC and have been vested with the Midlands Investment Initiative. The Mooi River TLC, although an active part of this initiative, is not responsible for driving the process of economic regeneration. Capacity in local economic development and local economic planning does not exist within the Mooi River TLC and it is therefore unable to fulfil this mandate.

The third characteristic of developmental local government, its entrepreneurial nature can be subject to the same analysis. The Mooi River TLC has had its hands full engaging in various crises that have come its way in the previous five years. It has only just been able to expand service delivery and maintain existing infrastructure. With all its energy focused on these aspects it has not been able to develop entrepreneurial or management capacity. As is the case with economic regeneration and the consolidation

of livelihoods, outside pressures have forced the Mooi River TLC to relinquish this responsibility to an institution that has the appropriate capacity.

The fourth characteristic of developmental local government is that it is actively engaged in the delivery of social and engineering services. At first glance it appears that the Mooi River TLC can be considered to be developmental in the light of this characteristic, as least as far as the provision of engineering services is concerned. However, the question arises as to whether or not the levels of service provision provided by the Mooi River TLC are sustainable in the long term.

The levels of service provision, particularly in the new development areas, are relatively high while affordability levels appear to be low. Ideally levels of service and affordability levels should be equally matched in order that the recovery of service charges can cover the cost of maintenance and future augmentation. The mismatch of levels of service and affordability levels suggests that the Mooi River TLC may run into problems in the future when infrastructure requires maintenance. The decision to install a high level of service was based on political considerations and reflects a lack of experience in matters related to sustainable urban development.

The final characteristic of developmental local government relates to its role as a facilitator of development. The Mooi River TLC has played this role to a degree, particularly as far as the delivery of housing and engineering infrastructure. However, the TLC has not been able to act decisively in the area of economic regeneration and as a consequence no longer has the primary responsibility for this aspect. The Mooi River TLC, however, does have a role to play in assisting the Midlands Investment Initiative with the administrative and statutory aspects of development in its area of jurisdiction.

An example of this assistance is the fast tracking of development applications through official systems and procedures.

#### **5.4 Conclusion**

In summary, it can be said that the local government institutions operating in the Mooi River TLC are neither strong nor developmental. As a result of external shocks, weak internal management and low levels of capacity, the Mooi River TLC has been unable to develop over the last five years. On the surface it appears that some progress has been made, however, more detailed investigation reveals that the long terms costs of this progress threaten the future of the TLC.

The case study is useful in highlighting two key issues that impact directly on the ability of local government to be strong and developmental. Firstly, the development agenda is being pushed very strongly by other spheres of government. In the case of Mooi River this aggressive advocacy of development delivery has not been to the benefit of the TLC. Development has been undertaken in reactive, *ad hoc* and uninformed manner. As a result the long term future viability of the Mooi River TLC is at risk.

Secondly, the inability of the Mooi River TLC to resist this pressure has been as a result of low levels of capacity and experience on the part of all actors. Unfortunately, this lesson has been learnt at great cost. In many ways the decisions that were taken that put the Mooi River TLC in the vulnerable position it is in has further limited its ability to be proactive.

## **Chapter 6: Conclusion**

This dissertation has attempted to unpack the notion of developmental local government and to explore its future prospects, particularly as far as the KwaZulu-Natal Midlands are concerned. This was done by firstly examining the notion of government and the state and contrasting these concepts against what many consider to be their antithesis, the market. In this way an understanding was developed of the way in which an institution such as the state could bring its particular position in the political economic environment to bear on the development problem.

The notion of the state was then disaggregated and the focus was shifted to the local sphere or tier of government. The discussion revolved around the potential role that local government could play in the delivery of development and an argument was developed that places local government at the frontline of development activity. In order to fulfil this role, however, local government needs to be both strong and developmental. A number of characteristics of strong local government were identified as benchmark against which the case study could be measured. Strong local government has:

- Relative autonomy within the broader framework of government.
- The ability to raise revenue and spend that revenue at its discretion.
- A high level of administrative and technical capacity.
- Operates on principles that are fundamentally democratic in nature.

These characteristics of strong local government were then augmented by a number of characteristics of developmental local government. This argument was based on the assumption that in order to be effectively developmental in outlook, local government institutions also have to be strong. Developmental local government is characterised by:

- A focus on governance rather than government.
- An explicit focus on the distribution and redistribution of resources.
- An entrepreneurial nature.
- A focus on the provision of economic, social and engineering services.
- The free flow of information.

In order to provide a background to the case study, a brief history of the local government milieu since the 1950s was provided. A number of trends were identified and analysed as part of this process. In order to finally place the case study in a meaningful context, an analysis of the legislation and policy governing the transition between apartheid local government and post-apartheid local government was undertaken. This analysis concerned itself with the constitution, the white paper, the various transition acts and the 'municipal trinity', the suite of three pieces of legislation that deal with the future shape of local government.

The characteristics of strong and developmental local government were then applied to the Mooi River TLC, the largest TLC in the KwaZulu-Natal Midlands area. An assessment of the strength of the Mooi River TLC on the basis of these criteria revealed that the Mooi River TLC is neither strong nor developmental.

An attempt to identify a reason for this led to the conclusion that there is a critical lack of capacity at the local level, which is hindering the movement of local government towards stronger, more developmental forms. While the systems governing the mandates and operations of local government have changed rapidly since the 1994 national elections,

appropriate capacity to implement these new forms of local government has not developed. To a large extent the people responsible for implementing the new systems of government at the local level have been left behind. Whether this is by accident or design is a moot point, but the fact remains that developmental local government can never be a reality while there is a critical lack of capacity at local level.

The lack of capacity has also affected the relative power of local government to fulfil its mandate. Certain powers and responsibilities for elements of the developmental mandate that would strengthen and entrench the position of local government in the overall system of government, have been siphoned off to non-governmental institutions. The prime example in the case of the Mooi River TLC is the Section 21 company that has been established to deal with the economic development mandate in the Mooi River TLC and environs. While local government is expected to play an active role in these institutions, this situation is unlikely to result in the development of capacity at the local level.

What is also clear is that local government, while potentially powerful in its own realm, very rarely has influence on any larger scale. Local government is put in a position where it has to respond to external shocks both internally and externally. These shocks occur at various scales from the global to the sub-regional. The impact of the entry of the South African economy into the global economy on the clothing and textile sector is a good example. Local government, in the case of the Mooi River TLC, has fallen victim to a larger set of global forces.

This disempowerment is also evident at the sub-regional scale, just one level up from the local level. The Mooi River TLC has struggled to slow the migration of agro-

processing industries to the Estcourt TLC, the self styled agro-processing center of KwaZulu-Natal, and finds itself unable to halt the transfer of firms out of the TLC.

Rather than the redistributing of power to the local level, other spheres of government need to take on an advocacy role on behalf of local government. This would show evidence of reciprocity as local government can be said to advocate for the national and provincial spheres of government at the local level. Programmes and planning initiated need to take cognisance of the potential impact that these actions might have at the local level.

Local government clearly has a role to play in the delivery of development to previously disadvantaged groups. At the moment, however, historical baggage and other constraints, most notably the lack of capacity, are hindering the ability of local government structures to fulfil this role. The process of change and development is likely to be incremental and slow, but it should continue to be pursued with vigour, bearing in mind the end result of effective delivery.



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