

**SERVICING
THE NATION**
Local & Regional Government Reform

INDICATOR PROJECT SOUTH AFRICA
Centre for Applied Social Sciences • University of Natal

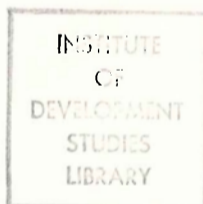


SERVICING THE NATION

Local & Regional Government Reform

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INDICATOR PROJECT SOUTH AFRICA
Centre for Applied Social Sciences • University of Natal • Durban

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1 INTRODUCTION

By Prof Lawrence Schlemmer

Over the past eighteen months, South Africa's cities and towns have become a focus of national and international attention, by virtue of sustained protest and unrest in African and coloured communities. The unrest has not been localised; it spread from the Vaal Triangle to the Witwatersrand, towns in part of the Free State, the Eastern Cape, Durban, Pretoria and most recently the Western Cape. The issues underlying the unrest are national in their scope. All urban areas in South Africa are at risk.

Unrest: Complexity of Causes

The anatomy of the unrest is highly complex and defies simple diagnosis. Certainly it includes political mobilisation, some of it with revolutionary aims. In as much as the action on the streets has been mainly (but not exclusively) carried out by teenagers and young adults, it reflects pathological stresses in the school systems for Africans and hugely inadequate employment opportunities, particularly for young adults and school leavers. Other socio-political and social psychological factors are easily identified.

Among the complexity of causes, however, is the issue of the quality of life in African urban areas, including services, service charges, transport costs, rentals, maintenance of rented housing, amenities and facilities and the general environment of the townships.

This is not mere speculation. Before the current wave of unrest was underway, rent and service charge protests and a bus boycott in Lamontville in Durban led to violent confrontations with the authorities (Fick 1983). The eruption of violence in the Vaal Triangle (particularly Sharpeville) initially involved large scale householder protest against proposed monthly service charge increases of just under R6. During this protest it was estimated that at least 60 percent of African employees stayed away from work in a one-day boycott on September 3rd 1984. This event, which unleashed confrontations between demonstrators and police which claimed 72 lives and led to over 1 000 arrests, was the culmination of a long period of agitation over rentals and service charges, and mounting rental arrears in townships like Lekoa, Evaton, Sebokeng, Sharpeville and others.

The one-man official investigation into the Vaal Triangle disturbances by Prof Tjaart van der Walt, rector of the University of Potchefstroom, found, contrary to expectations, that youth problems and education were not the major causes of the unrest, but pointed instead at the new local authority system, mal-administration, probable corruption at local level and widespread ignorance among residents of the way local government functioned (Cooper et al 1984: p64).

African Local Government

The issue of local government has been dramatised recently by numerous and widespread attacks on and assassinations of African local councillors during the unrest. To date some 75 African local councillors have been the victims of attacks on their persons or homes and at least five have died. Under the impact of these threats only some five of the 38 newly created African town councils are properly functioning. Up to June 1985, 240 African councillors and officials, including 27 mayors, resigned.

To reduce explanations of the unrest to failings in African local government and administration would be naive. These issues are prominent in the mix of factors which create an environment of instability, however. African local government in South Africa is an issue charged with potential for violence and instability. Suspicion of government motives is widespread in the African communities, and an emerging view often heard in extra-parliamentary opposition circles is that the intention of reforms in local government are to provide some material and practical benefits, so as to facilitate and disguise a strategy of deflecting African political energies and interests away from the central franchise. Municipal and regional government development will more and more be presented as a 'co-optive' process to divide and weaken the popular struggle.

The Regional Services Councils Act

It is in this broad context, as well as in the context of a serious economic recession and forecasts of high inflation rates as the economy starts to recover, that a major new constitutional initiative at the third and second tiers of government is about to be launched: The Regional Services Councils Act (Act 109 of 1985). In the words of Minister Chris Heunis, 'In terms of this Act, integrated local government bodies, regional services councils (RSCs) will be established to rationalise area-wide local government services to provide effective political representation for all (including black) communities in a region and to generate funds primarily for the development of black, Indian and coloured areas' (Financial Mail 23/8/85).

The new form of regional authority proposed is certainly a very challenging development and has some powerfully reformist elements. Basically, as the Minister has indicated, it involves new forms of taxation of private enterprise at local level (a levy on wages and salaries and on turnover) to finance the functions of over-arching regional councils which will administer, deliver or take responsibility for major infrastructural or 'hard' services of a non-political, and non-social or cultural nature across all local authorities in a region. While representation will be in terms of a formula based on the individual municipalities' shares of the total payments for the use of the services in the region, it is stated in the Act that 'the council shall give preference to the establishment, improvement and maintenance of infrastructural services and infrastructural facilities in areas where the greatest needs therefor exist' (Section 12 (6) of Act No 109 of 1985).

The new councils are not democratic in the conventional sense therefore, in that representation is loaded in favour of the local authorities which consume the greatest amount of services. The element of redistribution is prominent, however, since the priority will have to be to build up the service infrastructure of the poorer local authorities before spending money on the authorities in whose areas the funds are raised.

A major dimension in the Act, as implied above, is a separation of 'political' and infrastructural or 'non-political' matters. Local authorities or other local bodies such as management committees or local affairs committees will remain racially segregated and will collect rates to render sensitive services of a social or cultural nature. In a sentence the RSCs are a way of protecting white local self-determination and community segregation, while taxing the productive resources of a region to develop the infrastructure in segregated African, coloured and Indian municipalities which have an inadequate tax base.

In one sense, therefore, the new Act appears to be as materially progressive as it could be within the constraints of residential and political segregation. Minister Heunis comments that '.... political participation on local government level will be democratically extended to include other communities without seriously destabilising the present system of local government. This is the only way to bring about evolutionary reforms in any society' (Financial Mail op cit). There is no doubt that the new councils will be a departure from conventional apartheid. The local authorities and/or organisations will be nominating members to multiracial decisionmaking forums in a society in which multiracialism has been taboo for nearly four decades.

While conceding that the new legislation is important and innovative, one must nevertheless ask whether it will work. Reform in the South African political climate is hazardous. This society has seen other 'reforms', like the introduction of the tricameral parliament or the abortive proposed changes to influx control of 1982/3, unleashing massive protests and boycotts. In asking whether the new legislation will work the following questions must be addressed, here posed in random order:

- Will it gain acceptance among African, coloured and Indian local communities?
- Will it survive white political reactions in a situation of inevitable competition between local authorities?
- What will its effects be on economic growth and employment creation in the major industrial centres of the country?
- Is it a genuine devolution of power to the third tier of government or is it a decentralisation of functions with a centralisation of authority and control?
- Will it address the most critical developmental needs of the poorest local communities? And,
- if it works, what will its effects and implications be in the wider process of change towards a democratic political order?

In the sections which follow, various authors will analyse the legislation or aspects of the problems it must address. In so doing they will answer some of these questions. In the conclusions we will endeavour to draw together answers to these and other major questions, as a basis for an assessment of the new development. We commence, however, with an exposition by Mark Bennett of Indicator SA of the new Act and the regional functions it will create.

Sources

Cooper C et al, 'Race Relations Survey 1984'. SA Institute of Race Relations, Johannesburg 1985.

Fick M, 'Township Disturbances , Lamontville 1983', in Indicator SA Vol1/No2, CASS, University of Natal 1983.

2 FROM THE TOP DOWN

Regional Services Councils' Structures

By Mark Bennett, Indicator SA Researcher

New Dispensations

Following much vaunted reforms at the first tiers of government, the ruling party and its various administrative functionaries then redirected their attention in a flurry of legislative activity to political and administrative structures at lower levels, which hitherto had remained relatively unaffected by legislative adjustments.

In 1984, in the final session of South Africa's last all-white parliament, Minister of Constitutional Development and Planning Chris Heunis claimed that the government would be seeking to extend those 'guide plans' encapsulated in the 1983 constitution through the establishment of new local and regional government structures, in order to give expression to the central philosophy behind the new constitutional dispensation: that every race group 'should have self-determination with regard to its own affairs and co-responsibility for matters of common concern'.

With regard to his party's attitude towards the specific mechanics of local and regional government and administration, Minister Heunis stated that the government accepted:

- 'the principle of maximum devolution of powers and decentralisation of administration to the local level of government and of minimal administrative control over local authorities',
- that 'wherever possible, local authorities should be established for the various population groups on a territorial basis, subject to adequate financial arrangements to ensure their viability', and
- that 'on a metropolitan or regional level, joint services will probably have to be rendered for which purpose bodies will have to be established' (Hansard No 22 1984: col 10762).

However, in the same speech he warned that the government would not allow an extension of the decisionmaking process to the 'lowest level' if this meant that local authorities were going to sabotage government policy at the 'national level' (ibid).

The Need for Local Level Reform

A consequence of the absence of coloured or Indian representatives on Provincial Councils, the second tier of government, has been that neither the 'own' or 'general affairs' concepts encapsulated in the new constitutional dispensation could be given expression at the regional administrative level.

To a lesser degree, at the municipal level, there was also a need to increase black influence as whites had monopolised most important administrative and decisionmaking functions.

There was, therefore, an urgent need for the government to establish a system that would allow the other race groups to be able to regulate or influence matters that affected their 'own affairs', simply to give some local expression to the central concept of the new constitution, namely the division between 'own' and 'general affairs'. No legitimacy could accrue to the new dispensation without at least some evidence of the operation of this concept at the local and regional levels.

The government did of course have the theoretical option to triplicate, at phenomenal expense, the entire tri-cameral parliamentary structures all the way down the line, so as to allow all races represented at the first tier to have separate 'own' and 'general affairs' representation at successive lower tiers of government and administration. In practice however this would have been not only regressive but financially impossible, as the Director of Constitutional Planning and Development, Mr Len Dekker, pointed out (SAIRR 1984: p156). He argued that to repeat the parliamentary system of three separate houses for the Indian, coloured and white communities at the provincial level alone would mean the prospect of establishing 11 Provincial Councils - three for each province (except for Indians in the Orange Free State) - with more than 300 MPCs and their attendant civil service bureaucrats!

Local Finance

Coinciding with the urgent need to find a more acceptable political dispensation for all race groups at the municipal and provincial levels, the government was faced with pressures from white local authorities.

Over time white local authorities, due to the dual effects of increasing fluctuations in the economy and increases in the rate of inflation, found that their own revenue base was inadequate to deal with rising demands for services. Consequently they began to lobby government to provide more remunerative structures within which to generate revenue at the local level (see article by Gorven).

Its already overstressed exchequer unable to assist, the government responded by establishing the Browne and then later the Croeser Committees, to investigate the possibilities of expanding the revenue bases of primary local authorities. Both committees recognised that the most serious financial crisis existed in local authorities for urban blacks. They recommended that far from giving priority to the needs of white municipalities, the government should rather take immediate steps to redress the severe financial crises in black communities. Government efforts to find an acceptable system of representation for urban Africans have been repeatedly thwarted by virtual collapse of the Black Local Authority (BLA) system.

Collapse of the BLAs

To a large extent, the financial disintegration of the BLA system can be attributed to government efforts to make BLAs as financially self-sufficient as possible. Unlike white areas and to a lesser degree coloured and Indian areas, African areas do not have any tax base sufficient enough to sustain autonomous growth.

This lack of revenue to improve services and infrastructure has exacerbated the rejection of BLAs by African communities; many African residents view them as little more than extensions of the grand apartheid edifice. Severe rioting in the Vaal Triangle townships in September 1984, which resulted in the death of a number of African town councillors and mayors, were in many cases a direct response to increases in rent and service charges, instituted by BLAs to generate revenue.

Transfer Payments: A Remedial Step

Consequently steps which would improve the financial viability of BLAs, instead of forcing already impoverished African communities to contribute to their own upkeep, stood a better chance of increasing the legitimacy of African local government structures. Thus the recommendations of the Browne and Croeser committees, that additional finance to improve underdeveloped and underserved black residential areas could be obtained by transfer payments of revenue generated in the more affluent white areas, became increasingly more attractive for the government.

The government plan began to swing clumsily into action: certain central government functions would be devolved to lower tiers, while ultimate control of some traditional municipal functions would be transferred upwards to the three-chamber parliament. Thus a metropolitan system of regional government, which would be responsible for providing a number of common municipal services to all race groups in a specific geo-political region and for the raising of revenue to perform such tasks, came into being.

To act as an interface between these metropolitan administrations and parliament, a government-appointed Administrator with a small Provincial Executive is scheduled to be created (see diagram on following page).

In this context, the Regional Services Councils Act No 109 of 1985 finally became law: the keystone in an edifice of reform initiatives aimed at changing traditional local and provincial government politics and administration.

FROM THE TOP DOWN
REGIONAL SERVICES COUNCILS

STATE PRESIDENT

CABINET

TRI-CAMERAL PARLIAMENT

*House of
Assembly*

*House of
Representatives*

*House of
Delegates*

PROVINCIAL ADMINISTRATOR
&
PROVINCIAL EXECUTIVE COMMITTEE

REGIONAL SERVICES COUNCILS

MUNICIPALITIES

White

Coloured

Indian

African

What the Act says — RSC Structures

'To provide for the joint exercise and carrying out of powers and duties in relation to certain functions in certain areas by local bodies with such areas; and to that end to provide for the delimitation of regions; the establishment of regional services councils; and the constitution, functioning, functions, powers, duties, assets, rights, employees, and financing of such councils; and to provide for matters connected therewith.'

Preamble to the Regional Services Councils Act No 109, 1985

i) Local Authorities — The third tier

With the establishment of Regional Services Councils (RSCs), the various primary local authorities for Indians, coloureds, whites and to a lesser degree for Africans will be responsible for the administration of the 'own affairs' of their particular race group at the municipal level, for example over issues such as housing, hospitals, community development and social welfare. All elected and administrative officials at this level will be answerable to the regional offices of the central government's various 'own affairs' administrations, which in turn fall under the control of the various Minister's Councils in the House of Delegates, Representatives and Assembly. As no genuine first tier 'own affairs' structures exist for Africans - except for homeland administrations - African representatives in BLAs will continue to liaise with white officials in the Development Boards, which now fall under the Department of Constitutional Development and Planning. Concomitantly, the RSCs will have no control over the 'own affairs' functions performed by primary local authorities.

In terms of the 'general affairs' philosophy enshrined in the Constitution Act of 1983, a number of service and administrative functions performed by local authorities, and deemed to be the common concern of all races, will be removed from their jurisdiction and transferred upwards into the control of the RSCs (Section 3 (1)(b)). At the same time, some functions controlled by other existing local bodies like the Natal Development and Services Board, water corporations, divisional councils and the Transvaal Board for the Development of Peri-Urban Areas, will be rationalised and transferred to the RSCs (Section 3 (2)(a)) (Financial Mail 23/8/85).

No compensation will be paid to any local authority which surrenders any rights or transfers any assets to the RSCs (Section 4 (4)). However, Section 4 (3)(a)(ii) of the Act does allow certain municipalities to perform some regional functions on an agency basis, for example the retail and/or bulk supply of electricity and water - in this case it will be the larger white municipalities which are most likely to be able to be in a position to retail these services.

Further, all local authorities in a particular region serviced by a RSC will be compelled to use only those services offered by that Council - unless granted an exemption (Section 5). This clause caused concern as it has precluded communities from exercising their freedom of choice, for instance,

a relatively poor municipality may be adversely affected by a decision aimed to satisfy a more affluent neighbour (Assocom 1985: p5).

Office-Bearers

Local authorities have to nominate elected office-bearers from their ranks to sit on the RSC; members of RSCs are therefore not directly accountable to the ratepayers of a municipality but to the primary local authority that nominated them (Section 6 (2)). This has angered some critics who argue that it contradicts government statements that RSCs are to be an expression of the grassroots power of communities. All nominated representatives may hold office for a maximum period of five years, but after the expiration of their term of office may be eligible for renomination (Section 8 (1) & (2)(a)). The long tenure of local authority representatives on the Councils could mean that the RSCs become saddled with Indian, coloured and particularly African representatives from primary local authorities which in the eyes of their electorate, already have little popular support or legitimacy.

Representatives on RSCs are not in a secure position, for the local authority which nominated them onto the council has the power to withdraw their nomination at any time (Section 8 (3)(c)). This 'apparently democratic' clause potentially threatens to disrupt the functioning of the RSC system, as it may result in some well-meaning and dedicated members of RSCs, ie those committed to upgrading the infrastructure of black communities, being withdrawn by more conservative elements in municipalities or by ratepayers in third-tier elections.

Each local authority is theoretically allowed to have as many votes as is equal to the proportion between the amount paid by local authorities for regional services (excluding regional services consumed in industrial areas or central business districts) and the total revenue obtained by the RSC as a result of the provision of its services (Section 9 (1)(a)). In an apparent effort to prevent richer white local authorities from dominating decisionmaking processes, the Act states that if there are more than two authorities represented on a RSC, no local authority can have more than 50 percent of the total number of votes on the Council (Section 9 (2)(a)), nor may any primary local authority have more than five members on a RSC (Section 6 (2)). However, there is little to prevent a number of white municipalities - whose interests are more likely to converge - from ganging together to pass a vote.

In the dying days of the 1985 parliamentary session, in an effort to discourage Indian and coloured parliamentarians from blocking the passage of the RSC Bill, the government agreed to investigate ways of substantially increasing the tax base of the Indian and coloured Management and Local Affairs Committees. Consequently it announced that in future the old system of traditionally including industrial areas in white local authorities would no longer continue, and that when new local authority areas were demarcated, industrial areas would be re-allocated to the local authority areas from which most of the workers came (Daily News 5/6/85). When such a procedure becomes operational, it could amount to a back-door scrapping of the Group Areas Act - at least as far as industrial areas are concerned.

ii) Regional Services Councils — The second tier

Aside from political considerations, the main *raison d'être* behind the establishment of RSCs has been an attempt by the government to rationalise a number of the service and caretaker functions performed by racially defined local authorities and Provincial Councils under the control of a single multiracial umbrella body.

By transferring these functions upwards from local authorities - and downwards in the case of some Provincial Council functions - into the jurisdiction of RSCs the government aims to:

- achieve economies of scale and increase efficiency by reducing the costly duplication of services that presently occurs, with each race groups' local authority being responsible for the provision of services to their own communities;
- reduce traditional white domination in the provision of some of these service and planning functions; and
- improve the infrastructural development of black communities.

In accordance with the 'own/general affairs' ethic, only those functions that are deemed to be the common concern of all race groups will be administered and controlled by the RSCs. The government envisages that each RSC will be responsible for the provision of more than 21 services (see box).

FUNCTIONS ASSIGNED TO REGIONAL SERVICES COUNCILS

- | | |
|--|---|
| ● Bulk supply of water | ● Ambulance and fire brigade services |
| ● Bulk supply of electricity | ● Health services |
| ● Sewerage purification works and main sewerage disposal pipelines | ● Airports |
| ● Land useage and transport planning in the region | ● Civil defence |
| ● Roads and stormwater drainage | ● Libraries |
| ● Passenger transport services | ● Museums |
| ● Traffic matters | ● Recreation facilities |
| ● Abattoirs | ● Environment conservation |
| ● Fresh produce markets | ● Promotion of tourism |
| ● Refuse dumps | ● The establishment, improvement and maintenance of other infrastructural services and facilities |
| ● Cemeteries and crematoriums | ● Other regional functions |

Source: Schedule 2 RSC Act.

However, the question of to which geographic areas (political areas in the South African context as a result of the Group Areas Act) these service functions are allocated among the various racial groups, is critical. Perhaps the most important section of the Act states that as a matter of policy, the 'council shall give preference to the establishment, improvement and maintenance of infrastructural services and infrastructural facilities in areas where the greatest needs therefor exist' (Section 12 (6)).

Although the terminology might be colourblind, it is clear that as a result of the inadequate, if not total absence of, facilities and infrastructure in Indian, coloured and particularly African areas, most RSCs' expenditure should theoretically be channelled into these regions.

This policy is bound to be the cause of many disputes within RSCs as various racial interest groups on the Councils compete to get a larger share of redistributed services. Even before the first RSCs have been established, some white local authorities have expressed concern at being forced into RSCs adjacent to large underserved black areas, as they fear they will be forced to contribute to the upgrading of the poorer areas.

Although the new system of rationalising the provision of services is bound to achieve certain savings and increase efficiency, critics have pointed out two drawbacks.

First, organised commerce has argued that as a number of municipalities are already achieving considerable savings in the provision and use of services by being party to collective agreements with neighbouring local authorities, the compulsion for local authorities to use RSC services represents an unwarranted statutory interference (Assocom 1985: p5). Assocom has argued that the market place, in the municipal sense, already provides the motivation for striving for optimal utilisation of resources and best value for money in terms of services required and provided.

Second, it is argued that the government's policy of trying to achieve cost reductions and improve efficiency by encouraging the common provision and use of 'general affairs' municipal services is being counteracted by the 'own affairs' ethic, which compels all third-tier authorities to provide racially separate services. They claim that the only way of securing a cost-effective and efficient system of third and second-tier government would be to get rid of the 'own affairs' ethic and to provide all services on a multiracial basis (Lear and Winter 1985: p3).

RSCs will have all the powers and duties of a local authority in the control of these general services or an official in the employment of a local authority, except that the Councils will not have the power to raise revenue by levying rates on immovable property (Section 4 (1)(a)).

Finance

In order to finance the provision of these regional services, the government expects each RSC to raise its own revenue. There are three ways in which the RSC can raise the necessary finance:

- 'loans', 'interest on investments', 'donations' and 'fines' (Section 12 (2));
- a regional services levy (payroll tax) (Section 12 (1)); and
- regional establishment levy (turnover tax) (Section 12 (1)).

A fourth new source of revenue, an 'investment tax', was originally proposed, but due to pressure from organised business and commerce was shelved and referred to the Margo Commission of Inquiry into South African tax structures for further investigation.

The turnover tax will be calculated by taxing a percentage of the total sales on which a vendor pays general sales tax (GST), including turnover on certain food items on which GST is not payable (Star 9/5/85). A tax of a similar proportion will also be paid on the turnover of persons who are not vendors.

Likewise, the payroll tax will be calculated by taxing a percentage of the total wage bill of all employers, which includes amounts paid to directors of private and public companies, taxable benefits to employees, and profits paid to partners and sole traders by withdrawals or loans (ibid).

Importantly Section 12 (7) makes it illegal for employers or vendors to recover any of the payroll or turnover taxes paid 'by adding it as a separate item to his prices or tariffs or the cost of his services or by deducting it from the wages or salaries paid by him'. Any person who fails to pay the taxes or who contravenes Section 12 (7) could be liable to a maximum fine of R5 000 or a period of up to 12 months imprisonment or a combination of both (Section 12 (9)). However, the Deputy-Director of Finance, Gerhard Croeser, one of the main architects of the new taxation system, has pointed out that in effect the consumer will ultimately contribute towards the tax (Financial Mail 14/6/85).

Both these taxes will be regarded as a deductible business expense, which means that the government could, in an indirect way, 'foot half the bill' through lost taxes. Further, as the government is an employer it will also be liable to pay tax on the salaries it pays (ibid). Section 12 (1)(b) does however allow the Minister of Finance, after consultation with the Administrator and the RSC, to exempt any category of 'employer, vendor or person from any levy'.

In an attempt to improve the quality of civil servants who will be working in these reorganised second and third-tier structures, the Act makes it compulsory for RSCs to pay one-twentieth of a percent of a year's revenue to the training fund established in terms of the Local Government Training Act No. 41 of 1985 (Section 12 (5)).

The rates at which both the payroll and turnover taxes are levied is not uniform for all the proposed RSCs. Each RSC, with the concurrence of the Minister of Finance, will be responsible for determining the taxing rates in their own areas (Section 1 (xi) and (xiv)). The ability of each RSC to choose - with the support of the Minister of Finance - the tax rates could mean that a skillful manipulation of the tax rates in each RSC area could promote either massive industrialisation (with low rates) or industrial deconcentration as entrepreneurs shift their investment portfolios and/or assets to take advantage of differing tax structures. The fact that the Minister of Finance has the ultimate say in determination of the rates has prompted some critics to claim that the government will use its powers on the RSCs to promote industrial decentralisation (see articles by Solomon and Gildenhuys).

The ability to choose taxes could be a double-edged sword, for if a RSC decides to levy relatively high taxes in order to improve the infrastructure and services within black areas, it may discourage investment within the region and induce other business to leave to find a lower tax region, thereby increasing unemployment which would affect the black communities the most.

African Representation

Importantly, the Act is significantly different from a 1984 draft version of the Bill, in that the government has allowed for the inclusion of African local authority representatives with equal status and theoretically equal voting powers to be included into the Councils (Section 1 (v)). However, even though the inclusion of African representatives may be viewed as an attempt to broaden the democratic base of second-tier government, the plan is beset with problems. Recent violence in many African townships has been directed by communities at the 'elected' representatives in BLAs, and consequently a number of these bodies are at present totally inoperative, thus placing BLA representative representation on RSCs in doubt.

Minister Heunis claims that those African authorities that have been dissolved will not be represented on a RSC for as long as an elected management body for that region is absent (Financial Mail 23/8/85). However, legislation opening the way for white functionaries to run black local authorities was approved by the Parliamentary Standing Committee on Co-operation and Development in 1985. In terms of the legislation, the State President could dissolve a black local authority if he believes such an authority is unable to exercise, perform and fulfill any right, power, function or duty assigned to it, and to appoint white functionaries. Professors Schlemmer and Giliomee have succinctly noted in a similar vein that the RSC system 'provides nothing more than a delegation of administrative service functions which in many areas will reintroduce an unsympathetic white bureaucracy into the townships with a vengeance' (Financial Mail 2/8/85).

'Foreign' Local Authorities

In addition to the inclusion of BLA representatives, the government has also catered for the inclusion of other communities, particularly African, which are not located within the borders of South Africa, ie those which are part of 'independent' homelands. However they may only be incorporated into RSCs after the approval of the Minister of Foreign Affairs and the Administrator (Section 4 (3)(a)(iii) & (iv)). The voting strengths of these representatives will not be determined by their financial contribution to the Council, but by an agreement negotiated by the Minister of Foreign Affairs.

Possibly one of the reasons why the government has allowed for 'foreign' commuter townships to be included into RSCs is that it hopes that the Councils could, through their redistributive mechanisms, improve the transportation services between white South Africa and the black commuter suburbs. A consequence of the Group Areas Act, which forces many black commuters to travel long distances to work, has been an ever increasing politicisation of all transport issues; which in certain instances has resulted in severe dislocation for white business and commerce. Section 12 (6)(d) states that a RSC will use part of their revenue in order to pay for the 'costs of the establishment, improvement and maintenance of an infrastructure for and the running of transport services for commuters between their places of residence within or outside the region or outside the Republic and their places of employment in the region'.

iii) The Administrator and Executive Committee — Government appointees

In terms of the RSC Act, the current system of Provincial government which has served the white community for more than 75 years, will disappear. The Provincial Councils will be replaced by an Administrator who, in turn, will have an Executive Committee (EXCO). The EXCO will be multiracial, and the Act does not preclude the possibility of the Administrator being black.

Both the Administrator and his EXCO will not be elected by the population of the area they are to oversee, but instead will be nominated by the State President. The government intends the Administrator to be a direct link between the RSCs and parliament, while the new EXCOs will act as proxies for government by looking after general affairs at the provincial or regional level (Business Day 15/5/85). The EXCOs in each province will be directly answerable to a parliamentary standing committee composed of parliamentarians from each province (Daily News 5/6/85). Both the Administrator and his/her EXCO will be in charge of general affairs issues and will have little control over the affairs of the primary local authorities at the third tier.

There is also a possibility that there will be more than the current four Administrators, one for each province. There are indications that the government intends establishing a single Administrator and EXCO in Natal and the Orange Free State, but three each in both the Transvaal and the Cape. Some commentators have construed this as a burgeoning of a bureaucracy; something which the government has stated that RSCs will reduce.

Establishment of RSCs

One of the prime functions of the Administrator will be to oversee the establishment of RSCs. In doing so he must work in conjunction with the multiracial Demarcation Boards which fall under the control of the Department of Constitutional Development and Planning. In guidelines laid down for the establishment of a RSC the Administrator must:

- consider the existing boundaries such as rivers, mountains, railway lines, roads and watersheds;
- ensure that the region must be an economically-bound unit within which inhabitants live, work, commute and relax, and where they spend most of their income; and
- ensure that the region must be financially self-sufficient in the cost of joint provision of services and the 'satisfaction of the general needs in the region' (Daily News 9/6/85).

Once established, an Administrator may alter the boundaries of a RSC by combining two or more regions, including any area - whether it is contiguous to the area or not - and revoke the delimitation of a region (Section 2 (1)). In the execution of these duties he is, however, as with most other powers of the Administrator, bound to get the consent of:

- the Minister of Constitutional Development and Planning;
- the 'Minister appointed to administer local government in respect of black communities';
- the Minister of Finance;
- the local government Ministers in the Ministers' Councils in the House of Delegates, Representatives and Assembly (Section 2 (2)(a)).

The Administrator need only consult with the local bodies in the region or an already established RSC (Section 2 (2)(b)).

In order to ensure the smooth functioning of the RSC, the Administrator may also transfer or second to a Council any person employed by a local authority, province or state (Section 3 (2)(b)). This provision, although allowing the Administrator to choose the best official for a job, could also leave the way for the Administrator - himself a political appointment - to appoint officers in some areas that might be regarded as politically sensitive, in order to ensure that government policy is followed. This clause may be seen to further erode the democratic base of the RSCs.

Government Control

Central government control over the RSCs is further increased as the Administrator also has the power to appoint or remove the chairman of each Council (Section 7 (1)); after the concurrence of the Minister in charge of African affairs and the local government Minister in the Ministers' Councils. The chairman will not be allowed to vote.

One of the most critical functions that the Administrator is able to perform on RSCs is that of being able to pass regulations. Ironically this clause seems to contradict Minister Heunis' statement that the new deal at the local and regional level was underpinned by the philosophy of a maximum devolution of power and decentralisation of administration.

The provision states that the Administrator may make regulations 'in respect of any matter in the Act' (except for financial concerns) 'if he is of the opinion that it is necessary or expedient for the effective execution or furtherance of the provisions and objects' of the Act (Section 13 (1)(a)). This means that when any Council which does not implement - in the manner which the government desires - any sections of the Act, its decisions or actions may be overridden by regulations. However, the Administrator may only gazette regulations after 'consultation' with the Councils for the Coordination of Local Government Affairs and after the concurrence of the Ministers in charge of 'own affairs' and the Minister in charge of African local government (Section 13 (3)).

A possible reason for the inclusion of this section could be government fears that certain extra-parliamentary organisations might break the non-participation tradition and decide to become involved in the new structures in order to wreck their effective operation.

Protecting Reform

On the other hand, the clause will also give the government a means whereby it can prevent certain RSCs, if collectively dominated by a number of conservative white primary local authorities, from subverting the reform process, eg where RSCs refuse to assist in the improvement of services in African areas. As Minister Heunis noted in parliament, the government would not allow a decentralisation of decisionmaking if it were to allow local authorities an opportunity to 'sabotage' government policy at the 'national level'.

Any member of a Council which refuses to carry out a regulation passed by the Administrator will be liable to a maximum fine of R5 000 or a period of 12 months imprisonment or both (Section 13 (5)).

Central government control over the RSCs is once again strengthened by the appearance of a number of Cabinet Ministers and the Administrator on the appeal board, which is designed to resolve dispute between the various racial interest groups that are represented on the Councils (Section 11).

Any decision of a Council must be decided by a two-third majority of the members that constitute a quorum. If no such decision can be reached in respect of a vote, it may be put to the vote at the next meeting. However, if no final resolution is made the vote will be submitted to an appeal board which is comprised of the Administrator, who will be the chairman, the Minister in charge of African local government, the three 'own affairs' Ministers from the Ministers' Councils appointed to administer local government, and the Minister of Finance (where appeals are of a financial nature) (Section 11 (3)).

Primary local authorities may only appeal against:

- 'the failure of the council to perform a regional function'
- 'the insufficient performance by the Council of a regional function'
- 'any decision or proposal of the Council of a priority in connection with the appropriation of funds'
- 'the refusal by the Council of any application for exemption referred to in Section 5'.

A decision by four of the members of the appeal board shall be the decision of the board. Since the appeal board is made up of political appointments, it is possible that some of its decisions may be achieved by behind-doors politicking at the first tier, rather than being made with the genuine interests of primary local authorities concerned (see article by Cameron).

Conclusion

It is abundantly clear that the government has, with the RSC Act, attempted not only to resolve a number of national political dilemmas but also to design a system of lower-tier government that is functional. The Act is however, if taken in conjunction with recent government pronouncements, a very complex piece of often contradictory legislation.

If the government intends, as Minister Heunis has repeatedly indicated, to broaden the democratic process by maximising the participation of other race groups at all levels, why has it then included in the Act a number of checks and balances which mean that ultimate control rests with government-appointed functionaries who are all, in the final analysis, accountable to the State President?

Further, the Act flies in the face of reality - that most black communities have rejected all forms of separate representation at any level. The fact that the government has catered for the inclusion of Africans within new structures might represent a major departure from old-style Vewoerdian apartheid, but it does not offer any real solutions. The major upheavals in the country's African townships over the past 18 months which followed the introduction of a constitution that entrenched separate representation, can be indirectly linked to these new forms of government. The RSC Act not only further entrenches political separation, but one of its four pillars, the BLAs, has all but disintegrated, and its remnants are only kept going with active support from some government ministries. Only time, however, will judge the success of the Act.

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3 FINANCING A POLITICAL SOLUTION

The Financial Origins of Regional Services Councils

By Ossie Gorven, retired City Treasurer of Durban

The impetus which led to the formulation of the Regional Services Councils Act was largely political as it originated from the need to give all people within a region a say in local matters of joint concern. The government-created Browne and Croeser Committees motivated in a similar vein that services provided for a particular region should be financed and controlled by Joint Services Committees. The proposed new sources of revenue were suggested because of the unwillingness of white controlled municipalities to make transfer payments to other less well-off local authorities, and also from the need to finance new expenditure for upgrading of services and expenditure on transportation transferred from the government budget.

The concept of transfer payments in an indirect form is an important feature of the Regional Services Councils (RSC) Act, which increases the responsibility of all commerce and industry within the jurisdiction of a RSC for the provision of infrastructure and services to the poorer areas within the RSC.

Ossie Gorven, a highly regarded municipal executive in Durban for many years, points out how the impetus for increased revenue sources for white municipalities led, over the passage of time and through various committees and study groups, to the implementation of an essentially political formula to deal with a range of both local and national governmental problems.

As a political formula, the new Act is bound to suffer problems of implementation. However, whether it is conceptually flawed in the sense that it fails to come to terms with the crisis of legitimacy which presently faces the government at all levels, is a question of far greater consequence, upon which the success or failure of the new system ultimately depends.

Implementing a Political Solution

The new RSC Act is a response to a number of different needs at both the national and regional levels of government in South Africa. Anyone who imagines that this new Act will be easily implemented is living in a fool's paradise. It is primarily a political system motivated by the need for political solutions, and as such will provide far less than the best possible framework within which to work, and certainly not the most economical.

Nevertheless, it is a system which is from the political angle achievable, and it is hoped that the legislation will be sufficiently flexible to reasonably deal with the problems which are bound to arise, and also to allow some degree of local option.

The system of regional councils has been well tested elsewhere in the world, and in certain areas of South Africa can easily be justified. In Durban, municipal officials have for some time been examining, for practical, economic and governmental reasons, the idea of a regional authority through which the people of the whole area could have some say in the provision and maintenance of services which to date they have not been able to influence.

On the national level, the government has sought, through the RSC Act, solutions to a number of unique problems of its own: to give some degree of political expression at the local level to disenfranchised people; to upgrade poor services and infrastructure in deprived African, coloured and Indian areas; to provide a revenue base upon which to devolve certain functions which have hitherto been the responsibility of the central government; and to accomplish all this within the framework of the Group Areas Act.

The Financial Origins

For many years local authorities in South Africa have been faced with a lack of revenue sources, and the limited growth potential of those which they do have. The traditional revenue-raising methods of local authorities, service tariffs and municipal rates, do not respond quickly to changes in the economy or the rate of inflation. Municipal rates are particularly inelastic, as properties are revalued every three or five years, only then providing an element of growth.

As a result, municipalities have for years been pressing government to assist in the provision of alternative sources of income.

The Browne and Croeser Committees

The appointment of the Browne Committee of Inquiry into the Financing of Local Authorities in South Africa - which published its report in 1980 - brought little relief to those municipalities which had hoped that it would recommend further sources of municipal revenue. Indeed, the committee recommended quite the opposite, stating that white municipalities needed no further sources of revenue, and turning its attention instead to the

financial problems facing the then emerging Black Local Authorities (BLAs) and to coloured and Indian local authorities. The Committee argued that, as these black areas had no substantial revenue base of their own, a system would have to be developed whereby their incomes could be augmented by transfer payments from the part of a municipal complex that had substantial revenue potential in the form of an industrial or central business district (CBD) area.

This proposal caused a furore among organised local government, and was strongly opposed by the United Municipal Executive - the top body representing municipal government in South Africa - and the proposal of transfer payments from affluent white industrial and CBDs was temporarily dropped.

Reaction against the Browne Committee and agitation for the government to find extra and increased sources of revenue for local authorities continued among organised local government, resulting ultimately in the establishment of the Croeser 'Working Group' in 1980.

The main purpose of the Croeser Committee, since restyled into the Permanent Finance Liaison Committee, was to investigate all forms of local and regional government financing. When its report was tabled in Parliament in 1983, it accepted the municipal authorities' argument for new sources of municipal revenue. However, the Croeser working group also recognised that all races should have their own fully-fledged forms of local government, for which proper and adequate sources of finance would be required. Importantly, it recognised the need for transfer payments from wealthy white areas to less affluent African, Indian and coloured urban residential areas. Croeser identified that all local authorities, again particularly the BLAs, did not have sufficient revenue bases; especially ones with a built-in growth factor - something which white municipalities had been clamouring for, for some time.

To this end the Croeser working group suggested that three new forms of taxes at the local/regional level should be introduced, so as to provide for the upgrading of black areas and to provide for a tax/service-levy/rate structure that could be tied to fluctuations in the economy; the taxes suggested were the payroll, the turnover and the investment taxes - the latter was temporarily abandoned and referred to the Margo Commission of Inquiry into South African tax structures.

Croeser suggested that the taxes would be used to:

- provide infrastructure within local authority areas
- financially assist with the transport needs of particular areas, and
- provide the necessary funds for the training of personnel required to run local government structures (SAIRR 1984: p154).

The Devolution Solution

At the same time, the central government had to extend its national constitutional initiatives down to the local level; the state was becoming increasingly overstressed by the demands of the myriad administrative functions, such as housing and transport services, which it had assumed over the years.

Devolution of some of these functions to regional level, within the parameters of centralised structures of authority and the rigid maintenance of the policy of separate development, had become imperative.

The idea was mooted for a body to be established which would be able to collect income in an economic zone, which could be redistributed for the development of infrastructure and services in underdeveloped black areas. The objective would be the devolution of functions such as road-making or water and electricity supplies, and the creation of revenue sources to enable the various regions to upgrade their infrastructures.

Of course, this idea was not practicable in areas lacking sufficient economic activity to provide a tax base from which the income could be generated. The linking of economically powerful and weaker areas into regions, within which revenue could be redistributed for the upgrading of infrastructure in the latter, provided the solution by which the government's objectives, at least theoretically, could be achieved.

The RSC Act may thus be seen as a response to a variety of needs at both central and local government levels:

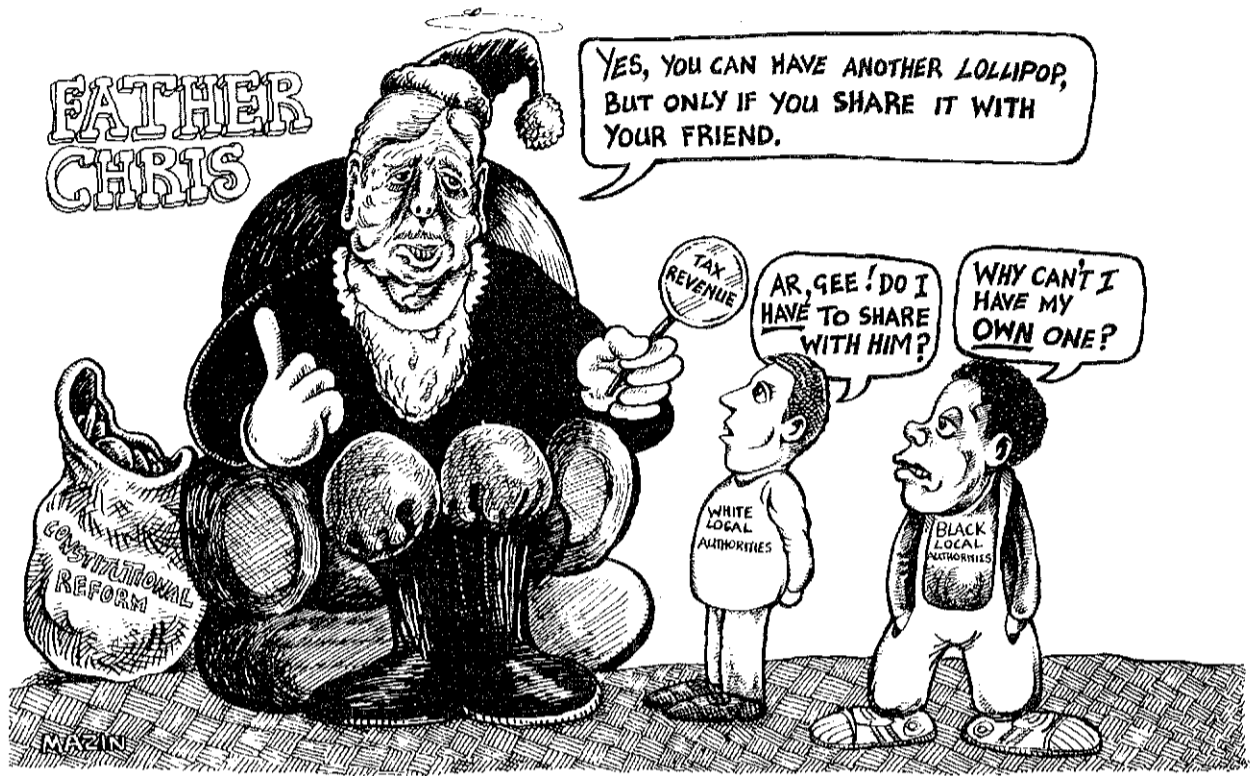
- to provide additional sources of revenue for local authorities
- to finance the upgrading of services and infrastructure in deprived black areas
- to provide an adequate source of revenue for these local authorities that would be able to keep pace with fluctuations in the economy
- to devolve certain cumbersome functions from the central government, and
- to attempt to resolve the legitimacy crisis facing black local authority structures by allowing the communities they represent increased participation in local government.

The RSC system can work well in metropolitan areas which have sufficient economic activity to provide an adequate tax base for raising revenue, but in the less economically developed regions, eg rural areas, other financing solutions will be required.

New Forms of Administration

Functions

As a result, South African municipalities have been presented with a system in which a local authority, presently being run by a single municipality, could have four 'own affairs' municipalities running it, one for each race group, as far as the provision of certain services is concerned. Stretching across all four, and in some way representing all of them, would then be the RSC, responsible for what the Act calls 'regional functions'. Whereas before, for example in Durban, the white residents had had complete control over certain services for the whole of the Durban Functional Region, residents in the African, coloured and Indian areas would now have a say in the provision of these services.



Schedule 2 of the Act lays down the functions which may eventually be taken out of municipal hands and given to the RSCs to perform. The RSCs are to handle bulk water supply, bulk electricity supply, sewerage purification, land use planning in the broad sense, major roads and stormwater drains, in short all services which are of common use to the region, the so-called 'general affairs'. The various racial municipalities will then be responsible for the remaining functions.

There is, however, the so-called 'Durban clause' in the Act, which states that with the permission of the Administrator certain municipalities may retail a certain number of services meant for regional distribution. This in practice means that the very large municipalities, such as Durban, Cape Town, Johannesburg etc, could supply retail electricity, water and sewerage services. Bulk services can also be supplied by existing local authorities as agents of the RSCs.

The delineation of the boundaries of these regional areas and the determination of the functions of each RSC will ultimately be decided by the Administrator concerned, after extensive consultation to ensure acceptance by all of the representative bodies in the area. The extent of the devolution of functions from the central government to the regional level is obviously a major question mark hanging over the new system. We have yet to see how all the talk of devolution is expressed in practice.

Sources of Revenue

All this, of course, has direct financial implications: for the existing municipal councils, who in many cases will lose a number of functions and have to surrender unilateral control over others; for the new regional bodies, the question of the source of whose revenue is paramount, as they will not be able to levy rates, as a normal municipality can.

Rates will continue to be levied by the local municipalities, but for a lesser range of functions. (This was not provided for in the Act but originally appeared in the draft Bill.)

The need for a source of revenue for the RSCs is obvious, if they are to provide non-remunerative services on a regional basis. And it is hardly surprising that the new source of revenue envisaged, in the form of additional taxation, has met with hostile reactions from the press, commerce and industry. However, the total of taxation levied is only influenced if additional expenditures are incurred as opposed to being transferred from the state and municipalities. In this regard, apart from a small additional expenditure on administration (if the agency system of supplying regional services is used), the only additional funding will be the cost of upgrading services in the poorer areas of the region. This is surely an essential expenditure at this stage.

Representation

The maintenance of the residential separation enforced by the Group Areas Act and associated regulations automatically presents the problem of representation for any regional body which crosses racial lines. Numerical preponderance is, in the South African situation, almost always inversely

related to financial strength; the often overcrowded black urban areas being poor and the financially muscular white areas lacking sufficient population to allow a democratic voting arrangement.

In addition, the presence of fragmented 'foreign' states within the country's borders has necessitated some peculiar legislative footwork in order to allow a regional council to incorporate part of another country if that country should so wish. Thus the Pretoria metropolitan area is able, by virtue of a clause in the Act, to enter into an arrangement with the Bophuthatswana government to include an urban area within the independent homeland into a South African RSC, with the permission, of course, of the Minister of Foreign Affairs.

In Durban, the interdependence of the city with those areas of KwaZulu which adjoin it and where a large part of its working population live, is widely accepted. Seats are available on the RSC, with the Administrator's permission, for a body representing people outside the municipal areas but within the region, even where there is no local government system in operation.

Conclusion

It is clear, then, that the introduction of the new system is beleaguered with complications, both conceptually and in its implementation. It has been developed, as outlined above, in order to solve some of the serious problems facing the government, but whether these aims will be achieved, and at what cost to whom, remains to be seen. There can be no doubt, however, that the motivation for the establishment of the RSC system has been primarily political, and as a result a number of practical issues facing government at the local level have had to take second place, or be partially resolved by compromise solutions which will be severely tested during the period of implementation.

The implementation of the new system: the demarcation of areas, the delineation of functions, the execution of the new taxation systems, the formation of the RSCs and the formulation of their modus operandi, are the immediate problems which have to be faced. It will be only a matter of time, however, before the crucial issue of legitimacy and the acceptance or rejection by black communities of the new structures usurps the front seat presently occupied by practical considerations.

The system at least recognises the need for a full multiracial regional body in the governmental structure, which is, in respect of the services it is supposed to provide, a unitary body, able to exercise powers similar to those of white South African local governments, and could be used on an agency basis for the further devolution of authority and responsibility in the course of time.

Source

South African Institute of Race Relations (SAIRR), Race Relations Survey 1984.

4 FINANCIAL IMPLICATIONS OF THE CROESER TAX PACKAGE

A Critical Analysis of the Proposals for the Financing of RSCs

*By David Solomon of the Department of Business Administration,
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The financial implications of the new Regional Services Councils (RSC) Act are not easy to measure. The so-called 'Croeser Proposals' presented by the Permanent Finance Liaison Committee headed by the Deputy-Director General of Finance, Gerhard Croeser, seek to create new sources of revenue for regional government through the introduction of two new forms of taxation: a payroll tax and a turnover tax. In an interview with the Financial Mail (14/6/84), Croeser stated that these taxes would 'in the first instance be paid by businesses and employers', and that the money would be used for 'a redistribution of some of the revenue to where the need is greatest'. This is in line with the government's concern that the private sector should supplement state expenditure on services, through 'an indirect form of transfer' of funds to the poorer local authorities.

David Solomon argues that while these taxes may 'in the first instance' be paid by business, their ultimate effects will undoubtedly be felt by the man in the street, particularly by workers, since they constitute the segment of the economy least able to adapt to the new environment.

Solomon evaluates the proposed new taxes in terms of the criteria of 'good taxation', ie that it should be productive, easy to collect, efficient, and fair in relation to the services which the taxpayer consumes. Taken singly, the proposed turnover and payroll taxes answer some of these requirements, but together their combined effect may arguably endanger the sustained growth of the metropolitan centres and, ultimately, increase poverty among already struggling sectors of the urban population.

Beneath the government's stated intention to provide revenue at the local and regional levels, argues Solomon, lies another stratum of intervention. The new taxation methods may be constituted as punitive measures, designed to encourage economic development outside of the metropolitan areas by the creation of disincentives to investment in the cities.

If this is indeed the case, then the cities should reject this initiative, which is not in their interest, and push instead for the removal of artificial restrictions which impede urban development in favour of the government's ideologically-based decentralisation policies. For it is arguably the maintenance of Group Areas and associated legislation which continues to dictate the government's social and economic policies at both the national and regional level, effectively putting a brake on the integrated metropolitan development which could, from another point of view, make a major impact in the elimination of the social and economic inequality through economic growth and the creation of job opportunities.

The Croeser Proposals

At the spearhead of the current government initiatives aimed at considering the financial aspects of regional reform is the 'Working Group', headed by Gerhard Croeser, Deputy Director-General of Finance, and consisting of representatives from the four Provincial Administrations, the United Municipal Executive, the Department of Finance, the office of the State President and the Department of Development Aid.

The Croeser Working Group, which thus far has endorsed and promoted the policy of RSCs, has actively sought the devolution of redistributive activities of local authorities and the centralisation of 'hard' local services upwards from municipal authorities to the RSCs. By 'hard' functions, the government has in mind activities such as the bulk water supply, electricity supply, sewerage and drainage etc.

The Working Group's strongest proposals concern new sources of revenue for local authorities: a payroll tax and a turnover tax, while a tax on productive assets was also proposed, but has been shelved for reasons which will be given below. These taxes are new in South Africa, and together, may have very unfortunate economic effects.

Productive Assets Tax

The first element in the Croeser package was to have been the extension of the property tax or 'rate' on fixed property into the field of movable assets owned by firms (for example, items like the production equipment of a business) within the metropolitan area. The shortcoming of this tax is that the assets would indeed move, shifting the tax from its legal base onto capital in general in the economy, or onto whatever factors are immobile with respect to the metropolitan area. Labour which cannot relocate as easily will find itself working with a reduced capital stock and would earn a lower wage; land prices would fall, and business activity would be reduced. These ill effects could only be avoided by levying the tax on all productive assets in the economy, metropolitan-based or not. At the insistence of the Association of Chambers of Commerce, the proposal for this type of taxation was dropped, and now seems to have been deflected onto the agenda of the Margo Commission investigating taxing structures in South Africa.

Payroll Tax

South Africans have thus far encountered this type of taxation only in the form of the social security deductions from wages - the Unemployment Insurance Fund (UIF) contribution. Although collected by the employer, the burden of the payroll tax will in the final analysis fall entirely on the worker. In fact, the amount paid by the worker may be even larger than the proportion deducted from his wage, as the employer/producer is able to pass some of the tax on to the consumer.

Although Section 12 (7) of the RSC Act specifically states that payroll taxes may not be recovered by any employer or vendor by either adding them on as a separate item to prices or tariffs or by deducting them from the wages or salaries paid, the taxes will ultimately fall on both the consumer and the worker. Government officials have claimed that the loss to employers will not be so great since a further clause in the Act, Section 12 (8), allows business to regard payroll taxes as a deductible business expense, claiming that in effect the government will be footing half the bill as it will be relinquishing taxes. However, no matter what government officials claim, since the government will only be giving partial tax relief, the remainder will be paid by consumers and workers.

Until now, shifting has not proved to be a particular problem in South Africa, since the benefits of the social security (UIF) accrue directly to the worker in direct proportion to the amount paid and the tax is, in effect, a compulsory check-off facility in payment for a social security benefit received.

The degree to which the tax falls on workers should theoretically depend on their willingness and ability to respond to the lower after-tax wage, by withholding labour altogether or by supplying it in a non-taxing jurisdiction. In the South African environment of statutory job immobility, however, the law will tend to cause the tax to be borne by workers, rather than employers or consumers, since African labour will not be able to move to other geographic areas. Compounding this tendency is the proposal that these taxes be collected on a metropolitan-wide basis. This makes the withdrawal of labour to a non-taxing jurisdiction much more difficult, although not impossible. Theory suggests that employment in the metropolitan areas will fall as a result of a reduction in real after-tax urban wages.

Also affected will be unemployment which, paradoxically, will fall as a result of a reduction in the urban-rural wage differential. Urban influx will be partially abated, along with the attendant ills of unemployment, squatting and overcrowding. The payroll tax need not discourage business in the metropolitan areas, since the wage before taxes will be unaffected. Reductions in employment will be compensated for by increases in other inputs to the production process, such as capital or land.

In some respects the payroll tax meets the criteria for good taxation. It will be productive and cheap to collect, and its yield will increase in reasonable proportion with the demands made on it. The other criteria for evaluating taxes are, however, not met. It is not fair, by any definition of that term. Workers are neither blessed with an unusual 'ability to pay', nor do they benefit in proportion to the sacrifice made. The tax is not efficient, nor is it certain, since it can be avoided by professionals, the self-employed, partnerships, sole proprietors and many other categories of working people. Since these categories of non-wage income earners also benefit from the expenditure on municipal services, the unfairness of the tax is compounded.

Turnover Tax

It is further proposed that a tax on the turnover of productive establishments be levied in place of the existing trade licences. It is envisaged, however, that this tax be a productive one, unlike the licence, which is insignificant in its yield.

The shortcomings are clear. By taxing the same commodity repeatedly as it moves through the productive process, a tax is collected which is based on a multiple of Gross National Product (GNP). This multiple is, however, not the same for each commodity, nor are firms at all uniform in the relationship between income and turnover. Firms which enjoy a high proportion between their profit and turnover, such as manufacturers of paper, will pay a smaller proportionate tax than those whose profits to turnover ratio is low, such as clothing and furniture manufacturers.

The motor industry, which has possibly the lowest profit to turnover ratio of all South African industry, will pay as much as four times as great a proportion of tax as it earns as profits. A tax rate as low as two percent could entirely wipe out motor industry profits. The devastating effects need hardly be elaborated. This kind of arbitrary discrimination can have a very distorting effect on the development of industry.

An equally serious consequence of the turnover tax is the tendency for firms to integrate vertically, by the joining of suppliers and customers to shorten the chain of production, each link of which is liable to a tax. This further concentration of South African industry would be of very questionable desirability. The tax also has a strong disincentive effect on efficient production. Firms which achieve cost reductions through economies of scale and pass them on to consumers through lower mark-ups, such as supermarkets, will be heavily penalised. Less efficient firms, with high mark-up, low turnover will be taxed more lightly. The general economic effects of turnover taxes could be very severe for both city-based firms and consumers. Because many manufacturing businesses have competitors outside the metropolitan regions who will not be liable for the new tax, they do not have the opportunity to 'pass on' these taxes to consumers. In general, the tax constitutes a potentially severe stick with which to drive consumers and producers out of the city and into the neighbouring rural districts (Business Day 29/5/85).

Over time, these distortions on the structure and organisation of industry should result in capital and labour movements which ultimately will bring after-tax returns back to equality across industries and regions. The results will be passing on of the tax to consumers, both local and national.

The turnover tax is thus unfair, in that the amount paid is unrelated to benefit received and to ability to pay. It is inefficient and uncertain. Collection is likely to be cheap and easy, as long as the base includes only firms which are obliged to keep records. The tax will be productive at a low rate. The shortcomings of this tax compound those of the payroll tax, making the package even more problematic than each tax would be individually.

Conclusion

The combined effect of these taxes is clearly to encourage development outside of the metropolitan areas, very much in accordance with the resolve of the 'Good Hope Conference' of 1982. Contrary to the spirit of that occasion, on which the then Prime Minister PW Botha promised to employ carrots, not sticks, these measures constitute very severely punitive measures to achieve what appears to be the objective. The pressures fall on the sections of the community which are under most stress: the African, coloured and Indian workers. They are least able to adapt to the new environment by migrating or diversifying. Accordingly, they bear the brunt of the taxes, without enjoying commensurate benefits of the spending thus financed.

If the local government environment were such that effective competition prevailed, the precise nature of the taxes imposed would not matter. All would finally have their incidence on the one immobile factor, land. Competition would keep them as low as possible and benefits as high as possible. The metropolitanisation of the big cities changes this picture by reducing the potential to be mobile and inhibiting competition. This process will make it possible for labour to bear a great deal of the taxes levied together with land and immobile categories of capital. In addition, local bureaucracies, having been given wider scope for action and with democratic restraints on them watered down, will be able, if so inclined, to expand their activities beyond efficient limits.

It is quite clear that the Croeser Working Group proposals are nothing more than the implementation of the decentralisation policies initiated at the Good Hope Conference in 1982, which have as an express objective the enhancement of the rural growth points at the direct expense of the large cities. They represent a change in emphasis from providing incentives in the rural areas to creating disincentives in the cities. In their own interests, the cities should reject this initiative and the associated metropolitan Regional Services Councils. The advantages that growing cities can bring to South Africa, as a whole, in terms of job opportunities and economic growth, are very considerable.

5 IS IT TOO LATE FOR BLACK LOCAL AUTHORITIES?

*By Elizabeth Lear of the Department of Political Studies,
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Black Local Authorities are widely regarded by African communities as extensions of apartheid, and their councillors and administrative officials as agents of the South African government. The violence directed towards these officials is a clear indicator that Black Local Authorities have in many areas suffered a serious, if not total, collapse of credibility among the communities which they are supposed to serve.

Can this tendency be reversed? Elizabeth Lear in a paper written a few months ago but still relevant, argues that two primary reasons underlie the failure of the Black Local Authority (BLA) system, which unless positively counteracted, will ensure that any authority or credibility which these bodies may still have will disintegrate under the force of active political opposition.

Firstly the black municipal government system, despite changes in nomenclature (from Urban Bantu Councils to Community Councils to Black Local Authorities) has remained firmly under the control of the Department of Co-operation and Development, now the Department of Development Aid. One of the prime functions of this Department is, through the agency of its Development Boards, the enforcement of the pass laws and influx control regulations.

Secondly, their lack of political independence is matched by their financial inadequacy. They are unable to provide the basic infrastructure and services so desperately needed by African communities, or to attract skilled, qualified personnel. As a result, they have been forced to second into their local systems administrative officials from the Department of Co-operation and Development's Development Boards. In this way the impression that they are without independent authority and subject to direct government control has been reinforced.

In terms of the Regional Services Councils Act, African communities are to obtain 'redistributed wealth' for the upgrading of municipal government infrastructures and services. But even if it works in practice, this process will take a long time; Mr Chris Heunis, Minister of Constitutional Development and Planning, predicts that it will be twenty years before Regional Services Councils (RSCs) are in a position to provide the necessary basic services. The crisis of legitimacy presently facing all black municipal authorities, particularly African Town and Village Councils, prohibits so long term a view.

Lear postulates that unless these bodies are allowed to operate normally alongside coloured, Indian and white local authorities under the umbrella of the new RSCs, there is little chance that they will regain sufficient credibility to be able to operate effectively at all.

She further submits that, to overcome the lack of skilled manpower, Black Local Authorities should join with white municipalities to form a single non-racial local government structure, and that all local authorities be amalgamated into an integrated body, with voting based either on community numbers, property valuations per community, or a compromise of both.

Assessing the Damage

The most disconcerting aspect of the present violence in black townships is that few clear answers are evident as to its actual origins. Nevertheless, the attitudes and perceptions of African communities towards local government structures have been a recurring theme. Councillors and officials of the 34 African town councils established under the Black Local Authorities Act No 102 of 1982, have found themselves in the invidious position of being viewed by their communities as agents of the apartheid system, while also being easily accessible targets for the expression of violent political action. The logic behind these acts of reprisal has been reinforced by the fact that very often white Development Board officials have been the interface between Black Local Authorities (BLAs) and their communities, particularly in the sensitive area of housing control and allocation, the main activity of most local authorities.

This has happened despite the intention of the government in setting up the BLAs, which was to diffuse urban black tensions and anger. The involvement of the Development Boards was supposed to be minimised by the establishment of BLAs, and it was understood that the BLAs would phase out Board involvement in African municipal government in favour of institutions that would be controlled by Africans. According to senior Development Board official Dr PJ Riekert:

'These local authorities will serve to defuse pent-up frustrations and grievances against administration from Pretoria. Local authorities will affect the daily existence of these Black people more directly and more intimately than the more removed activities of the central government' (Bekker and Humphries 1985: p111/112).

Financing Without Finance

Widespread rent boycotts and the refusal to pay increased rates and service levies indicate, over and above the political violence, the lack of confidence in local authority structures by urban African communities. Behind the government's explicit intention that Town and Village Councils must become as financially self-sufficient as possible lies the implicit assumption that African communities should contribute to their own upkeep. But these institutions are devoid of community support and are subject even to outright antagonism. As a result of sustained civil unrest and rioting during 1984/85, few of them have been able to function properly, particularly in the Eastern Cape and Pretoria-Witwatersrand and Vereeniging areas.

The raising of rents and service charges is however one of the few ways in which Black Local Authorities can raise revenue. Operating under deficits ever since the Administration Boards (now called Development Boards) took over their financing from white municipalities in 1973, Town and Village Councils which achieved Local Authority status under the 1982 Act took over the monetary deficits accumulated in their previous incarnation as the old Community Councils (Sunday Tribune 15/4/84).

Financially crippled from birth by this inherited deficit, BLAs have striven to gain control of revenue-raising activities such as bottle stores and beerhalls, most of which still remain in Development Board hands.

The Department of Finance, aware of their poverty, has sought to dissuade black municipalities from launching expensive projects: a ten percent increase is the maximum allowed each year on the previous year's budget. This limit can only be exceeded if more than half of a project's cost comprises pay for semi-skilled or unskilled labour, if the project alleviates unemployment, or if it is entirely financed by the Local Authority (Financial Mail 22/2/85).

Inadequate Compensation

Africans remain excluded from the new constitution's first tier of government; they must turn to the homelands for their affairs of state. The Black Local Authority system appears to be officially perceived as some kind of compensation for this state of affairs.

However, the government placed BLAs under the control of the Department of Co-operation and Development, now the Department of Development Aid, and forced them to liaise with the predominantly white-staffed Development Boards, which still control most of their revenue-raising activities. More recent changes have brought BLAs under the Department of Constitutional Development and Planning (see concluding chapter). In terms of the legislation, a Director of Local Government - appointed by the Minister - will have a final say over the operation of BLAs in certain respects which include:

- the control of the size of councils and their dates for elections;
- the power to dissolve a council when it is decided that it no longer need exist;
- the authority to appoint staff to fill vacancies if there are no elections (SAIRR 1983: p254).

Finally, governmental power is firmly entrenched in that the Minister has the power to remove Council members from office or dissolve a Council if steps ordered by him to set right unsound finances are not taken.

It has been argued that the wide Ministerial discretion for interference in Council affairs can be explained in two ways: either the Department believes that African officials are not competent enough and lack the necessary expertise to run local government structures and thus there is a need for white checks and balances; or the Department believes that the BLAs could become political platforms for discontent directed at the state (Bekker and Humphries 1984: p113).

By placing the Councils under the control of the Department of Development Aid, and allowing the predominantly white-staffed Development Boards to retain control of their most important functions, the government not only succeeded in emasculating the BLAs but also allowed the scorn of the African communities to be poured upon these impotent institutions. Reports of infighting between BLAs and Development Board officials (Financial Mail 22/2/85), while they do indicate some level of activity by the former, have done nothing to lend credibility or raise community confidence; nor have revelations to the effect that more than R700 000 a year was paid by BLAs in 1984 for the part-time services of 77 white Development Board staff members (The Star 25/3/84).

New government initiatives do appear to contain an attempt to remedy the situation, by allowing for the inclusion of representation from BLAs on the Council of the Coordination of Local Government Affairs, and they will also have representation on the RSCs (Rand Daily Mail 11/10/84). These two measures, with their revenue-raising functions, could make some headway in providing African municipal structures with the ability to provide limited infrastructure and services to their communities. However, the principle of 'minimum service for all' will take a long time to be realised in practice.

The Question of Land

While BLAs are not precluded from developing housing on their own land, it is the Development Boards which have been given a major new function in the development of African housing. It is not clear from either the Black Local Authorities Act or the more recent Black Communities Act of 1984, however, which of these bodies is ultimately responsible for the sensitive task of allocating state-owned housing. For the newly established Town and Village Councils with Local Authority status, control of land in their own areas is an important issue: they want to negotiate directly with interested parties in their communities, rather than be subject to the decisions of Development Board officials.

Recommendations

For BLAs to gain at least minimal acceptance by their communities, it is submitted that positive developments in three primary areas are necessary:

(a) Finances: Substantial revenue must be voted by the RSCs for the development of local infrastructure and services in African communities.

(b) Housing: The allocation of land within BLA areas, the relocation of squatters, the collection of rents from existing state-owned housing, the allocation of these dwellings and their servicing, the determination of housing needs and the development of solutions thereto - in fact all functions which would normally fall under the aegis of a local authority - must be removed from Development Board control and handed over to the BLAs.

(c) Structure: BLAs must be removed from their present position under the Department of Development Aid and placed under the auspices of the RSCs alongside the coloured, Indian and white municipal authorities. (This move has subsequently occurred - see concluding chapter.)

Conclusions

The only viable long-term solution appears to be the establishment of multiracial governments at local level, the present white local government infrastructure providing the base into which the authorities governing all race groups are incorporated. Otherwise, there is bound to be massive infrastructural duplication. If attempts are made to apply the 'minimum services' ethic in African communities at local and regional levels, pressure would be placed on the government to provide the same for coloured and Indian communities. The duplication of hospitals, ambulances, health clinics etc is but one example.

Furthermore, the source of funds to support such a system is at present confined to a relatively small pool of individuals and businesses in each area, while the vast majority of unskilled and unemployed people most in need of support are in the impoverished Indian, coloured and African communities. Where community boundaries are drawn according to race, it is inevitable that the productive potential of the poorer communities will be incapable of meeting community needs, while the more affluent will be increasingly stripped of earnings via central, regional and local government taxes.

Representation

While multiracial local government structures would solve the problem of infrastructure duplication, allowing the channelling of the funds thus saved into further development, there is no doubt that the issue of representation on such multiracial structures would be a source of conflict.

A compromise between the poles of representation according to property valuation and representation according to community numbers could, however, be worked out, so that financial contribution is fairly balanced against community need.

It is submitted that the development of multiracial local government is the only way in which the historical powerlessness of Black Local Authorities can be overcome, allowing the establishment of structures capable of the provision of adequate services and enjoying the credibility and cooperation of the communities which they should be designed to serve. Local government institutions should, after all, be seen as mechanisms for the provision of essential services, rather than politically entrenched and embattled agencies of the ruling party in government.

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6 DEVOLUTION WITHOUT POWER

Regional Services Councils and the Western Cape

*By Robert Cameron of the Department of Political Studies,
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Centralisation of power and authority has been a historical feature of government by the National Party in South Africa. In order to ensure the uniform application of its racial policies, the government has found it necessary to exercise an overriding authority over local government, particularly where local or municipal bodies have been reluctant to enforce apartheid laws.

The Cape Town City Council (CCC) is a case in point, where attempts to obstruct or resist certain laws and regulations racial in character have resulted in the whittling away of executive autonomy from the CCC.

Cameron analyses the recent swing towards the concepts of devolution of power and decentralisation of authority, contained inter alia in the Regional Services Councils (RSC) Act, in the light of the government's historically centralist tendencies. He points out that the new approach is flawed by an inherent contradiction: the state wishes to decentralise administrative responsibility and hand over limited power to local authorities, but only within the rigid framework of the Group Areas Act and other racial legislation.

The maintenance of uniform policies largely rejected by the communities to be governed is likely to be threatened by the development of representative government at local level. For this reason, the government seeks to limit power at the local level to institutions such as Town and Village Councils or Management Committees, which lack credibility among the communities they are supposed to represent.

Cameron shows, in the case of the Western Cape, that the RSCs are likely to be faced with the same legitimacy crisis which has in the past faced the coloured Management Committees and African Community Councils.

The genuine devolution of power implies the growth and development of independent power centres at local level, threatening the uniform maintenance of the government's policies, in particular those which are widely rejected among the African, Indian and coloured communities.

The partial or cosmetic decentralisation of responsibility without power has been shown to be, in the South African context, a recipe for rejection and outright political opposition.

This contradiction will remain at the heart of the new regional government dispensation, so long as racial criteria are entrenched in the structures of government.

Constitutional Development and Planning Minister Chris Heunis, speaking in Parliament in July 1984, stated that 'the maximum devolution of powers and decentralisation of administration to the local level of government' (Hansard July 1984) was to be considered one of the fundamental principles of the new local government dispensation. A year earlier, at the same venue, he had said that the government 'must take steps to ensure that it retains ways and means of ensuring that its policies are applied throughout' (Hansard June 1983).

These two statements contain the essence of the dilemma facing the government in the formulation of its plans for constitutional reform at the local level: how to devolve power while ensuring uniformity of policy. The 'devolution of powers', which implies the conferment of executive or rule-making powers to formally constituted local authorities (Vosloo et al 1974: p10), and 'decentralisation of administration' where, due to practical considerations, certain functions are devolved from central government to a local administrative agency, are in fact two different processes: it has been argued that the recent local government legislation embodies the second principle but not the first.

This paper undertakes to examine the contradiction inherent in the government's policy, with reference to the proposed RSCs, taking the greater Cape Town area as an example.

Centralisation vs Decentralisation

'Local authorities are the agents of the state with respect to the execution of policy.' Dr H F Verwoerd (Slabbert & Welsh 1979: p87)

Neither the South African Act of 1909 nor the 1961 Constitution made reference of the right of local government to exist: local authorities functioned in terms of the doctrine of ultra vires, viz that they could only perform those services specifically authorised by statute (Craythorne 1983).

Over the years, the lack of constitutional safeguards has resulted in the powers of local authorities being whittled away by both the state and provincial government, particularly where the implementation of the government's racial policies is concerned. The state, in order to preempt obstructionism of apartheid laws by local authorities, took over the administration of blacks in urban areas, and through the Group Areas Act gained direct control of the residential patterns of local authorities.

The 1983 constitutional legislation again did not embody local government, although mention was made in the schedule to the Act that local government would be an 'own affair' subject to the provisions of any general law relating thereto. Like its companion Acts, the Promotion of Local Government Affairs Act (1983) and its amendments in 1984 and 1985 and the Remuneration of Town Clerks Act (1984), the Regional Services Councils Act shows strong centralising tendencies.

Mandatory Powers

The RSC Act gives the Council mandatory powers over those local authorities which fall under it, and makes provision for the transfer to the Council of more than twenty functions previously performed by local authorities. Indirectly elected, the Council is not accountable to the general public, and rather than being extensions of local authorities, as government spokesmen claim, the RSCs are patently an extra tier of government with mandatory executive and taxing powers over local authorities.

Conflict of Interests

Local authorities tend rightly to regard themselves as accountable to their ratepayers rather than to the government of the day; their close access to the citizens in their jurisdiction enables them to identify and respond to community needs more appropriately than government or the civil servants which carry out its policies. Hence the provision contained in the Act for civil servants to be transferred to the RSCs is likely to lead to a conflict of interests with local authorities, despite government argument that local authorities should be viewed as a subsection of the civil service because they are ultimately financed by the taxpayer. While there is some truth in this argument, manning the RSCs with civil servants can hardly be construed as being conducive to the devolution of power.

Ministerial Discretion

It is likely, given the contentious issue of the redistribution of funds and resources among racial primary local authorities, that the Appeal Board provided in Section 11 of the Act will be the scene of lively activity.

The criteria governing items which may be lodged for appeal in terms of Section 11 (4) of the Act are vague and wide reaching, giving much scope for appeal. It is foreseen that the Administrator and various ministers who comprise the Appeal Board will have their hands full attempting to tie the vagaries of conflicting interests into the corset of the Act. No meaningful devolution is likely to occur in a situation where unfettered ministerial discretion dictates the application of the law.

Manifest Contradiction

The question is, then, why the state is professing to be devolving power while the evidence rather strongly suggests the contrary.

The answer lies, it is submitted, to embody the government's policy of self-determination at the local level to enable coloured and Indian local authorities to have full control over certain decisionmaking processes at this level. This restructuring is a natural consequence of the 1983 constitution which made provision for 'own affairs' at the local level.

Further, the politicisation of a number of functions which should be either local government or free-enterprise domains, but which have come under the umbrella of state control, has also been responsible. The Deputy Governor of the Reserve Bank, Jan Lombard, has argued forcibly that in order to maintain its racial laws, the state has been forced to become all pervasive in a number of areas of life which should not be its responsibility at all. These areas have become increasingly politicised: unrest and social disorganisation are stressing the state's resources while black communities simultaneously demand increased physical and social expenditure.

The devolution of administrative functions to the local level would not only relieve the central government financially, but would also transfer the site of conflict from the central to the local government arena, or as Minister Heunis puts it: 'we have to reduce the conflict areas on central level and bring them down to local level' (Hansard June 1984).

But the embodiment of the principles of the devolution of power carries with it obvious dangers for the government in power: it cannot afford to allow extra-parliamentary opposition forces to secure a power base at the level of local government, which could then be turned against the central state.

Either government can allow the genuine devolution of power and face the prospect of the development of independent power centres at local level, or it can attempt to retain strong control over local authorities, ensuring a uniformity of policies and the application thereof. The attempt to do both is inherently contradictory, and can only result in a 'Catch 22' situation.

The new local government legislation is testimony that the legislature has been unable to escape from this trap, making inevitable the confusion which has attended the RSC Act since its promulgation.

The Cape Town City Council: A Case Study

Undoubtedly the hub of the Western Cape, the Cape Town City Council (CCC) is the logical prime focus of attention when viewing local government in this area.

The CCC has traditionally considered itself to be the spiritual heir of the so-called 'Cape liberal tradition', and, its supporters would argue, a constant thorn in the flesh of the Nationalist government whose legislative activities have dominated Cape Town's parliamentary buildings for the last 37 years. Its policy is that all its ratepayers should be able to vote and be elected to the CCC on a common voters roll without discrimination, and on a number of important occasions it has resisted the implementation of racially based laws and regulations.

Conflict between the CCC and the Nationalist-controlled Cape Provincial Administration (CPA) has resulted in the promulgation of a number of provincial Ordinances in recent years which have incrementally chipped away its powers, as well as those of other local authorities under the CPA, for example:

- instructions from the Administrator to implement by-laws if unenforced by the CCC may be passed over for implementation by another body (Craythorne 1980: pp257/258)
- the Administrator has the power to reverse decisions taken by the Council in order to compel it to carry out his instructions (Argus 3/5/79)
- the Council was deprived in 1981 of its exclusive right to appoint senior municipal staff by a CPA enactment, which gave the Administrator power to appoint the chairman of the Municipal Service Commission (the CCC's personnel body) (Cape Times 18/7/81)
- in 1982 the CCC was warned against obstructing government plans to restructure the local government system and threatened with the removal of state funds and with legal action (ibid 26/10/81).

Management Committees

Voting rights at municipal level held by coloured people in the Cape Province were removed by an amendment to a provincial Ordinance in 1971, effectively axing the six coloured members serving on the 34-seat CCC at that time.

To replace the apartheid anomaly of a qualified franchise across the colour bar which had prevailed until 1971, the government decided that the racially defined Management Committees (MCs), created in the mid-1960s, should become the only structures which would be able to represent the coloured community. These bodies were only allowed to advise white local authorities in connection with the provision of services to their own areas. Although provided for, no upgrading of coloured MCs to autonomous local authority status has to date occurred. MCs have been rejected as a poor substitute by those whom they are intended to serve.

Voter apathy has characterised the short history of these MCs. In the 1983 elections, two of the four MCs which fall under the CCC had their members elected unopposed, with percentage polls of 11.98 percent and 1.81 percent in the other two districts represented (Argus 6/9/83). Allied to this is the fact that less than 50 percent of coloured people have ever bothered to register as municipal voters.

Besides apathy towards these toothless bodies, the historical tradition of political non-collaboration (which has its roots in the Unity Movement) has led to a consistent boycotting of government-created structures by the coloured community. The Labour Party has been the only group to have significantly benefitted from these Committees: most Labour Party representatives have served on them, and a party maxim states the need to 'keep a tight grip on the Management Committees to derive maximum political power from the system for the party' (Cape Times 24/6/85).

Relations between the MCs and the CCC have been very strained ever since their formation in the mid-1960s, and after the CCC opposed the disenfranchisement of coloureds at the local level, refused to set up any such committees, thus forcing the CPA to do so.

The RSC in the Western Cape

A great deal of ambiguity surrounds the setting up of RSCs for the region, targeted to begin functioning in the first quarter of 1986. Little clarity is evident with regard to issues such as the proposed rate of levies; state subsidisation of urban transport services; the exact functions for which the RSC will be responsible; or indeed whether there will be one or two RSCs for the Western Cape.

Demarcation of the areas which fall under the Western Cape RSC, to be determined by a demarcation board established by the Government Affairs Amendment Act, will take place within the parameters of the Group Areas Act.

The CCC, perceiving the establishment of the RSC to be a fait accompli, has tried hard to utilise the situation to its own advantage. They have made representations with regard to the demarcation of the area to fall under the RSC's jurisdiction, calling for inclusion of the Peninsula, Kuilsrivier and Brackenfell in the greater Cape Town RSC (CCC 10/9/85) which would also include the African areas of Langa, Nyanga, Guguletu and New Crossroads (see map).

Financial Implications

In terms of the RSC Act, taxation will be levied on businesses in the region from 1st July 1986. The effect of these levies on a local economy, which even in the boom period of the early 1980s lagged behind the rest of the country, is a cause of concern in the Western Cape.

Apart from the additional burden passed on to the consumer, the introduction of the RSC may financially weaken the CCC itself. The payroll levy on its 18 000-strong workforce will cost the council, depending on the rate set, an estimated R1,7 million a year, in addition to an estimated R1,6 million lost to scrapped business licences, while the licensing of businesses for health and planning reasons may well cost the council a further R900 000 (Cape Times 16/1/85).

In order to balance its budget in future, the CCC might be forced to introduce substantial rate hikes, despite the government's acceptance of the United Municipal Executive's principle that after the implementation of RSCs no local authority should be worse off than before.

Future Scenario

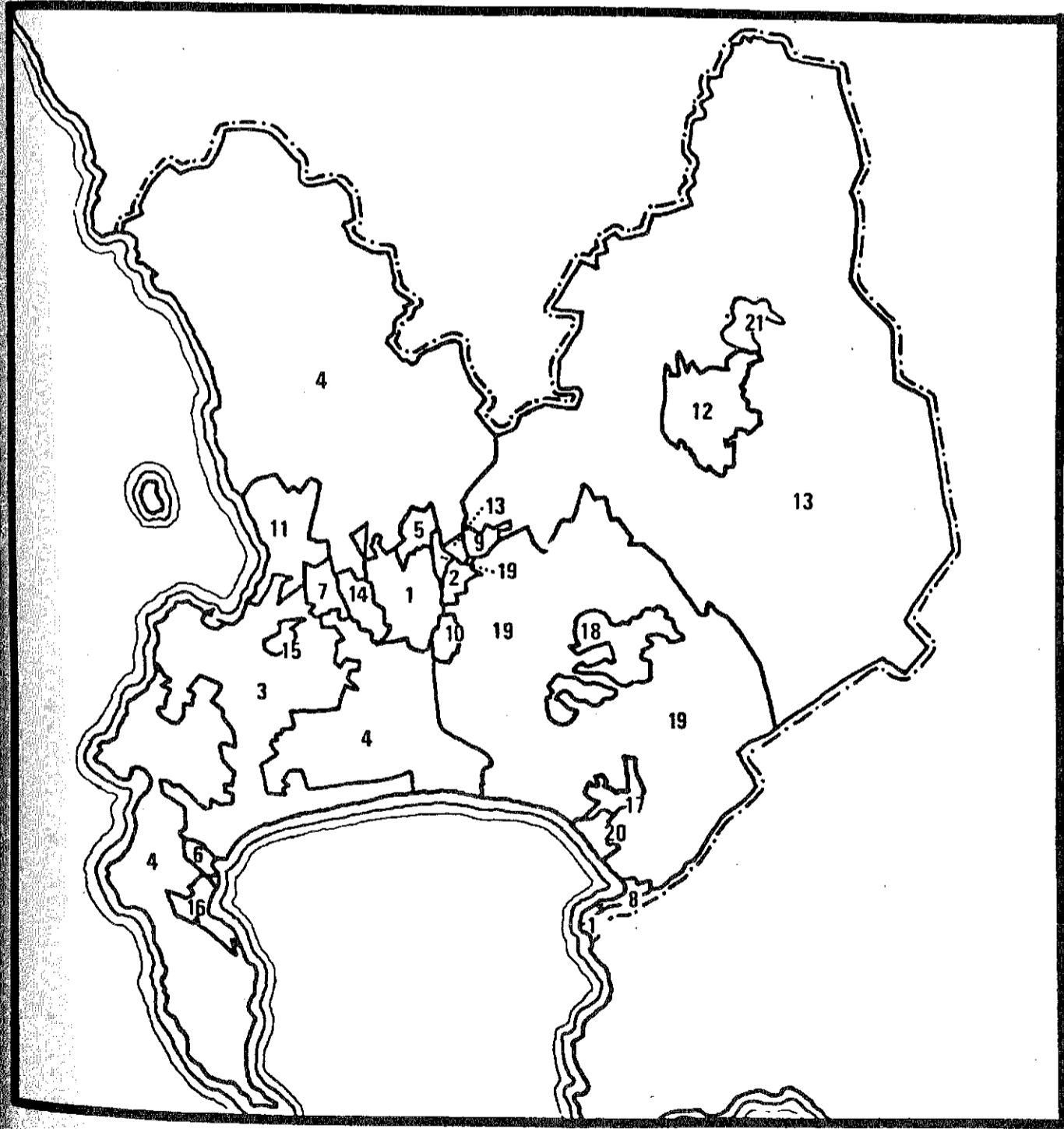
The issue of coloured and African local authority representation on the RSC is a pressing question in the Western Cape, as the authority of both MC and the Labour Party is being eroded by active political opposition: attacks on the homes of Management Committee members and the widespread rejection of these bodies has led to the postponement of their elections until 1988.

- 1 BELLVILLE
- 2 BRACKENFELL
- 3 CAPE TOWN C.C.
- 4 CAPE DC.
- 5 DURBANVILLE
- 6 FISH HOEK
- 7 GOODWOOD
- 8 GORDONS BAY
- 9 KRAAIFONTEIN
- 10 KUILSRIVER
- 11 MILNERTON
- 12 PAARL
- 13 PAARL D.C.
- 14 PAROW
- 15 PINELANDS
- 16 SIMONSTOWN
- 17 SOMERSET WEST
- 18 STELLENBOSCH
- 19 STELLENBOSCH D.C.
- 20 STRAND
- 21 WELLINGTON

--- CMPC AREA

fig.1

ADMINISTRATIVE BOUNDARIES



At their recent conference, the Association of Management Committees passed a motion giving the government until September 1986 to implement a common voters roll at municipal level, or be faced with a walkout by the MCs from the local government system. Likewise, the resignation of African community councillors is indicative of a similar situation in the African townships, and there is a strong likelihood that, unless their racial underpinnings are removed, RSCs will be given no more credence among the African communities than that presently not enjoyed by the Community Councils.

Financially, the danger exists that RSCs will generate unrealistic expectations among the communities concerned for visible improvements in infrastructure and services. Were this situation to develop, thwarted expectations initially raised by the introduction of RSCs could result in the inflammation, rather than the dampening, of township unrest.

After all, RSCs are not going to create new wealth - they will be redirecting existing wealth: the financing of massive infrastructure and development will ultimately be felt in the pocket of the man in the street. As the electrification programme in Soweto illustrated a few years ago, it is futile providing people with services which they cannot afford.

Finally, there are definite limits to the redistributive potential of the RSCs, despite the Act's intention that infrastructure, services and facilities are to be provided where they are most needed: the government's constituency is after all not in the coloured and African townships where these needs are most urgent, but in the white areas whose reluctance to wholeheartedly support such transfer of funds is not hard to predict.

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7 ADMINISTERING SHACK SETTLEMENTS

Squatter Problems with Regional Services Councils

By Clarissa Fourie, Research Officer at the Inkatha Institute

The establishment of a Regional Services Council in the greater Durban region must of necessity take into account large informal shack settlements which surround the established metropolitan areas. In doing so, however, the new proposed regional government structures must recognise that the massive shack areas are presently administered both formally and informally by the central government, locally elected bodies, tribal authorities and Inkatha in any number of complex combinations, when it comes to choosing representatives from these areas to sit on the Regional Services Councils (RSCs).

No simple formula for local government is likely to be adequate to encompass the widely differing structures which pertain in these areas. There is a real danger that, through the implementation of the proposed RSC in the greater Durban region, existing democratic structures and bodies could be ignored or even lost, without being replaced by more effective arrangements.

Clarissa Fourie outlines some of the types of local government structures and relationships existing in the shack areas, illustrating how, in the absence of any effective formally structured administration, complicated relationships of authority and representation have developed over the years, according to specific local needs and political and economic resources of the various shack communities.

It would appear that the difficulties posed by the variety of structures and arrangements existing in these shack areas have yet to be fully comprehended by those involved in the formulation of local government policy. The structuring of voting power on the greater Durban RSC will have to include representation from the nearly 1,5 million shack-dwellers. How this is to be achieved is a question it would be dangerous to ignore, particularly in view of the increasing political muscle exhibited by leaders in the shack areas since the outbreak of violence in the Durban area in August 1985.

The area which is scheduled to fall under the Durban/Pinetown RSC is a varied one, comprising affluent white suburbs, large formal African, Indian and coloured townships and sprawling peri-urban shack settlements. Most of these shack areas have informal local government and administrative structures which do not conform to the present definition of a juristic body, which the RSC Act requires for participation in formal agreements and voting structures. This means that although the shack areas are the least developed and serviced areas in the greater Durban Functional Region (DFR), and in terms of the redistribution of income and expenditure from the rich to poorer areas to be undertaken by the RSCs, should receive great attention from the RSC, they would have no voting power on this body. This effectively means that the shack communities populations, a large proportion of the total Durban/Pinetown RSC population, will have no structured system through which they can lobby and effect direct representation.

The implications of this could quite possibly be that the shack populations will lose, rather than gain any democratic structures and procedures at local government level with the creation of RSCs. An anomaly which contradicts the stated intention of increasing democracy and participation of blacks in local government through the introduction of RSCs.

In the DFR there is a large black, predominantly African, population outside the formal African, coloured, Indian and white areas, with a population estimated at some 1 345 981 people (see accompanying box). Administrative structures of both an informal and formal nature have developed in these areas over the years, are functional and cannot be ignored in the formulation of local government policy for the region.

To reach some understanding of administration in these areas, it is necessary to identify and describe the patterns of formal and informal types of bodies operating in the administration arena. In this article, a broad outline is given of the major patterns of administration in the greater DFR and a few examples of operative administrations. An attempt has been made to describe the structures through the eyes of the people, rather than in terms of how the authorities view them.

A) Tribal Authorities

In KwaZulu, a self-governing region which surrounds the Durban metropolitan area, the system of local government outside the formal African townships is one of tribal or community authorities. Most of the areas referred to in this study include the magisterial districts of Umbumbulu, Ndwedwe, Inanda, Camperdown, Pinetown and smaller sections of other blocks. Both Umbumbulu and Ndwedwe fall under a Regional Authority, where a number of tribal authorities share a magistrate, while the Camperdown area is a community authority under an amakholwa Chief. (An amakholwa Chief is not a traditional Chief, and generally has less power than the latter, although he is generally elected.) The major portion of the Pinetown and Inanda magisterial districts under discussion are administered by the central government and are not formal tribal areas, though small areas of formal tribal authority exist. The tribal authority structure also occurs in some of the other magisterial districts of the study area.

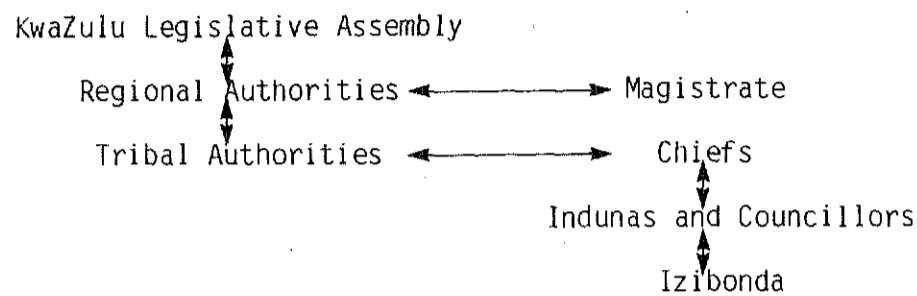
THE SPATIAL LOCATION OF THE INFORMAL POPULATION IN THE DURBAN FUNCTIONAL REGION

MAGISTERIAL DISTRICT	SETTLEMENT/TOWNSHIP	ESTIMATED POPULATION
Camperdown (Part of)	Fredville	35 398
	Georgedale & Woodyglen	85 096
	Nyuswa (part of)	11 396
	Shongweni	48 499
	Balance of informal population	64 883
	Total	245 272
Durban (Part of)		Total 11 425
Inanda (Part of)	Lindelani & Ntuzuma	22 242
	Released Area 33	165 286
	Balance of informal population	102 918
	Total	290 446
Lower Tugela (Part of)		Total 4 323
Mapumulo (Part of)		Total 17 468
Ndwedwe (Part of)		Total 146 223
New Hanover (Part of)		Total 19 283
Pietermaritzburg (Part of)		Total 5 126
Pinetown	Clermont	80 210
	Embo	35 475
	Marianhill, Thornwood & Dassenhoek	65 604
	Molweni	27 709
	St Wendolins	11 418
	Welbedacht	11 673
	Balance of informal population	50 495
	Total	282 584
Umbumbulu (Part of)	Malukazi	20 856
	Mgaga	15 191
	Umbogintwini	61 567
	Balance of informal population	219 538
	Total	317 152
Umlazi (Part of)		Total 143
Umzinto (Part of)		Total 6 538
TOTAL INFORMAL POPULATION OF THE DURBAN FUNCTIONAL REGION		1 345 983

Notes

- Figures are based on a count of dwellings from aerial photographs taken in September 1983. Department of Surveying and Mapping, University of Natal.
- Occupancy rates supplied by the Inkatha Institute.
- Boundary defined by Urbanisation Study of the Urban Foundation, 1984.

The formal structure of administration in these areas is:



The major role of the tribal officials relates to the structuring and control of power, administration and customary law in the area. The magistrate, at the Regional Authority level, is also a Commissioner for the administration of the area. He is the most important administrator at the local level through whom all government functions such as the following are authorised:

- the administration of land and settlement
- the promotion of sound local government
- the administration of population matters
- the provision of guidance and service on customary procedure.

B) Central Government Involvement

Central government is directly responsible for a number of African areas in the DFR, either through the Department of Development Aid, the Natal Development Board or the State Health Department. These bodies are responsible for the formal administrative structures and the provision of water, health services, roads and pensions, the issuing of title to land, planning, evictions, and allocation of trading sites etc. In some cases they also undertake transmission of directives from the Chief Commissioner (the government official responsible for Africans in white, coloured and Indian urban areas) as well as the receipt of petitions from the communities.

C) Informal Tribal Authority Administration

There are a number of areas in the DFR informally administered by adjacent tribal authorities. This occurs when former tribal land is administered by other formal authorities; and/or when people who owe allegiance to a chief of an adjacent tribal authority live in a nearby shack area.

The tribal world-view is that there is no tribe without claim to land: there is a great consciousness about land that has been expropriated for one or another reason. The power of the Chiefs varies in relation to the number of people who owe them allegiance and where they are located. Within this system, 'informal' indunas undertake duties such as the reception and resolution of residents' complaints and disputes, communication between the residents, the Chief and the formal authorities.

D) Informal Residents Associations

There are between 35-40 shack communities in the DFR, each with at least one community-based organisation which takes up civic issues on behalf of the community. Every shack community has an Inkatha branch and in only two communities there are competing committees.

The branches use Inkatha structures which reach right up to Ulundi to lobby for improvements. Some of the informal administrative roles which these branches play include:

- acquisition of water, payment for water and the reporting of repairs needed to water-sources
- numbering houses in order to divide the community into sections to create neighbourhoods and/or to pay for water
- refuse disposal by burning or burying
- lobbying for school sites, creation of community facilities such as creches and creating community gardens
- inviting mobile clinics
- handling of disputes concerning boundaries, families' or neighbours
- preventing police from raiding shack-shops while limiting crime
- limiting or preventing evictions, trying to persuade absentee landlords to reduce their rents, preventing landlords charging rent on tribal land
- preventing or limiting the growth and/or expansion of a shack community.

All these functions are undertaken voluntarily and to some extent organisation only occurs when problems arise. Often, the Inkatha branches are used by Ulundi as their liaison points within shack communities.

E) Other Bodies Involved in Administration

Apart from the types of authorities described above which are the most widely occurring and have, in various combinations, responsibility for the great majority of people in the informal areas of the DFR, there are numerous other types of formal and informal bodies and individuals who are involved in administration in these areas. Some of these are: freehold-owners and landowners associations, landlords, savings and burial societies, school committees, township managers, subordinate indunas, black and white businessmen, religious organisations - both African separatist and missionary, the Pinetown and Durban municipalities, members of the KwaZulu Legislative Assembly who represent constituencies in the adjacent township or rural area, and Inkatha officials (usually Central Committee members) from the region.

A Network of Administrative Relationships

The majority of the shack areas have a number of administrative bodies, both formal and informal, operating at any one point in time. The power of the different bodies changes over time according to a whole variety of conditions, for example: an influx of strangers who are not from that tribal area, the involvement of national political organisations, the emergence or disappearance of a community issue such as over water or land,

the increase or decrease of a particular chief's or induna's power etc.

In short, a fluid situation exists where administration takes place through complicated sets of relationships and levels of power, both formal and informal, resulting in a somewhat unstructured communications system. It is virtually impossible at this stage to weigh up either the degree of responsibility for administration or the number and importance of tasks undertaken by the various bodies in each community.

Where there is congruence between the tribal authority structure and Inkatha at the local and/or regional level, administration takes place through complex sets of agreements through an informal communication system probably based on protocol or hlonipha.

Consequently, shack areas generally have a combination of leadership groupings, one of which is usually tribally-based, involved in administration. These groupings appear to centre around administration and civic issues.

As there are too many shack areas to list all the administrative bodies involved in each one, some examples of a cross-section of communities are given:

Community	Formal Authority	Informal Authorities
Georgedale	Ilanga Community Authority (AmaKholwa tribal structure and magistrate)	Freehold landlords, Inkatha branch, Holy Ghost Church, businessmen and individuals
Ezimbokodweni	Umbumbulu Regional Authority (tribal structure and magistrate)	Inkatha branch, white and black businessmen and individuals
Africa (Inanda)	Department of Development Aid, Magistrate at Verulam	Inkatha branch, African Congregational Church, Liaison Committee for Inanda, Qadi tribe, businessmen and individuals

Conclusion

Since the outbreak of violence in Durban in August of last year, many of the leaders in the shack areas have become far more conscious of the power of their positions. In addition to this, some shack leaders are stating that their positions and roles should be formalised to bring them in line with the townships. This, among other things, should make those involved in the formulation of the Durban RSC far more sensitive to the challenge of structuring voting power on the RSC to include shack leaders and their vast constituencies.

As has been shown, the variety of administrative bodies and systems which exist in the informal areas of the DFR are wide and complex. Whether or not these administrative structures, which the people are used to, would be either made more efficient and/or formalised and/or overlaid by the RSC should be examined far more closely than has taken place to date.

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8 THE BROADENING OF AUTOCRACY

The Centralisation of Power at Regional Levels Under the Guise of Devolution

By Prof Dr J S H Gildenhuys of the University of Pretoria

The proposed Regional Services Councils represent anything but a 'broadening of democracy'. Those limited democratic structures and procedures which have hitherto existed at the regional level will be effectively neutralised by the implementation of new legislation, which places executive power in the hands of officials nominated, ultimately, by the State President. Prof Gildenhuys suggests that nothing indeed will come from the policies of decentralisation and devolution except increased political and administrative centralisation.

Gildenhuys shows how essential the establishment of a strong economic component is for the autonomous functioning of a municipality, and points out that none of the recent proposals will have any real impact on the relative levels of dependence which presently exist in African, coloured and Indian urban areas.

He argues that either one of two options might be effectively pursued to allow the balanced development of the economic, social, physical and political components in these deprived areas:

- *either the Group Areas Act and associated regulations should be scrapped, allowing the effective merging of racially delineated areas into large integrated municipalities;*
- *or, if Group Areas are to be retained, viable and balanced municipalities with a strong economic component have to be developed in every area, along with effective autonomous local government structures.*

The new legislation introduces a dispensation which is neither here nor there: African, coloured and Indian areas will remain dependent on the goodwill (such as it maybe) of their more economically viable white neighbours; their potential to develop a stronger economic component will remain bound down by the provisions of the Group Areas Act, other legislation and government policy which inhibits their economic development; their political autonomy will remain circumscribed by tiers of government-appointed officials and civil servants not accountable to the public; the legitimacy of their local authorities will remain impoverished as it is at present.

Effective economic integration is simply incompatible with Group Areas: Gildenhuys concludes that either the government must throw the doors open socially and politically; or it must stick to its apartheid guns and ensure the economic development of racially defined areas. Reluctant to commit itself to the full consequences of integration, and unable to maintain old-style apartheid in the face of universal condemnation, the government has confined itself to a nebulous middle road that, instead of a rational programme of constitutional reform, presents the nation with the middle stitched together of a patchwork 'ad hococracy'.

Declared Government Policy

The State President and senior cabinet ministers have made known that the government has accepted the principles of devolution of political power and decentralisation of administration, with joint responsibility for common affairs and self-determination over own affairs, as basic criteria for future constitutional development. Concomitant with this, the State President has declared on several occasions that the current constitutional policy is aimed at the 'broadening of democracy' and the extension of the free market system. It is justified to deduce that the government is serious in its intention to move away from an autocratic elite-democracy to a broader, more directly representative democracy with individualism instead of collectivism as its foundation.

Necessary Components for Self-Governing Municipalities

For any municipality to be truly viable, it is imperative that the four components of a municipality - namely the economic, social, political-institutional and physical components - be fully present in a balanced relationship to each other. No viable municipality can exist autonomously if only one or two of these components are present and the others are absent. It serves no purpose, for example, to concentrate on modern and sophisticated political institutions if the social and economic development of the municipality concerned is at a low level; in such a case a participation crisis will originate. Similarly it serves no purpose to develop a primitive political system for a municipal community with a high social and economic development level; in such a case a legitimacy crisis will develop.

Furthermore, no municipal community can develop socially where there is a low level of economic development, and no economic development can take place under conditions of a low social development level. Without the timely provision of physical infrastructure, neither can the development of the other three components take place.

No municipality can achieve any real autonomy unless it has a strong economic component. A strong economic component is imperative for a strong tax base, which is a pre-requisite for autonomy. Any municipality without a strong tax base must remain dependent on outside aid for its continuing existence. No self-respecting municipal community likes to continuously have to appeal to benefactors, cap-in-hand, for transfer payments and subsidies in order to assure its survival. Those which are dependent on transfer payments and subsidies for their continued existence have no option but to subordinate themselves to the will and political aims of their benefactors. So-called self-governing status becomes, under these circumstances, a farce.

Existing Local Government Structures

While most white municipalities in South Africa have developed in a reasonably balanced way, and are able to exist autonomously without aid, the development of some white municipalities in metropolitan regions is distorted by a deficient economic component. Although these so-called satellite municipalities, which are actually metropolitan suburbs, are self-governing, their economic components usually only consist of suburban trade activities, with a resultant weak tax base. Consequently these municipalities are primarily dependent on normal households for their tax income. It is no surprise that such municipalities are generally the most expensive to live in. For those with a high development level and relatively prosperous inhabitants autonomous survival is possible, but at an inordinately higher price for the municipal taxpayer.

In the Indian, coloured and African urban areas, however, one finds an especially distorted development which makes autonomy impossible. According to the government's traditional separate development policy, the urban areas occupied by Indians and coloureds have been regarded as purely residential areas with minimal economic development. Those urban areas set aside for Africans have been traditionally regarded as purely temporary residential areas, for ideological reasons which are well known.

As a result, these residential areas lack a viable economic component, and have poorly-developed political institutions without truly autonomous legislative, executive, administrative and taxation powers. Their political institutions have merely been of an advisory nature, run and controlled by white politicians and civil servants.

In Indian, coloured and African urban areas the physical components are in general equally poorly developed. To some extent social development, in the form of housing and recreation, has been attended to, and in Indian urban areas - because the government has removed Indian traders from the white business districts - there has been a certain degree of concentration on trade opportunities.

In keeping with traditional apartheid policy, Indian, coloured and African urban areas, despite their economic and physical interconnections with white municipalities, have been viewed politically and socially as separate entities. Government policy has in the past exhibited an approach towards these communities which may understandably be regarded by them as deeply offensive, since it implies that they are or have been unfit to look after themselves, or to take part in the government and the administration of the municipalities of which they are geopolitically a part.

Since the Black Local Authorities Act (1982), the African urban areas have begun to receive a measure of self-governing municipal status. When looking at the Act, however, these black municipal authorities are regulated and controlled politically and administratively in an autocratic manner by white politicians and civil servants, and there is little evidence of real autonomous self-government.

The Local Government Affairs Amendment Act (1985), concerning Management Committees for Indian and coloured areas, has brought a slight change in the status quo as it may eventually lead to autonomous self-governing municipal status. However, there will be little intrinsic improvement in the inferior position of the Indians, coloureds and Africans. It will be another government civil servant, namely the Administrator, who after consultation with the Management Committees concerned and Municipal Councils, will actually decide what their status will be; the Indian and coloured communities concerned will still not be allowed to decide this themselves, suggesting that they are not yet considered qualified enough to actually participate in the final decisionmaking on this matter.

The amendments suggest more a patchwork 'adhocracy' than they do real political and institutional development. The Indian and Coloured Management Committees and the African Town and Village Councils still remain inferior political institutions subordinate to the central state administration, the Development Boards and the white municipal councils, dependent on the latter's kind favours and gifts.

Stumbling Blocks to Development

Two important central government policy matters impede the balanced development of Indian, coloured and African urban areas and municipalities. These are:

- the so-called industrial deconcentration policy, and
- the physical development of urban areas as reflected in the guide plans of the Department of Constitutional Development and Planning.

The first of these, the industrial deconcentration policy, impedes and restricts the development of a strong economic component in the Indian, coloured and African urban areas of the metropolitan regions. In consequence, if this policy continues to be pursued, these urban areas can never be expected to be able to become truly autonomous self-governing municipalities.

Secondly, the guide plans for the development of metropolitan regions published by the Department of Constitutional Development and Planning regard the regions as economically and physically integrated unities. Thus the regulations in these plans do not provide for the development of strong industrial components in the separate Indian, coloured and African urban areas.

Both of these policies clash with the government's policy for the constitutional development of municipal authorities. The creation of autonomous self-governing municipal authorities for the separate ethnic groups in their own urban areas is counteracted by both policies, as they impeded the development of strong economic components in the African, coloured and Indian urban areas.

The policies further indicate that strong elements characteristic of the Verwoerdian ideology of homeland development are still present in government planning. The acknowledgement by the government of the failure of key elements of the homeland development policy, in that the presence of Africans

in the metropolitan regions as permanent citizens is now accepted, is indicative of the failure of the political ideology behind this policy. The industrial deconcentration and industrial decentralisation policies are likewise unlikely to succeed because they too are based on the same obsolete and failed political ideology.

The Legitimacy Crisis

The rejection by the Indians in parliament of the Local Government Affairs Amendment Act, and the reluctant acceptance of it by the coloured Labour Party points to a serious legitimacy crisis in respect of the political-institutional development of their urban areas. Their political agitation over the years is indicative that the management committee system has never really been accepted by the Indian and coloured communities. In the African urban areas the legitimacy crisis is more serious and deeply entrenched. African municipal political institutions, which over the years have undergone little more political development than various name changes, have never really been accepted by Africans.

Evaluating Official Constitutional Development Proposals

1) The first proposal which must be considered is the opening up of the central business districts of white municipalities to all races; this policy is based on the democratic principle of equal rights and the provision of equal opportunities for all citizens of a state. It is doubtful, however, whether this will be a final and lasting solution for the African and coloured municipalities, as inexperienced and less affluent African and coloured businessmen will be unlikely to be able to fend for themselves against entrenched white and Indian business. More important, however, this policy also does nothing to contribute to the creation and development of a strong economic component in the Indian, coloured and African municipalities.

2) The incorporation of white industrial areas within the demarcation of the new racial municipalities is also not a particularly ideal solution. This policy may contribute to the creation of an economic component for the new municipalities, but not without the first negative consequence of diminishing the economic components of the white municipal authorities, and narrowing their tax base, with a resultant increase of taxes. While this approach may produce a more equitable distribution of economic activities between the different urban communities, its total effect will be to impoverish the wider community. Such a policy would have to be accompanied by cash incentives for industrialists, equal at least to those provided by the industrial deconcentration policy, in order to prevent dissatisfaction among industrialists concerned. Such a conflict situation at the outset would not bode well for such new municipalities.

The announced expenditure of R1 000m on the upgrading of infrastructure in the African urban areas is of marginal importance, since upgrading in the absence of a strong economic component offers no permanent solution. This

again offers no real economic development potential to the inhabitants of the African municipalities. Infrastructure is useless without a matching industrial and trade component.

3) The proposed RSCs represent not a 'broadening of the democracy', but rather a moving away from the principles of direct representative democracy towards indirect-representative metropolitan political government. The RSCs do not comply with the principles of devolution of power and decentralisation of administration, whatever has been said. They represent rather a centralisation of power and authority on the regional level. Direct voter control is frustrated and accountability by officials to the public will be difficult if not impossible to exact.

When examining the large number of central and regional government institutions that are and will be concerned with municipal government and administration under the new system, one cannot but conclude that there will be increased political and administrative centralisation and that nothing will come of the policy of devolution and decentralisation. At the moment there exist five central state departments, four Administrators-in-Executive Committee, 14 Development Boards plus the large number of RSCs that are going to be established. The provision of service conditions of the town clerks is already centralised and attempts are likely in future to incorporate the municipal civil servants under the authority of the Commission for Administration. These central state departments, provincial administrators, Development Boards and RSCs are going to have to find something to do in order to justify their existence. The tendency to regulate, control, curb and restrict the activities of municipal government is unlikely to disappear: if anything, interference will increase.

What are the Options?

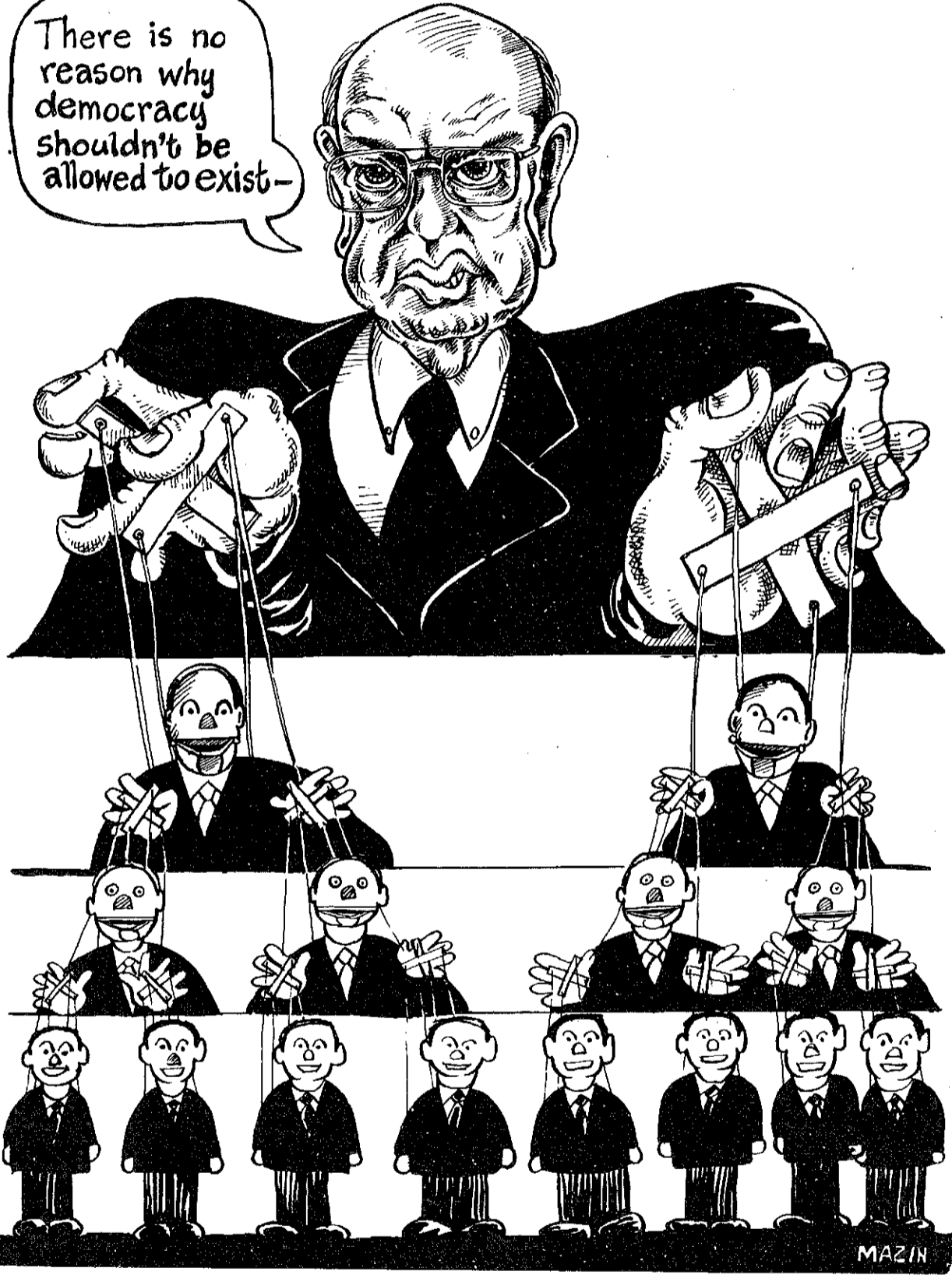
The Integrative Option:

If the government continues with the creation of economic 'grey areas' in the metropolitan regions, the opening of other economic and social facilities for all ethnic groups, and the setting out of demarcated areas as integrated economic, social and physical unities, then the creation of self-governing municipal governments for the different ethnic groups in their separate group areas makes very little sense. Such municipal governments for Indians, coloureds and Africans will be doomed from the start, as they will simply not be able to exist autonomously. Short-term patch work, paternalistic aid and the creation of RSCs will not offer a lasting solution. Political integration will have to match economic and social integration, allowing for the development of large integrated municipalities.

The Segregative Option:

If the government, however, refuses to scrap the Group Areas Act from the statute books, and sticks to separate group areas for the different racial groups for which separate autonomous self-governing municipal governments have to be created, the long-term solution has to be the creation of viable

There is no reason why democracy shouldn't be allowed to exist-



and balanced municipalities for every group area. In this case, the creation of a strong economic component together with an acceptable political-institutional system for the new municipalities would be imperative. By the creation of a strong economic component these municipalities would be helped to ultimately help themselves, rather than have to look to the more prosperous for help and aid via the RSCs. The Physical Planning Act of 1967, which restricts industrial development in the metropolitan and other urban areas, should then be scrapped, and so should the RSC Act itself. The industrial deconcentration policy would also have to be adapted, to make provision for the same cash incentives to industrialists of all races for industrial establishment in the coloured, Indian and African municipalities in order to stimulate industrial development where the actual demand for it exists.

Conclusion

It is clear that effective economic integration is not viable within the parameters of the Group Areas Act. It is submitted that the deregulation and industrial development of the existing African, coloured and Indian areas would be a better option than the costly and artificial redistribution of resources envisaged by the RSC Act, if group areas are to be retained. Revenue from taxation should rather be utilised where it will provide the best returns, namely in the metropolitan areas where the largest population concentrations are and where high unemployment currently exists. Industrial development in the Indian, coloured and African municipalities should be actively pursued, to enable these areas to develop their economic components, rather than the presently envisaged plan which will effectively maintain them in an economically inferior position, dependent on the good favours of the more powerful white municipalities.

9 BACK TO THE DRAWING BOARD?

By Peter Mansfield, Durban City Councillor

Many of those who gave a thumbs down to the 'new constitutional dispensation' at national level tended to respond more kindly to the idea of Regional Services Councils, especially when it became clear that the government intended to include African urban areas in the 'new deal' at the third level of government.

But many people are now having second thoughts on the issue. This rethink stems from two main causes. Firstly, it has become increasingly apparent that a satisfactory new deal at local government level is impossible without serious African involvement at national level. Secondly, with the exception of Natal, African local authorities are collapsing in a heap. Even in Natal there are serious doubts as to whether African local authorities will agree to participate in the Regional Services Councils (RSC) system.

At the beginning of the last parliamentary session, South Africa's major cities were abuzz with the news that the Minister of Constitutional Development and Planning, Mr Chris Heunis, was determined to have some RSCs 'in place' by mid-1985.

In the event, even Minister Heunis' enthusiasm and determination could not achieve the impossible. But the RSC Act was rushed through parliament in the dying days of the 1985 session. Later, the government stated its determination to introduce six RSCs by January 1986. These are: Cape Peninsula, Port Elizabeth and Uitenhage, Durban and Pinetown, Witwatersrand, Bloemfontein and Pretoria. It is clear that it would be optimistic to hope that they will be fully operational by the end of 1986.

In one sense it is understandable that Heunis (increasingly referred to in municipal circles as 'the Minister of Everything') is in a hurry to get some RSCs in place. The longer he leaves it the less likely they are to come into being - certainly in any form which could possibly make any meaningful contribution to South Africa's political or constitutional development.

Durban City Councillor Peter Mansfield presents evidence that the RSCs in their proposed form might already be too late for existing black representatives to ever become 'representatives' in the true sense of the word, and that it would be wiser to go back to the drawing board and hold meaningful negotiations with representative black leaders before proceeding further with the plan.

Rise (and Fall?) of the Third Tier

Unfortunately the origins of RSCs are far more deeply rooted in the government's search for a constitutional accommodation between whites, Indians and coloureds than they are in the search for a really good, financially viable system of third tier government for the major metropolitan areas of South Africa. Other major factors were the government's needs to respond to the growing clamour from white local authorities for additional sources of revenue, and to reduce its own financial crisis by off-loading some of its financial millstones onto the third tier of government.

Initially the government forgot about the needs of black urban areas. To its credit it was subsequently persuaded that any new form of local government needed to include African urban areas (even those in the non-independent and independent homelands). In doing so, however, it failed to negotiate African inclusion with representative African leaders and instead consulted with spokesmen for the thoroughly-rejected black Urban Councils, whose poor credibility was further eroded by the suggestion that African political aspirations would have to be accommodated within the homeland system and in the Urban Councils but not at a national level.

In the process of developing the RSC Act, the government has had to drop its insistence that Indian and coloured areas become autonomous local authorities. Had it not done so, even the Indian and coloured participants in the parliamentary and local government system would have refused to go along with the Bill. In addition, it seems unlikely that white local authorities will in fact benefit financially from the new system.

As things stand, it is highly unlikely that the RSC system will attract the participation and support of more than a small proportion of the Indian and coloured communities. It is surely time the issue of 'autonomy' for such areas was resolved rather than continually ducked and hedged. Until this is done, through negotiations with a wide cross-section of Indian and coloured leaders, local government elections will continue to be boycotted by as much as 90 percent of these communities. The government cannot afford this boycott to be repeated in the 1988 local government elections, for Councillors who will hold office until 1993.

African Participation

More important is the question of African participation in the RSCs. By ploughing ahead with the proposed system, the government seems set to introduce a system in which the majority of Africans will not participate: at best the system will accommodate a few very unrepresentative Africans. In political terms the introduction of the RSCs will turn out to be a step in the wrong direction - if for no other reason than that they will have become seriously tainted by their lack of credibility.

The virtual collapse of the Black Local Authority system will have consequences for the RSCs. Even if this collapse had not taken place, it would have been unrealistic to claim that representation by RSCs would have been widely accepted or legitimate in the eyes of those whom they purported to represent. The government surely proceeds with the creation of the RSCs in the knowledge that a wedge will be driven between the RSCs and the African urban areas - a wedge that no expensive, hi-tech servicing of such areas as envisaged by the Act will be able to remove.

The Natal/KwaZulu Axis

In Natal, the question of African representation on, for example, the Durban centred RSC takes a different form. In the formal African townships of Lamontville, Chesterville, Clermont, Umlazi, KwaMashu, KwaNdengezi and KwaMakhutha, at least functioning local authorities exist. The question here is whether or not they will agree to participate in the RSC.

KwaZulu's Chief Buthelezi has frequently stated that he will support moves that will improve the lot of the people of KwaZulu. It is arguable that RSCs will do so, despite the massive vote-loading in favour of the high-consumption, developed white areas in the region.

However, it is known that KwaZulu is particularly upset by this vote-loading and by the failure of the government to consult with it on the whole question of RSCs, and are weighing up the pro's and con's of whether to allow local authorities it controls and Inkatha influences to participate in the system. If they decide not to, this would be another powerful argument in favour of returning to the drawing board. An additional factor is that the introduction of RSCs in Natal/KwaZulu without the co-operation of KwaZulu could have the effect of torpedoing the proposed Natal/KwaZulu accord. This could in turn have serious consequences for the region and South Africa as a whole.

In a recent address, the Secretary-General of Inkatha Dr Oscar Dhlomo, put the problem as follows:

'Unless we can reasonably expect some progress in the near future towards representation at the centre, we will progressively lose both our interest in and support and legitimacy for co-operation and co-participation in the affairs of the region. In that conviction we are unshakeable.'

Informal Settlements

Natal, and the Durban region in particular, highlight the additional, third-world aspect of African representation - that of the informal shack settlements that do not have the equivalent of town councils that could represent them on the RSC.



"Be a Town Councillor", they said. "Enjoy prestige, authority, status"...

In the greater Durban area, two-thirds of the total population of approximately 3 million are Africans. Of the African population of between 1,3 million and 1,5 million, almost two-thirds live in these informal areas.

By definition these informal areas are those most in need of services that the RSCs are designed to provide. Such areas should be involved in setting standards, priorities and prices. If not, white/Indian/coloured paternalism, however well-meaning, will be rejected and a major aim of the new system - to decrease political tension and improve services - will fall flat. It would be folly not to ensure that these areas, which are an integral part of the region, are represented on the RSCs.

In fact the Act does allow the Administrator to recognise 'representative bodies' for areas outside the jurisdiction of any local authority or management body in the region. It seems unlikely, however, that the Inkatha branches or shack committees found in most informal areas in the Durban area would be recognised for this purpose.

One possible solution would be for the KwaZulu government to establish 'Informal Areas Councils' (possibly one for the northern areas, one for the southern areas and one for the western areas of greater Durban Functional Region), which could coordinate the needs of the informal areas and act as a medium for the representation of such areas on the RSC.

Indian & Coloured Areas

The government's initial intention was to create independent local authorities out of existing Local Affairs Committees (LACs) and Management Committees (MCs) in Indian and coloured areas such as Chatsworth, Mitchell's Plain and Lenasia. However, opposition to 'autonomy' in the Houses of Delegates and Representatives led the government to climb down on the issue and the existing bodies will be given representation on the RSCs.

In response to pressure from Indian and coloured participants in the tri-cameral parliament and from existing LACs and MCs the power of these initially advisory bodies is in the process of being increased, apparently on an ad-hoc incremental basis.

This is in line with the government's determination to push Indian and coloured local areas closer to autonomy. It also parallels the changes which have taken place in African local government.

But such a process has two major drawbacks. First, the situation cries out for a total 'new deal' which should not be confused with an extension or restructuring of the existing system of local government. Any incremental reform to the existing LAC/MC system may be reassuring and ego-boosting to the present incumbents of such committees, but it also virtually guarantees that the 1988 local government elections will be heavily boycotted by the Indian and coloured communities and that these communities and the RSCs will be saddled with non-representative councillors until the following round of elections in 1993.

Given the Indian and coloured communities' strong grassroots opposition to autonomous racially constituted local authorities and the government's implacable opposition to integrated local authorities, is there any direction in which a 'solution' might be found?

A possibility might lie in the scrapping of all existing LACs in 1988 and their replacement by semi-autonomous town councils. Such town councils would have their own budgets (financed by local rates, transfer payments from the white 'mother city', and possibly some income from their RSC) for which they would be completely responsible. In addition, they could have representatives on the 'mother city' Council and vice versa. Their representatives could have voting as well as speaking rights.

Such a system would have the advantage of dealing with the second major drawback of the existing tendency towards incremental reform. More power but no responsibility is being devolved to the LACs, a tendency which spells CRISIS. One example should make this clear.

It seems likely that LACs may be given power to determine administration charges and policies towards rents arrears in council housing schemes. Decisions on these matters could cost millions, and if the LACs are not responsible for budgeting the cost of such decisions, it will result in a system of power without responsibility, which will have disastrous consequences.

Clearly then a new system is needed. It should be negotiated now. Such negotiations should include the existing LACs and the new houses of parliament, but a serious attempt should be made to include existing non-participants in the negotiating process. If this is not achieved and negotiations are limited to in-house discussions, another virtual guarantee of non-participation will have been established.

Allocation of Resources

'Provided that in determining the priorities in connection with the appropriation of funds, the council shall give preference to the establishment, improvement and maintenance of infrastructural services and facilities in areas where the greatest need therefor exists' Regional Services Councils Act, Section 12 (vi).

These words, taken in conjunction with the fact that the RSC's detailed budget requires the consent of the Minister of Finance and that 'any local body represented on the council and whose interests are affected by a decision of that council may appeal against that decision' to the Administrator or Minister of Finance, have enormous implications for the workings of RSCs.

In plain language this means that the RSC's resources are to be channeled into under-serviced and unserved black areas. It almost certainly means that few, if any, resources will find their way into the developed white municipalities and that even the Indian and coloured areas will, at best, benefit only marginally.

Potentially this creates an explosive political situation - one in which those groups who have access to the levers of lobbying and political power, the white, Indian and coloured areas, will not benefit from the new system. This explosive potential is exacerbated by the fact that the new system was ostensibly, in part, designed as a response to long-standing and growing demands by white local authorities and Indian and coloured LACs/MCs for additional sources of revenue for their own areas.

There is, however, in the present political climate some reason for optimism that the participating white, Indian and coloured representatives will rapidly gain an appreciation of the extent of the under-servicing in the African areas.

On the negative side is the provision in Section 8 (iii) of the Act which allows a local authority or other representative body to replace its nominated representative(s) on the RSC at any time. This apparently democratic clause could result in white local authorities withdrawing representatives who gain an appreciation of the needs of the African areas, and replacing them with representatives who undertake to ensure that more resources are channeled into white areas instead.

The clause certainly does mean that representatives will have to be continually looking over their shoulders at the bodies that appointed them and will be less free to concentrate on the needs of the region as a whole.

Devolution of Power?

Government spokesmen in general, and Minister Heunis in particular, have frequently repeated the claim that the changes in second and third tier levels of government represent a devolution of power. There is little evidence to support this view. Indeed there is evidence to suggest that the changes represent a further centralisation of power and a limited devolution of administration.

Clearly at the provincial level, the abolition of elected Provincial Councils and Executive Committees (ExcOs) and their replacement with government-appointed ExcOs represent a centralisation of power. At the RSC level the budgets of the RSCs will be subject to the detailed scrutiny of the Minister of Finance. At present, local authority budgets are subject to macro-control by the State Treasury but not to detailed scrutiny. These measures will ensure a tightening of control by the central government.

Nevertheless, the creation of new sources of revenue for the RSCs is certainly a step in the direction of devolution of power, provided the RSCs are not dictated to as to how to spend this revenue.

Another apparent step in the devolution of power is the transferring of responsibility for (and financing the massive subsidies required by) passenger transport. Again this will only amount to devolution of administration unless the existing government-appointed Local Road Transportation Boards are replaced by bodies that are appointed by the RSCs.

Otherwise the RSCs will simply find themselves administering and financing the dictates of government-appointed bodies.

Economic Development

Astonishingly the RSC Act makes no provision for the Councils to play a role in the economic development of its region. Yet there can be no doubt that economic development will be required if private sector income and the envisaged RSC taxes that go with it, are to be increased. Thus the level of economic development will be the decisive factor in determining whether the RSC can deliver the goods it is supposed to deliver and whether the recipients can pay for those goods. Local and regional government should be as concerned with job creation and economic development as it is with administration and the provision of services.

Despite the examples of local level economic development teams in North America and elsewhere, South African cities remain wedded to the view that their job is administration, and the money will look after itself. The City of Durban is a case in point. It employs more than 15 000 workers - everyone of whom is involved with administration and the provision of services. Not a single employee is charged with the task of attracting industry to the city, encouraging small business development and getting rid of restrictive legislation which discourages the entrepreneurial spirit. The situation in other major South African cities is not dissimilar.

It is essential that this attitude changes. Serious unemployment exists now, and indications are that it will get worse in the decade ahead. The sort of economic development required to sustain the provision and maintenance of services in the metropolitan areas is simply not going to happen by itself. At very least it is essential that the RSCs invest political effort and human and financial resources into stimulating such growth.

RSCs vs Mega-Cities

The alternative to the creation of RSCs is the 'Mega-City' concept, whereby all areas within a region would be included within a single local authority. It is understandable that many spokesmen for the Indian, coloured and African communities (who have been effectively excluded from the decisionmaking process up to now) should argue in favour of the latter system. It would, after all, be the most specific indication of full inclusion and would have the advantage of virtually guaranteeing full participation by all racial groups. However, it would not necessarily be the best form of local government for South Africa's major cities.

Arguments against such a system include:

- Such cities would be too big and local communities would find it difficult to express their individual preferences.

● For historical and political reasons such as the workings of the Group Areas Act, there are enormous differences between the various components of South Africa's major metropolitan areas.

Under the circumstances, some form of metropolitan system of local government is probably a good idea. However that does not mean that the proposed RSCs are the best available form of metro government. Indeed the system shows every sign of having been cobbled together by national politicians rather than regional representatives. Why else would it be considered necessary to impose a uniform system on the whole country? Why not allow each region to develop its own system?

10 CONCLUDING ASSESSMENT *A Crisis of Evolutionary Reform?*

By Prof Lawrence Schlemmer

When black urban communities were removed from the jurisdiction of local authorities as a result of the Bantu Affairs Administration Act No 45 of 1971, there was widespread criticism of the new policy. Both the United Party and the Progressive Party had opposed the Bill in parliament, claiming inter alia that separate local administrations for blacks in urban areas would not work. Councillor Lewis, Chairman of the Johannesburg City Council Management Committee, argued that 'African administration depends on specialist services provided by municipal accountants, legal assistants, medical officers, engineers, auditors and computer staff it is difficult to see how the services at present provided will be available to the Boards to be appointed' (Horrel, et al 1972).

Now, nearly fifteen years later, the impossibility of providing separate but adequate (not even to mention equal) services to local communities has been conceded by the new Regional Services Councils (RSC) Act. This is not to say that the position before 1971 was adequate. Services in black areas were generally poor then as well. Only 21 out of more than 450 local authorities were providing essential transfer funding by subsidising their black revenue accounts out of the general municipal budgets (Hansard 1971). The separation of local services coupled with the idea of financial self-sufficiency of black local authorities, however, is generally perceived as having been a failure over the past decade and a half.

The RSC Act, at one level, is a response to this failure and to a critically urgent need to develop the service infrastructure of all communities out of common revenue funds, utilising the available technical, administrative and professional expertise in the most efficient manner. Given that most black local authority areas are still without the minimum services expected and enjoyed by other communities, the sooner joint provision of services funded from a common budget can commence the better. This is no doubt what prompted Mr Raymond Parsons, Chief Executive of Assocom, to recommend that '....organised business must do what it can to make a practical success of what has now been decided by parliament'(Financial Mail 19/7/85: p43).

Regrettably, political life in South Africa is not that simple. The argument that the RSCs are vastly better than the system they replace, while true in practical terms, may be very dangerous. This statement is made while fully acknowledging the obvious validity of many of the points made in the defence of the new Act by Minister Heunis (Financial Mail 23/8/85: p70). It is absolutely imperative, however, that in South Africa today with its mobilised potential for confrontation and instability, each reform must be assessed against a background of the entire complex of political and economic inter-relationships. Are the RSCs a 'step in the right direction'?

Some Positive Features

Positive features of the new system include:

- The functions of the RSCs, coupled with the provision in the Act that larger local authorities can provide services to others on an agency basis within the overall scope of regional planning, will undoubtedly make it possible to improve both the hard service infrastructure and some of the so-called 'soft' services in poorer local areas.
- The principle of a tax on the wealth of a region, allowing local authorities with a low tax-base to benefit from the wealth they help to create through their labour, is obviously a positive feature.
- The provisions for the inclusion on the RSCs of Local Affairs Committees and Management Committees as member institutions with local authorities, and even the possible inclusion by Provincial Administrators of other bodies such as, say, residents' associations from shack communities, can very constructively widen the scope of the councils' activities and coverage.
- The Councils are to be at least one official forum on which different races sit together to take decisions. These bodies can loosely be described as 'multiracial', which is a form of progress in our society. This feature is reinforced by the fact that, as from July 1985, the black local authorities became the responsibility of the Department of Constitutional Development and Planning and no longer of the then Department of Co-operation and Development, which has been a source of political 'stigma' in the past.

Problematic Features

These advantages are considerable. They have to be weighed up against the following problematic features of the legislation, however:

- While there appears to be widespread support for the principle of a decentralisation of ministerial powers to local government (President's Council 1982), the RSC Act gives the impression of a greater concentration of power at central government level with merely a devolution of functions to local levels (our emphasis) (Assocom 1985). Professor Gildehuys makes no bones about this in his contribution to this volume. The Administrator's powers to delimit and establish RSCs can only be exercised after consultation with or concurrence by the minister. Furthermore, the Minister of Finance has wide and broadly defined powers in regard to the raising of regional revenue and budgets of the RSCs.
- The Assocom memorandum also points out that a wide range of forms of co-operation between local authorities are occurring already, and this co-operation could increase in scope in the future years under the present system (ibid: p6).

● Some degree of recognition of the weight of financial contributions to the RSCs' budgets would be appropriate in the formula for representation on the Councils. The system of representation, despite certain safeguards, is so heavily weighted in favour of the larger local authorities, however, that resistance or resentment from poorer local bodies is bound to emerge. The Assocom memorandum expresses the fear that 'non-white local government may not benefit to the extent intended or envisaged' (Assocom ibid: p7).

● The proposed new taxation systems are particularly problematic. If it is true, as contributors to this volume and Assocom have argued, that the payroll tax (Regional Services levy) will induce labour-saving in the private sector and that the taxation in general will encourage industry to move away from the cities, then the consequences of the new system will be negative indeed for the cities. Unemployment is a major factor underlying the present urban unrest, and what our cities require is a dynamic programme of job-creation rather than policies which, however subtly, will discourage employment growth.

● A major factor bearing upon the RSCs is their political legitimacy. This is a problem affecting both smaller white and the African, coloured and Indian local areas. There are rumblings from smaller white local authorities to the effect that they do not wish to subsidise townships in the new deal and this issue will be exploited by right-wing parties.

The major political problems, however, lie in the black sector. Black local authorities, as indicated in the introduction, have manifest problems of political acceptance. Any new regional dispensation cannot play with fire - it must absolutely guarantee that black local authorities participating will be able to deliver the goods. This, as the comments above indicate, is by no means certain. As contributor Mansfield points out, even the KwaZulu government is uncertain about the implications of the RSC in Natal. We can ill-afford a new wave of protests and demonstrations, à la tricameral parliament or the 'Koornhof Bills', about RSCs.

Some opposition will be inevitable from extra-parliamentary organisations in particular. In part it will be due to the fact that the new system further institutionalises group areas and separate local authorities. Some influences will oppose the measures for fear that they might just work in boosting the credibility of establishment-oriented black leaders.

Given these problems, as well as the very real functional issues which have been mentioned above, the problem of political opposition to the new dispensation seems likely to be quite severe.

● The limitation of the functions of the Councils to the provision of 'hard services' or so-called 'general affairs' neglects the fact that most of the poorer local authorities also have a critical need for skills and resources for the provision of 'soft services' like housing, recreation and health.

The new legislation will be implemented in the course of the next few months. Minister Heunis has expressed his determination to proceed, for perfectly understandable reasons. The legislation, after all is said and done, represents an advance on the current situation as it applies to poorer local authorities.

There appears to be little point, therefore, in calling for the abandonment of the new system at this late stage (this has been an appeal in the past but Minister Heunis did not appear to be impressed - see for example, Hermann Giliomee and Lawrence Schlemmer, 'Don't Settle for Less', Financial Mail, 2/8/85: p55, and the rejoinder by Minister Heunis 'Redistributing Local Wealth', Financial Mail, 23/8/85: p70).

It would seem constructive to suggest, then, that the Minister be taken at his word that the RSC Bill is not the last word in constitutional development at the third tier of government; to quote Raymond Parsons of Assocom '(the business sector) is heartened by the acknowledgement by Minister Chris Heunis that the Legislation is "not perfect"' (Financial Mail 19/7/85: p43). Given this admission, the Minister may be willing to countenance or encourage an evolutionary process of local government reform, starting with the RSC as presently constituted as an interim step.

Consultation & Negotiation

What I would like to suggest is that once a few major Regional Services Councils have been established, these Councils be given the task of establishing machinery for making contact with and negotiating with black local authorities, black civic associations, other relevant community groupings, including white interests as well as the private sectors in the region.

If and when functioning consultation and negotiation is proceeding and various suggestions are coming forward as to the kind of system of third tier government which could be acceptable, a larger committee drawn from the various Councils and their negotiating partners could be established to consider the inputs and begin to formulate proposals for submission to the Department of Constitutional Development and Planning.

It is pointless to debate the forms which changes to the Regional Services Councils might take, because the whole point of the exercise should be to involve all parties as fully as possible in a consideration of the system and its modification. The Regional Services Councils should approach their own future with as open an agenda as possible because it is precisely the need for early and full negotiation with all relevant community groups, both formal and informal, which is the highest priority of all.

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