

# IMPLEMENTING THE REGIONAL SERVICES CONCEPT

## A perspective

Six months after their establishment, Regional Services Councils seem destined to realise neither the worst fears of their critics nor the hopes of their supporters.

### THE RSC CONCEPT

RSCs were initially designed to extend the 1984 constitution's formula for "power-sharing" to non-African local government. But, once African local authorities were granted representation on the councils, it soon became clear that they would stand or fall by their impact on local government in African townships.

Some of their supporters insisted — and still do — that RSCs were a first step towards non-racial local government, that they were, as one senior constitutional planner put it, the "thin edge of the wedge" which would prompt the demise of segregated third-tier government.

Symbolically, RSCs were indeed important departures from apartheid policies because they recognised the need to give black communities a more equitable share of both wealth and power. But, because they did this within a formula which entrenched both segregated local government and effective white control, they were seen more generally, by both government decision-makers and their opponents, as an attempt to create credibility for segregated local government.

Government planners conceded that their decision to grant segregated black local authorities formal autonomy but to refuse them the finance they needed to run the townships had been a mistake. It had forced township residents to foot the bill for services directly through steep rent and service charge increases; unable to afford the increases, they had resisted, sparking the unrest which began in late 1984 and the collapse of many black local authorities.

The RSCs, they argued, would rectify the error by providing the councils with the resources they needed to serve township residents and would, therefore, help them become viable. And, by granting them a say in development decisions, the new councils would also give the black local authorities real power to "deliver the goods". Most government decision-makers thus hoped, and some critics of apartheid feared, that RSCs would provide black local authorities with resources and influence and thus give segregated local government a credibility among township residents it had never enjoyed.

RSCs also raised another set of hopes and fears. The councils are designed to improve township conditions, but they rely primarily not on central government funding but on levies raised from business in their areas. This was

seen as an attempt by the government to escape direct responsibility for upgrading and running the segregated black townships whose poverty deprives their local authorities of an effective base.

Attempts to shift the burden onto township residents had failed. Instead RSCs aimed to shift the burden to employers, who would have to pay the levies which would fund black local government, and workers, who would pay indirectly through the higher prices, lower real wages and reduced job opportunities which the levies would ensure.

However, since the burden would now be borne indirectly, the risk of resistance would be reduced: while decisions by black local authorities to raise rents and tariffs inevitably prompted resistance which was aimed directly at the councils, township residents would be far less likely to link the indirect consequences of higher levies to the black local government system. The government could thus force township residents to bear the costs of segregated local government — but without prompting a backlash. Again, some government planners shared this view and hoped that RSCs would do just that.

### EARLY EXPERIENCES

RSCs were, then, seen as a means of entrenching segregated local government by acting as agents of both development and constitutional reform. Early in the life of the experiment, there are signs that some of the councils may achieve gains on the first score — on the second, their prospects are bleaker. While RSCs have hardly begun their development work, they have drawn up their first budgets and outlined their priorities; some have also begun providing bulk services in their region.

Those on the Witwatersrand appear to be in earnest about devoting resources to the black townships. The Central Witwatersrand RSC thus plans to devote R66m of its R70m budget to township development<sup>1</sup> — only R4m has been earmarked for administration and this would seem to allay fears that a large chunk of RSC revenue would be used to fund a growing bureaucracy. The East Rand RSC appears similarly to see township upgrading as a priority — it has voted R35m for the purpose<sup>2</sup>. Even the Highveld RSC, whose white local authorities are dominated by right-wingers, plans to devote the bulk of its revenue to the townships<sup>3</sup>. Another interesting feature of the Central Wits RSC's early priorities is that it rejected a plea from the Soweto council to fund a R12m civic centre for the local authority, arguing that basics such as sewage were a far greater priority than upgrading the offices of councillors<sup>4</sup>.

But these promising early signs are by no means uniform. The Pretoria RSC has thus devoted a large part of its first budget to development in white areas<sup>5</sup>. It is unlikely that their need for infrastructure is greater than that of Pretoria's black townships and this suggests that, in some areas, white municipalities will use their superior voting power to limit the resources which black areas receive.

In the Cape, the early signs are less promising still. There, RSCs are merely assuming the functions of Divisional Councils — in both Cape Town and Port Elizabeth, they are taking over not only the powers of the old Divcos, but their considerable deficits as well. The levies which RSCs are collecting are unlikely even to eliminate these let alone to provide funds for development.

Thus while RSCs were partly designed to reduce the need for black local authorities to raise rents, one of the Western Cape RSC's first decisions has been to do just that — a move which has prompted protests and calls for the increases to be frozen from the House of Representatives' Ministry of Housing and Local Government<sup>6</sup>.

## DEVELOPMENT PROSPECTS

RSCs' prospects of making significant inroads into township backlogs will also diminish sharply if they are expected to help local authorities in African areas overcome their growing financial crisis.

In June, the Administrator of the Transvaal, Mr Willem Cruywagen, said that RSC aid would help to reduce the councils' deficits<sup>7</sup> — the West Rand RSC has loaned R9m to black local authorities<sup>8</sup>. But there are clearly limits to RSCs' ability to fund township councils directly and the authorities appear to hope rather that RSCs' role in providing township services and infrastructure will itself relieve the pressure on council budgets.

It is also worth stressing that even those RSCs which do seem committed to development are not about to wipe out backlogs in the townships overnight. Thus the amount which its constituent councils have asked the Central Wits RSC to devote to electricity projects in its first year is only a third of the total they believe is needed to wipe out backlogs and, by its own estimates, the RSC's upgrading programme is likely to take four or five years to remove backlogs.

Urban planners sympathetic to the RSCs believe, however, that the councils will not be able to make a substantial impact on backlogs unless their revenue base is increased significantly. They predict, therefore, that RSC levies will increase fivefold as the new councils confront the fact that vastly increased resources will be needed to fund the upgrading which could give black local government an economic base.

This, of course, raises the spectre cited by some RSC critics — that they will be able to fund effective development only if they place a significant burden on business in their areas. Vastly increased levies might curb economic growth in the cities, eroding RSCs' revenue base and compounding the development problems they are supposed to relieve.

It remains to be seen whether RSCs who see township development as a priority will be able to raise enough money to fund it without threatening the viability of business in their area: one partial way out of the dilemma may emerge if

RSCs seek loans from the capital market, an option which is now being punted by local government specialists<sup>9</sup>. Although loans obviously have to be paid back, this option may significantly relieve RSCs' need to fund upgrading through levy increases.

However, if the burden of funding RSCs does grow, it will not be borne by employers and workers alone — for the government appears no longer to seek to use the councils to shift its responsibility for funding township improvements onto employers and, indirectly, township residents themselves.

Firstly, the government funds RSCs in two ways — it is, like all other employers, subject to RSC levies and it also allows private employers to claim levies as a tax-deductible expense. According to Mr Gerrit Bornman, chairman of the Central Wits RSC, the government will therefore contribute 50% of RSC revenue<sup>10</sup> — local government specialists believe this is an underestimate. Secondly, RSCs have received significant bridging finance from the government in the form of interest-free loans from the provinces — some critics of the system claim that only this funding has enabled some councils to begin operating<sup>11</sup>.

The demand for bridging finance seems likely to grow — estimates by the Western Cape RSC, for example, indicate that it will only be able to upgrade township infrastructure if it receives more central government aid<sup>12</sup>.

While the government might obviously prefer RSCs to relieve it of responsibility for funding development, it seems to have accepted that township conditions will not be improved — and stability will thus not be ensured — unless it directly allocates money to development.

Finally, the government had intended to transfer responsibility for subsidising passenger transport to RSCs, thus divesting itself of an increasingly unaffordable burden. Officially, this intention has not been abandoned. It appears, however, that the resistance of white municipalities to this plan — which was almost universal — together with its impracticality have combined to ensure its abandonment.

Mounting transport subsidies, prompted by apartheid planning policies which force the black poor to live far from the workplace, would consume most of the RSCs' revenue, ensuring that they could contribute very little to development. Even if responsibility is transferred, the government has accepted that RSCs will not be able to fund subsidies from their own resources and has agreed that the Treasury will continue to bear that portion of the subsidy burden which RSCs cannot afford<sup>13</sup> — this may well mean that central government continues directly to pay out the vast bulk of transport subsidies.

The fact that the government will be bearing much of the burden if RSC costs do rise, suggests that levies will not be raised indiscriminately. This may allay fears that RSCs would choke urban development, but is likely to place limits on the extent to which they can carry out upgrading plans.

In sum, the early signs suggest that RSCs will not bleed employers and workers dry and that in some areas they will prompt significant township development. But their limited resources are likely to ensure that they can have at most a partial impact on township backlogs — and that their success in providing an economic base for segregated local government will be limited.

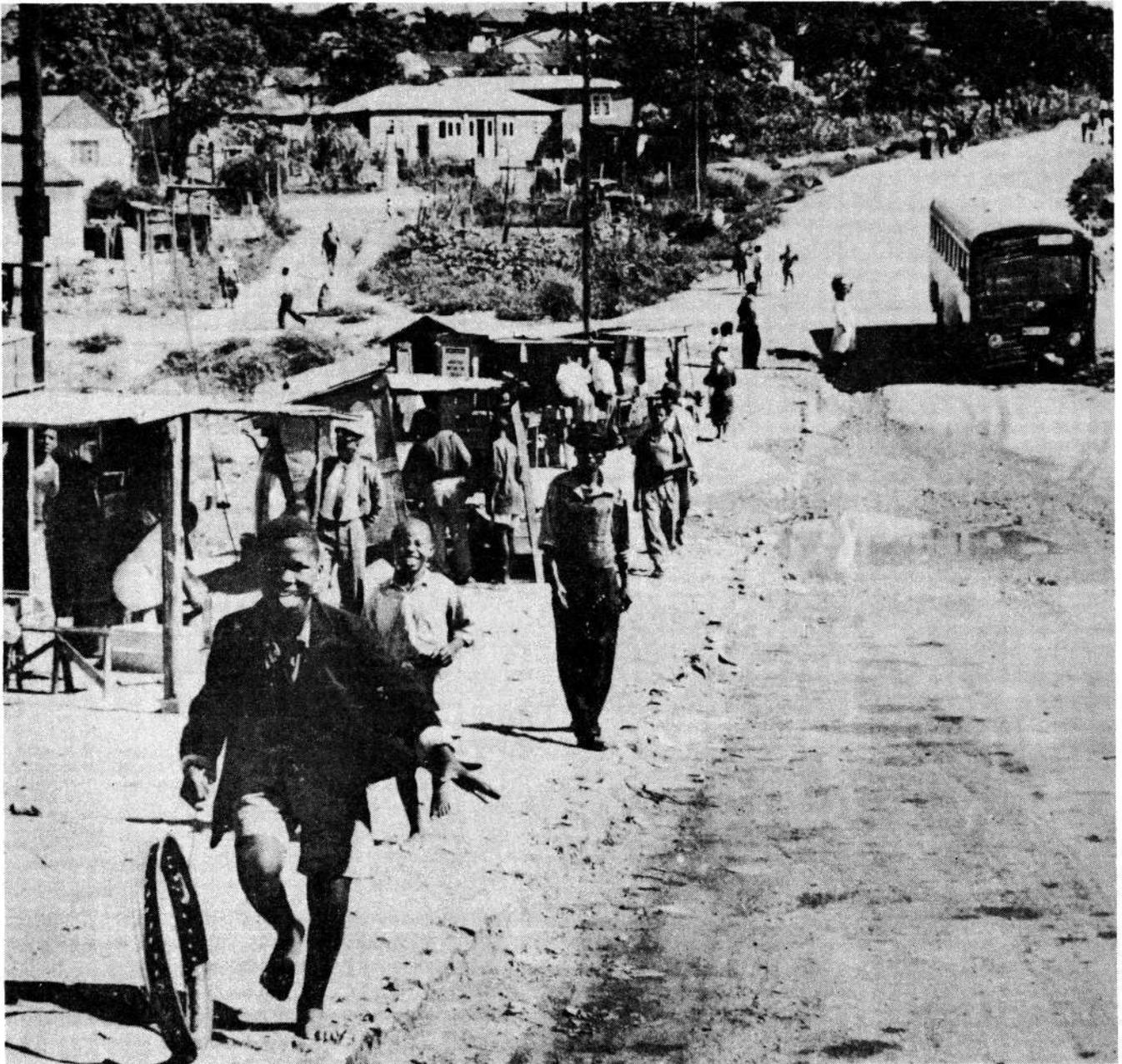
## RSC POLITICS

RSCs' political role may, at this stage, be far less significant than their development function, for they seem likely to do little to boost the power or credibility of black local authorities.

Firstly, while they have only been operating for a few months, there is little evidence that RSCs are giving the township councils any more clout than they had before the experiment began. Thus the Pretoria black local authorities appear to have been unable to prevent the RSC allocating substantial funds to the white areas and coloured management committees in the Western Cape have been unable to prevent the council imposing a rent increase, despite the fact that this has been opposed by their local government ministry. Nor were the Soweto councillors able to convince their colleagues that they really needed a civic centre. Of course, they probably didn't and the rejection of their request appears to have been a sound development decision. But the incident does suggest that they have only limited influence on the RSC.

It suggests also that, should black councils attempt to use RSC resources to dispense patronage, they may be similarly thwarted if their requests conflict with its development priorities. It may also be significant that several East Rand black councils have formed an informal liaison committee with the Benoni city council to provide a platform for discussing the use of services in their area. This, of course, is what the RSC is supposed to do — but at least one East Rand council, Daveyton, says it has joined the liaison committee precisely because it believes an informal committee will offer it more influence than the RSC; it notes that its limited voting power on the formal council gives it little power to dictate its priorities<sup>14</sup>.

Interestingly, the liaison committee idea appears to have originated with the government — councils are being encouraged to form committees by the Transvaal Provincial Administration. Officials insist that the committees will strengthen RSCs because they will build an ethos of co-operation which will help the new councils function more effectively. Perhaps — but the fact that black councils



Pic: Joel Krige

appear to need an informal body which will discuss similar issues to RSCs in order to co-operate with their white counterparts could also be seen as an admission that the councils are unable to provide them with an effective platform. Indeed, one bizarre consequence of the liaison committee idea is that the Mayor of Middelburg, an HNP member, is willing to co-operate with black councils on the committee and to agree to devote resources to black townships in response to informal requests, but is flatly opposed to RSCs<sup>15</sup>. The reason is that, unlike RSCs, liaison committees don't imply formal joint decision-making across race lines. But the town's black council is unlikely to pin much faith in RSCs if it can receive some of the assistance it needs simply by talking to the white mayor.

The complex system of minority guarantees which governs RSCs might also prompt an expensive immobility on some councils. One of these is the stipulation that all decisions must be taken by a two-thirds majority; on at least two councils, this has ensured that the RSC has failed to elect key office-bearers because the prevailing political alignments prevent any of the candidates winning the required support from their colleagues<sup>16</sup>.

Of course, this might increase the leverage of black councillors because it suggests that, where deadlocks occur, they might be able to trade their votes for concessions — particularly on RSCs where they can form alliances with opposition white councils who have substantial representation. However, thus far there is little evidence of this; and the deadlocks do suggest that the consensus which government planners would like the new councils to create may prove elusive. If consensus is not achieved, decisions will be taken by the voting majority — the white councils who consume a greater proportion of RSC services. Nor is there evidence to suggest that RSCs are doing much to promote the credibility of black local government among township residents. The deliberations of the new councils take place removed from township residents and this limits their ability to win township credibility — members of the Central Wits RSC, for example, have already complained that the council appears to be making little impact on the public it serves<sup>17</sup>.

In the Transvaal at least, the viability of black local government appears to have actually declined sharply in the few months since RSCs were launched. African local authorities in the province are facing a severe crisis, but the threat comes this time not from township activists but from the authorities in the form of the provincial administration. Frustrated by the failure of some councils to end rent boycotts or to restore order to their finances, the province has dissolved five councils and threatened to close down others.

RSC supporters would, no doubt, point out again that the system has hardly had enough time to create a healthy black local government system — but the Transvaal province appears to have decided, at least for the moment, that it cannot wait for RSCs to salvage the councils and that direct rule from above is a more effective guarantee of township stability than local constitutional experiments. Nor is it likely that RSCs will, in fact, enable the councils to overcome the financial problems which prompted the province to intervene — Mr Cruywagen partly conceded this in his June speech mentioned earlier when he questioned whether RSCs would give African councils a viable economic base from which they could raise township living standards.

One further limit to RSCs' political role is the fact that they have not been introduced in Natal because Inkatha is opposed to them and it controls African local authorities in the area — there seems little prospect that the councils will be launched in the province at all<sup>18</sup>.

## THEIR FUTURE SIGNIFICANCE

In the light of this evidence, it may be significant that at least some government planners no longer see RSCs as a mechanism for constitutional reform. They argue that the councils may be appropriate agents of urban development, but that they cannot provide a platform for effective local government: they are, they note, far too remote from township residents and offer them no effective control over local decisions. The answer, they suggest, is to retain RSCs as development bodies but to restructure local government in order to strengthen grassroots participation and to ensure that local communities have an effective say in the system.

These views will find an outlet in a new investigation which the official Co-ordinating Committee on Local Government Affairs is undertaking in an attempt to devise a uniform local government system for all races. The investigation does not in itself reflect waning official confidence in either segregated local government or RSCs — it was launched because the government would like to impose uniform legislation on local governments for all races while retaining segregated structures. But some members of the committee are likely to argue for a far more flexible system which would allow local communities latitude to decide on their own form of local government; this could entail recognition of grassroots structures not too dissimilar, at least in form, to the street committees formed during the unrest which began in 1984 and might also imply some latitude to move away from segregated structures.

These proposals are likely to face fierce resistance — but the fact that they are being considered at all suggests that RSCs are no longer seen in some official circles as appropriate instruments for restructuring local government.

Just as government officials are pinning far more modest hopes on RSCs, so too are some of its opponents beginning to modify their fears about the system's likely consequences. Thus some analysts sympathetic to the UDF are now arguing that RSCs should be seen as government development bodies which do not pose a significant threat to supporters of non-racial local government and should be treated accordingly by township civic associations. This is not a belated endorsement of RSCs; on the contrary, it implies that the political limits imposed on them by the fact that they are effectively white-controlled makes it extremely unlikely that they will help create an effective power base for black local authorities.

But it does imply also that there would be little advantage for opponents of the present local government system in devoting resources to a direct campaign to thwart RSCs; such a campaign would, of course, only be necessary if RSCs did, in fact, seem likely to strengthen the present system.

A similar point has been made, albeit from a different perspective, by the president of the Steel and Engineering Industries Federation, Mr Keith Jenkins, who argued in October that RSCs might prompt some redistribution of resources to black townships and were also an acknow-

ledgement of the need for joint decision-making by all races but added that they could be only a "Short-term palliative" to the economic and political problems facing black local government<sup>19</sup>.

### CONCLUDING REMARKS

Like several previous government reforms, RSCs are a recognition of the failure of key apartheid policies — as noted earlier, they recognise that black communities require both a greater share of "white" economic resources and a greater say in decision-making. But, like those other reforms, they are constrained by the fact that they seek also to contain change — in this case, by insisting that the

redistribution of wealth and power be channelled through segregated, white controlled, structures. This not only limits their ability to achieve their stated aims — in this case, township development and joint decision-making — but also their ability to "co-opt" black elites by offering them real control over resources or decisions.

RSCs are, therefore, an acknowledgement that local wealth and power must be shared, but one which is likely to demonstrate that this cannot be achieved by instruments which reflect key apartheid assumptions. Their introduction, and the likely limits on their success, may therefore, do far more to strengthen pressures for non-racial local government than to deflect them.□

1. Sowetan 19/8/87.
2. The Star 11/8/87.
3. The Star 3/8/87.
4. The Star 18/11/87.
5. The Star 4/11/87.
6. The Star 18/9/87.
7. Business Day 16/6/87.
8. The Star 4/8/87.
9. Financial Mail 4/12/87.
10. Business Day 8/10/87.

11. Business Day 21/6/87, 25/8/87, 29/8/87.
12. Business Day 14/9/87.
13. White Paper on National Transport Policy, Department of Transport, 1987.
14. Interview with East Rand councillor.
15. The Star 17/9/87.
16. See for example The Star 10/7/87.
17. The Star 20/10/87.
18. Financial Mail 3/7/87.
19. Business Day 13/10/87.

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by Fanie Cloete

## LOCAL OPTION PROBLEMS AND PROSPECTS

"The Government has accepted the principle of maximum devolution of power and decentralisation of administration at local government level and minimum administrative control over local authorities. . . ." (Prime Minister P. W. Botha on 30 July 1982 in Bloemfontein.)

(. . . The Government has accepted) ". . . that government functions be executed at the lowest possible level of government and that higher levels of government should as far as possible only be policy making and monitoring levels of government. . . ." (Minister Chris Heunis in the House of Assembly, 6 May 1982, col. 4907.)

The Government's acceptance of the principle of a maximum decentralisation of functions in the public sector, has set the stage for potentially far reaching changes in South Africa. It is aimed at achieving a large degree of local option not only in constitutional and administrative **structures and processes** in the country but also in the nature of South African society: in other words, in its **value system**.

Until 1982 control over the processes of government was to a large extent concentrated in central state departments. The relative autonomy of provincial legislative and executive authorities had systematically been eroded between 1910 and 1980 while most local authorities were effectively controlled by provincial bureaucracies and were allowed only restricted and well circumscribed powers.