

PUBLIC SECTOR - LOCAL AUTHORITIES - GENERAL
1996

JANUARY — JULY

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HAND IN the printouts (of your spreadsheet and your outline) in the APPROPRIATE BOX outside the Computer Science Secretary's office, by NO LATER THAN 8:00 am Thursday 28th August 1986.
NB Write your name and reg. number in ink on the printout before handing it in.

Bill to curb govt say on provincial loans

(262) (262) BD 9/1/96
Greta Steyn

CENTRAL government will no longer be able to exercise total control over provincial borrowing, in terms of legislation due before Parliament early in the session, after complaints from the Financial and Fiscal Commission

The commission's representations to the parliamentary standing committee on finance late last year led to the appointment of a working group to fine-tune the draft Bill and to rewrite a key section.

ANC MP Rob Davies, who is a member of the finance committee, said yesterday that the Provincial Borrowing Powers Bill was being changed, so as to take away the finance minister's power to override the provinces should there be disagreement

"The minister will retain a negative veto as no borrowing will be possible if he refuses, but his ability to set the provinces' borrowing totals unilateral-

ly if they all disagree with him will be removed," Davies said

The new draft Bill had not been presented to the full standing committee yet, but Davies believed it would have a smooth passage through Parliament

It is scheduled to be debated before the Easter recess

Davies said provincial borrowing would be decided by a loan co-ordinating committee which would be set up to ensure fiscal policy was consistent at all levels of government. The provinces would be represented on the committee. The idea was to reach consensus on an aggregate level of borrowing

In terms of the original draft Bill, the minister would have the final say if consensus could not be reached. After the commission's submissions, the finance committee decided the total borrowing could be set only by the minister along with four provinces

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Bill (262) (262) (262)
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"The change partly reflects the commission's concerns with provinces' accountability and responsibility for their own finances," Davies said

A source said the commission had also been worried that provincial borrowing decided by the finance minister would be viewed as effectively carrying a guarantee. Davies said the original

legislation had made it clear that a guarantee could not be assumed, unless it was explicitly given, as would be the case for foreign loans

The commission has said care should be taken to avoid the provinces being reduced to spending agents of central government.

It has sought greater fiscal autonomy for the provinces. The draft final constitution explicitly prohibits provinces from charging surcharges on income taxes — one of the commission's key recommendations

Local election to cost R20m

BD 11/1/96

(262)

Samantha Sharpe

TAXPAYERS would fork out more than R20m for the Western Cape local election to be held on May 29, a figure which excluded rural voting costs, officials said yesterday.

A Cape Town administration department budget showed election cost estimates for the Cape metropolitan central substructure at R6m, which did not take into account voter education costs, forecast at R1m-R2m.

But voters' roll manager Brent Gerber said the R6m estimate should be trebled to take into account the five other metropolitan substructures, bringing the Western Cape election bill to about R18m.

This would exclude expenses for the rural Western Cape.

The largest slice of the Cape metropolitan central substructure's budget went to staffing costs, estimated at R1,59m.

Training for the substructure's

6 880 staff for three days, at R50 a day, would add a further R1,49m to the taxpayers' election bill.

It was estimated that 60 deputy returning officers, 265 presiding officers, 265 deputy presiding officers and 7 000 polling officers would have to be recruited and trained.

Those attending training courses would enjoy a good meal on a food allowance of R20 a day.

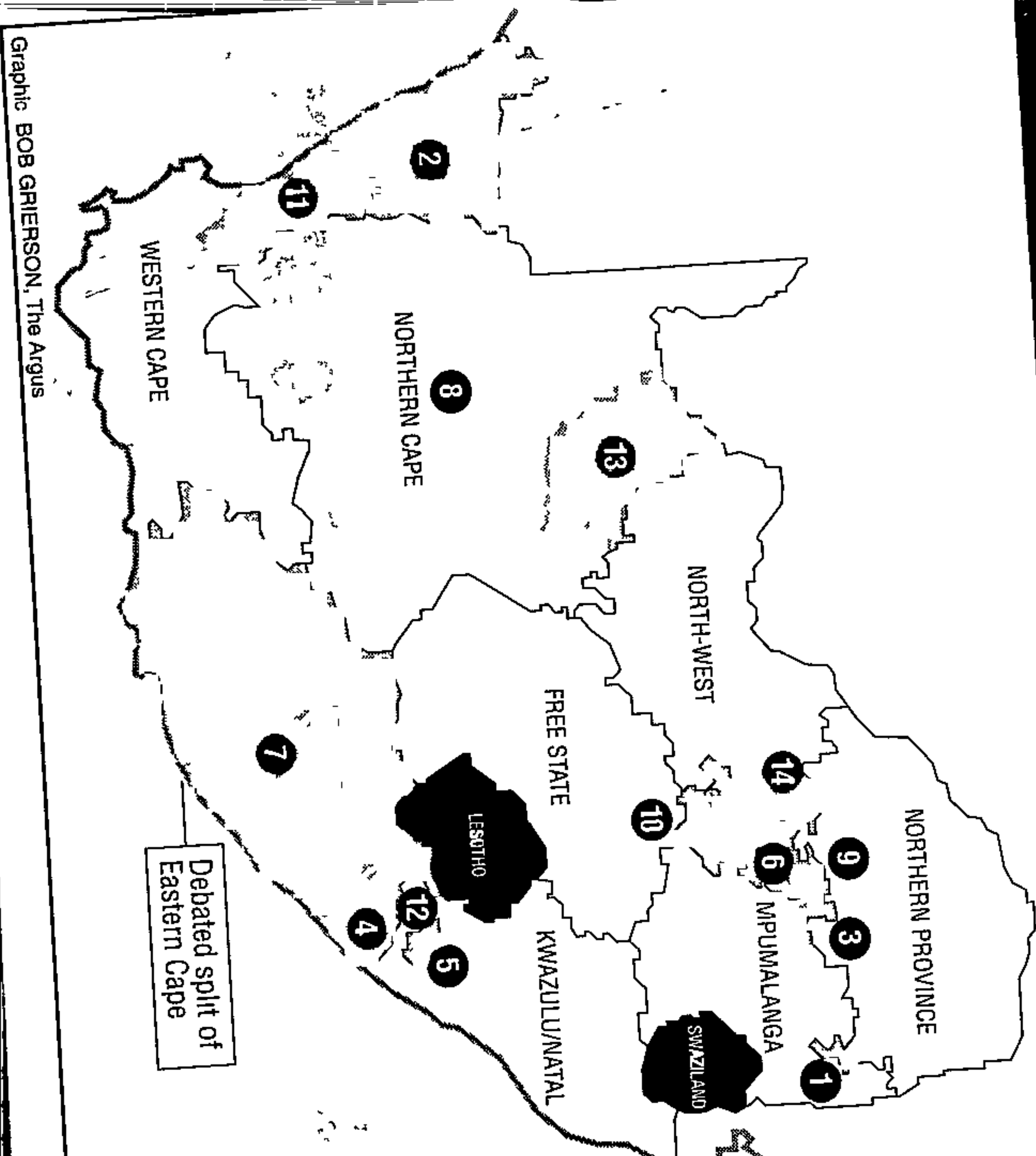
An election day meal allowance of R30 a person would notch up a further R263 000, about the same amount budgeted for voting station rentals.

Election material for the Cape metropolitan central substructure would cost R300 000, while voting station equipment including ink, batteries and chair rentals would add R150 000 to the bill.

Cape metropolitan central substructure election officials could count on 100 cellular telephones rented for two days at a cost of R29 000, according to the provisional budget.

SATURDAY focus 2

Border disputes in the new South Africa



Affected area	Affected provinces	Status	Mechanism for resolution
1 Bushbuckridge	Northern Province Mpumalanga	Active	Negotiations between provincial premiers
2 Namaqualand	Western Cape Northern Cape	Dormant	Political party negotiations
3 Groblersdal	Western Province Mpumalanga	Active	Negotiations between provincial premiers
4 Northern Transkei/Pondoland	Eastern Cape KwaZulu/Natal	Active	Central government funded commission of inquiry
5 Umzimkulu	Eastern Cape KwaZulu/Natal	Active	Central government funded commission of inquiry
6 Debated split of former PWV	Gauteng Mpumalanga Eastern Cape	Dormant	Political party negotiations
7 Debated split of Eastern Cape	Western Cape Northern Cape Northern Cape	Dormant	Failed attempt at referendum
8 Debated absorption of the Northern Cape into neighbouring provinces	Western Cape Northern Cape	Dormant	Political party negotiations
9 Moutse, Mathamanj, districts of former KwaNdebele homeland	Gauteng Mpumalanga	Active	Provincial led commission of inquiry and political party negotiations
10 Sasolburg	Gauteng Free State	Dormant	Political party negotiations
11 Clanwilliam Vredendal and Van Rhyndorp	Western Cape Northern Cape	Dormant	Political party negotiations
12 East Griqualand	KwaZulu/Natal Eastern Cape	Active	Central government funded commission of inquiry
13 Kuruman, Postmasburg and Hartswater	North West Northern Cape	Active	Provincial level negotiations
14 Burs, Moretele, Odi and GaRankuwa area	North West Gauteng	Active	Local protest

Graphic: BOB GRIERSON, The Argus

Confusion on i as SA maps

IN MANY parts of Africa, cultural faultlines have led to the break-up of states — Eritrea's separation from Ethiopia, for example.

The same applies in Europe, which has witnessed the dismemberment of the USSR and the fragmentation of former Yugoslavia

In South Africa, the formation of nine new provinces has created 14 areas of dispute, eight of which remain in active contention. Some of the affected areas are inter-related and active boundary disputes can be simplified into five problem areas

These are

- The Northern Province-Mpumalanga disputes over Bushbuckridge, Groblersdal and Marble Hall.

- The Eastern Cape-KwaZulu-Natal boundary affecting East Griqualand, Pondoland and Umzimkulu.

- The Gauteng-Mpumalanga border region, including the main-affected area of the former KwaNdebele homeland.

- The Gauteng-North West border region.

- The Northern Cape-North West dispute over the main-affected area of Kuruman

Altogether, the boundaries of seven provinces are contested. The Western Cape and Free State are the only two provinces not affected

A survey has been conducted in the disputed Eastern Cape-KwaZulu-Natal, Gauteng-Mpumalanga and Northern Cape-North West areas, which includes some observations of the Commission of Inquiry into the finalisation of the provincial boundaries between KwaZulu-Natal and the Eastern Cape, more commonly called the Justice Trengove Commission.

Early results indicate that the active boundary disputes can be traced to cultural and economic faultlines

Most of the data, gathered from map surveys and interviews, confirms that, throughout the active dispute areas, there are groups who feel they were left outside the economic centres that either serve or derive economic benefit from them

■ Political boundaries rarely coincide with areas of cultural and regional identity, creating volatile, cultural faultlines. There are several such flashpoints in South Africa's new provincial shaping.

The people of Mothibstad on the North West side of the provincial boundary, for example, complain that they have been cut off from their main service and shopping centre, Kuruman, which lies in the Northern Cape.

Eastern Cape populations adjacent to East Griqualand say that their buying power supports the urban nodes that lie on the KwaZulu-Natal side of the boundary.

The Ndebele complain that they spend more of their lives working in Gauteng than sleeping in Mpumalanga, yet have no say in the affairs of Gauteng. Residents around Moretele, Odi and Ga-Rankuwa argue that their main hospital and university facilities are situated in the neighbouring province of Gauteng

In cultural terms, many Xhosa speakers addressing the Justice Trengove Commission expressed an interest in remaining affiliated with the Eastern Cape by declaring that "we do not want to be ruled by boys". This was in reference to Zulus, who do not hold circumcision ceremonies.

Many groups representing Bhaca people in Umzimkulu, expressed an interest in belonging to Kwa-Zulu-Natal for reasons of historic and cultural affiliation and resented the enforced teaching of Xhosa during the years of affiliation with the Transkei.

More frequently, cultural and economic reasons are mixed or otherwise both cited in motivating for a particular set of boundaries. For instance, the Pro-Gauteng Coordinating Committee is using mass action, based on Ndebele identity, to demand inclusion of the former homeland for economic reasons

An opposing Ndebele political party or-

The borderlines put its future

(262) ~~Argy~~ ARG 13/1/96
gansation, Intando Yesizwe, argued that the historic-cultural area of the Ndebele "belonged together" in one province, Mpumalanga, that including their urban centre Pretoria

Neither party succeeded in its goals and the economic functionality of the Pretoria-Johannesburg link took precedence over Ndebele demands in the negotiations at Kempton Park

This example points to more than cultural divisions and the favouring of one criteria over another, but brings into question the political motivations for boundaries.

Consider the Eastern Cape-KwaZulu-Natal boundary debate. The potential movement of nearly 2,5 million African National Congress voters into Inkatha Freedom Party held KwaZulu-Natal, by an adjusted boundary, was surely not missed by ANC strategists. If the affected areas were moved into KwaZulu-Natal, it would erode the power base of the IFP.

The inability to resolve boundary disputes in a well-structured manner is a crisis — there is costly confusion over issues such as the payment of civil servants, delays in Reconstruction and Development Programmes and ongoing violence and threats of violence

Additional urgency stems from the May 10, 1996 deadline for adopting a new Constitution

Some of the current mechanisms for resolving boundary disputes include.

● **Negotiations between provincial officials:** From the point of view of the central government, negotiations on boundaries should be undertaken by the provinces — subject to Section 62 of the Interim Constitution, that requires "adoption at a joint sitting of the National Assembly and the Senate by a majority of at least two thirds of the total number of members of both houses" This in turn must be approved by the affected provincial governments.

In practice this meant that when Premiers Mathews Phosa of Mpumalanga and Ngoako Ramathlodi of Northern Province

negotiated an agreement to transfer Bushbuckridge to Mpumalanga, it still had to undergo a complex constitutional process. When the Northern Province linked the exchange of Groblersdal and Marble Hall to the cession of Bushbuckridge — political "horsetrading" — this deadlocked an already rigorous process and returned the problem to central government level

● **Commissions of inquiry** Technical commissions can be organised at either the provincial or central government level to take submissions, analyse them, and provide a recommendation. However, consultants and advisers are not the decision makers. While useful for supplementing the available information, such commissions are fraught with problems and are expensive

● **Mediation by the central government:** Given the constraints imposed by the existing constitutional procedure, intervention by the central Government cannot do more than bring the existing geo-political actors together, serve as a consultant and appoint commissions to further investigate a dispute.

● **Political party negotiation** Political party negotiation is one mechanism that has worked to resolve some boundary disputes, but at the expense of transparency and grass roots democracy. On the one hand, the majority of boundary disputes that have been settled were worked out in just such a manner at Kempton Park. On the other hand, most existing boundary disputes are also the result of the Kempton Park negotiations that frequently omitted local actors from the decision making process

It seems, therefore, that South Africa's multicultural geography is less of a problem than the lack of a mechanism allowing local communities to participate fully in the decision-making process

■ *This is an edited version of an article published in the latest edition of INDICATOR SA. The author, Richard Griggs, is a member of the Department of Environmental and Geographical Science at the University of Cape Town*

'More must get involved in provincial decision-making'

Public showing great disinterest in the workings of local government

By **KARIN SCHIMKE**
Gauteng Reporter

While public consultation and transparency have been high on the agenda of the Government of National Unity, the people of Gauteng have not shown overwhelming interest in the goings-on at the provincial legislature and members of the provincial legislature are implementing strategies this year to encourage public participation.

A report from the communications department of the legislature shows 224 committee meetings - most of which were open to the public - were held in 1995 to discuss every aspect of provincial legislation, including social welfare, safety and security, economic affairs, health and education.

Yet there was virtually no attendance from members of the public at these meetings.

To promote public interest, the Gauteng legislature established a standing committee on petitions and public participation, a first in South Africa. Committee chairman Fir-

Nov 17/1996
oz Cachalia believes it is incorrect to make assumptions about the low attendance and participation figures, saying there were many reasons for it.

His committee commissioned a research project to find solutions to the problem of involving the public in decision-making and government processes.

"There are various reasons why people would not attend committee meetings and sittings of the house. One must not assume apathy is the only reason.

"On the basis of our research, we are fairly convinced that large numbers of people are not participating because the new structures of government are unclear to them.

"People don't know how laws are passed and the various stages of legislation. There is a lack of knowledge and we are investigating ways civic education can be introduced at schools and colleges."

Other reasons were lack of transport to the legislature, other commitments, poverty

and a lack of knowledge of how to make representation to government.

"Our responsibility as lawmakers is to do everything possible to overcome these factors by the manner in which we function. In other words, we must not only create opportunities for people to contribute, we must create effective opportunities," Cachalia said.

Speaker of the Gauteng legislature, Trevor Fowler, in his closing speech early in December last year, said the legislature had undertaken to increase public participation and was committed to "delivery, openness, transparency and participation".

During the latter part of the legislative year, the public gallery was full during some sittings of the house, but this was usually when controversial bills were to be tabled or discussed.

Committee meetings, where the stickiest problems are often resolved, are seldom attended by anyone other than members of the various committees.

Cachalia said his commit-

tee was currently investigating the opening of a petitions office where people could make complaints or suggestions.

Already, an unoccupied hall in the old city hall has been transformed to accommodate a public forum where non-governmental organisations, community-based organisations and others can make information available to the public.

Very soon a booklet is going to be launched which will act as a guide on how the legislature and the provincial government work.

In it readers will find short curricula vitae on MPLs and MECs in the province, and be guided through the steps legislation has to take before being accepted.

Cachalia said "It is not enough to set up democratic institutions and assume that people know how to participate." Public participation, he said, was important because in order to make good decisions, a government needed to know how people thought and felt and how decisions would affect them.

Wednesday January 17 1996

Star 17/1/96
9 provinces'

deficit 'may

top R1,4-bn'

(262) ~~261~~

The nine provinces are expected to show a combined deficit of more than R1,4-billion by March, the Financial Mail reports in its latest edition, due on Friday

Although only four provinces are expected to be in the red, the journal said it would be a mistake to assume all was well with the rest

The provinces would hand in their claims this month for additional budgetary allocations from the Government, which had vowed to take a hard line on provincial overspending

Gauteng and KwaZulu Natal had stayed within their budgets only by cutting back on much-needed capital expenditure

If the Eastern Cape, Free State and Northern Province did balance their books, it would be partly because projects had been implemented so slowly that budgeted funds had not even been touched

The Western Cape and Mpumalanga were expected to run up deficits

With an expected deficit of about R800-million for the year, the Western Cape was the worst-off and effectively bankrupt

North-West had a budget shortfall of R504-million, the journal said, and the Northern Cape was expecting a R73,2-million deficit by March - Sapa

Big money crisis in four provinces

Somehow 18/11/96

By Themba Molefe
Political Correspondent

Combined budget deficit of R1,4-b
expected by March (262)

AT LEAST FOUR provincial governments are to hold crisis talks with the national Ministry of Finance in the light of prospects that the nine provinces are expected to show a combined deficit of R1,4 billion by March

According to reports, the Western Cape is the worst off and effectively bankrupt with an anticipated R800 million budget shortfall

The Western Cape government has confirmed the talks with central Government next week. Other provinces expected to be in the red are Mpumalanga, North West and Northern Cape.

The latest issue of the *Financial Mail* reports on the predicted deficits.

It quotes Mr Pieter Coetzee,

spokesman for Western Cape finance MEC Mr Kobus Meiring, as saying the province's financial problems had resulted from greater than anticipated expenditure in education and health.

The education shortfall was "linked directly to teachers' salaries", he said. The health crisis was due to a combination of factors, including the cost of maintaining academic hospitals and the provision of free health care to children and pregnant women.

Coetzee did not wish to speculate on whether the province faced possible difficulties in paying teachers' salaries.

He dismissed reports that pensions would be affected, saying there was no

deficit in that department and that cut-backs had reduced the deficit.

The *Financial Mail* says Gauteng and KwaZulu-Natal have managed to stay within their budgets only by cutting back on capital expenditure.

It also says that if the Eastern Cape, Free State and Northern Province do balance their books, it will be partly because projects have been implemented so slowly that budgeted funds have not been touched.

The Western Cape and Mpumalanga both claim that the Government has underestimated their basic requirements and they will be unable to pay pensions and salaries next month, the financial weekly says.

PROVINCIAL BUDGETS

Deficit crisis looms

But Exchequer takes hard line

(2b2) FM 19/1/96

The nature of the provincial deficits and how they are to be met is at the heart of the changing financial relationship between central government and the provinces

This month, the provinces will hand in their claims for additional budgetary allocations from government — which has vowed to take a hard line on provincial overspending

Fiscal discipline is crucial to SA's economic recovery and its ability to reduce the fiscal deficit to 5,8% of GDP for 1995-1996 and 5% in 1996-1997 will be seriously undermined by profligacy at provincial level.

While government is trying to draw in the reins on provincial overspending, a new budgetary dispensation is in the making which aims to give the provinces more power over their own expenditure.

The question is whether the provinces have the high levels of financial accountability and managerial efficiency required to exercise control over their budgets or whether they will collapse under the weight of additional powers.

How well the nine new provinces are managing their budgets in the current financial year is therefore of great importance

The provinces expect their combined deficit to top R1,4bn by March. Though only four provinces expect to be in the red, it would be a mistake to assume that all is well with the rest

Gauteng and KwaZulu-Natal have managed to stay within their budgets only by cutting back on much needed capital expenditure. And if the Eastern Cape, the Free State and Northern Province balance their books it will be partly because projects have been so slow off the ground that budgeted funds have not yet been touched

Of those that expect to run up deficits, the Western Cape and Mpumalanga claim that government underestimated their basic requirements and that they will be unable to pay pensions and salaries next month

Worst off is the Western Cape. With an estimated R800m deficit for the year, SA's oldest and most established province is effectively bankrupt

The province's finance MEC Kobus Meiring says he will not be able to pay teachers and health personnel for the last two months of the financial year due to overexpenditure — possibly as high as R1,16bn — in these sectors. The only way to balance the books is to lay off 10 000 people in these sectors for a year

Meiring claims that, when the functions of the four regional education departments

were combined and devolved to the province, it was underfunded by R500m. Almost R520m from an anticipated education deficit of R522m relates to salaries

Progress has been made in accommodating the province's R423m overexpenditure in health. The national Department of Health and the RDP fund may provide R201m and a further R23m could be saved through financial management planning. But the remainder "cannot be sized down without serious political and service implications," says Meiring

Mpumalanga faces a pensions crisis. Finance head Leon Botha says central government has grossly underestimated the number of pensioners in the province. Unless it receives R95m, it will not be able to pay pensions at the end of this month

Botha puts the total deficit at R250m — with R105m inherited from KaNgwane, KwaNdebele, Bophuthatswana and the Transvaal Provincial Administration

Botha says "Unless national government gives us R105m, I will have to close down services in all departments and projects will come to a standstill in the last three financial months of the year"

North-West has a budget shortfall of R504m, of which R270m is in respect of education. The national Education Department is being consulted on ways to accommodate the deficit. The province says the remaining R234m will be managed down through reorganising priorities and strict financial controls

The Northern Cape expects a R73,2m deficit by March, mostly as a result of having filled new approved posts for which it has not yet received funding. Overexpenditure in education and health is R13,8m and R14m respectively

Gauteng, however, has managed to reduce a projected overspend of R1,2bn to R400m and finance and economic affairs head Roland Hunter hopes central government will grant the province the additional amount before March

But Hunter adds that the financial squeeze has forced Gauteng to halt many necessary projects, such as building schools and filling approved posts

KwaZulu-Natal has managed to stay within its budget only by limiting expenditure to "the bare necessities," says a senior provincial finance department official

The Free State does not expect to exceed its R4,7bn budget only because health, housing and educational programmes have been slow in taking off, says the province's

fiscal policy and financial planning head Eugene Mokeyane

The Eastern Cape expects to stay within its budget partly for the same reason. Provincial DG Thoziso Botha does not expect a deficit but is unable to give figures. He says most of the R11bn debt from the Transkei and Ciskei will be shouldered by central government, though discussions between the province and government are continuing

Northern Province, the poorest province, may even post a surplus. Halfway into the year, it had spent only a third of its education allocation. A finance department spokesman blames the delay in implementing projects on the slow process of amalgamating four administrations into one

State Expenditure DG Hannes Smit does not expect hefty demands from the provinces in their January reports, where they will outline their budget projections for the remainder of the financial year. The Exchequer Act places strict limits on additional allocations, which may be granted only for unforeseen and unavoidable expenditure

Though Smit will know the true state of provincial finances only when they report, he has no reason to suspect a problem. According to SA's cash flow position, everything is going according to plan

Smit scoffs at the suggestion that provinces could not afford to pay employees' salaries. "That means they have spent the money on something else," he says. "There's no way we would assist them. It's not the first time that I have heard that story and it won't be the last"

"It's a strategy to get money out of the Exchequer and they will put it on as thickly as possible to get as much as they can. I'm sure they have real problems. But I'm also sure there's scope to meet some of these"

Provincial allocations are determined at national level, with the provinces taking a junior role in what is essentially a hand-holding exercise

But in future the provinces will not have the automatic benefit of central government expertise in determining their budgets

It will be done according to a strict formula designed to give effect to the constitutional requirement that all provinces receive an equitable share of national collected revenue.

The Financial and Fiscal Commission wants the provinces to have greater scope to determine departmental budgets within a formula which sets aggregate annual allocations and national norms

Gauteng's Hunter says the provincial

HOW EQUITY COULD BE ACHIEVED IN PROVINCIAL FINANCIAL ALLOCATIONS WITHIN FIVE YEARS

Provinces	Financial allocations per province percentage share 1995/96	Financial allocations per province percentage share 2000/01	Financial allocations per province percentage share 2000/01	Finance in allocations 1995-2001	Financial allocations per capita 1995 rands 2000/01
Western Cape	11,26%	7,96%			R1 503
Eastern Cape	17,58%	15,58%			R1 675
Northern Cape	2,38%	1,64%			R1 486
KwaZulu-Natal	20,04%	21,18%			R1 673
Free State	7,08%	7,05%			R1 553
North-West Province	8,33%	8,55%			R1 627
Gauteng	14,91%	18,57%			R1 418
Mpumalanga	5,81%	6,49%			R1 627
Northern Province	12,61%	12,99%			R1 814

NOTE: The table shows how central government transfers (financial allocations) to the provinces could change between 1995/96 & 2000/01 if the Financial & Fiscal Commission's draft revenue sharing formula is applied. The table is merely illustrative. The actual figures may not be obtained. -It is based on the assumption that GDP will grow at 2.5% in 1995/96 & extrapolates that by 0.1% for each of the five years. -It assumes that the budget deficit will fall from 5.8% of GDP in 1995/96 to 4.5% of GDP in 2000/01. -It is based on the 1991 Population Census conducted by the Central Statistical Service as adjusted by the Demographic Information Bureau.

facilities which are likely to attract people from other provinces unless population movements are monitored and an inter-provincial billing system is introduced.

However, it's not a foregone conclusion that the commission's recommendations will prevail. They have yet to be put to parliament.

Commission deputy chairman Antony Melck says that all arguments will be weighed and, where possible, incorporated into a revised formula — the earliest a formula could be introduced is 1997-1998.

Parliamentary Standing Committee on Finance chairman Gill Marcus says "The provinces should have a much more meaningful role in inputting into the budget, in particular how it affects their own work. Whatever the formula is, we need to ensure this."

deficits are a symptom of the failure of the current budgetary process to allow provinces to set their own priorities or to tamper with their departmental allocations.

He says Gauteng and the Western Cape have been forced into severe structural difficulties because their allocations — for health and education in particular — are being cut before the required administrative change can be effected.

Funds are being directed away from the relatively well-endowed provinces to those with fewer facilities — before the former are able to scale down their operations and the latter are able to build up the required capacity.

The trend is reinforced by the provinces' deficit projections.

The poorer provinces do not have the administrative capacity to take up the slack on their budgets, while the established provinces are battling to make ends meet.

The commission wants to achieve inter-provincial equity with respect to central government transfers within five years.

Public funds were previously distributed very unequally. The interim constitution requires that it be corrected, but it also enables provinces to raise their own revenue so that the financially secure provinces can maintain service levels.

If revenue-raising powers and the formula are not implemented together, provinces that are highly funded will face dwindling transfers and no other resources.

Clearly, it does not make sense to impoverish the more capable provinces in this way.

Meiring argues that equity should be phased in over ten years. The Western Cape contributes about 15% to GDP and the fiscus but the formula would cut its share of the financial cake to less than half of its contribution. The FFC's recommendations raise several other issues.

They ideally require the creation of uniform financial management systems across provinces so that accurate national data can be compiled for planning, implementing the formula and monitoring the results.

The proposals also require that the provinces possess the high levels of financial accountability and managerial efficiency required to determine and control their own budgets. The FFC has recommended that State Expenditure continue to manage some provincial budgets on an agency basis until the expertise is acquired.

The formula assumes that each province will cater for only its own residents in everything but academic hospitals. This may discriminate against provinces with better

gives provinces the power to raise loans and taxes in accordance with national legislation.

The Department of Finance has not yet started drafting legislation on provincial taxation powers.

But the provinces will be empowered to raise loans as soon as the Borrowing Powers of Provincial Governments Bill is promulgated.

Central government's finance DG Estian Calitz hopes this will happen when parliament resumes next month.

The Bill proposes tight central controls over provincial borrowing.

Once the provinces have borrowing powers, they will be expected to take responsibility for their deficits by obtaining bridging finance from financial institutions. However, the Bill stipulates that such finance may not be used as continuous and unlimited revolving credit and must be redeemed within 12 months.

Whereas in the past the provinces did not operate their own bank accounts and provincial deficits were balanced against any surpluses on the Paymaster-General Account, now fiscal discipline is being forced on the provinces.

The message is clear: the provinces should avoid running up deficits. ■

Provinces seek billions in extra funds

BD 18/1/96

Greta Steyn

MASSIVE financial problems in the provinces had led to requests for well over R3bn in additional finance from central government, a source on provincial finances said yesterday.

Commenting on reports that the provinces would end the fiscal year with a combined deficit of about R1,5bn, the source said "The figure is way too low. Even double that is too low." A final decision had not yet been taken on how much extra spending government would authorise, but it would certainly take the deficit over the 5,8% of GDP level — even if there was a revenue overrun, he said.

Market expectations are that revenue will exceed budgeted projections by about R2bn, while the extra spending by the provinces will be even more, at about R3bn.

The finance department declined to comment on reports of R1,5bn in extra spending in the provinces, other than to say the figure was wrong.

State expenditure director-general Hannes Smit said he was scheduled to

receive the final estimates yesterday and would discuss them with Finance Minister Chris Liebenberg today. After discussions with the provinces next week, Smit would meet the treasury committee on Tuesday before the figures were presented to Cabinet.

"There is a lot that can change between now and the approval of the final total in the adjustment budget next month. It would be premature for me to comment before then, other than to confirm that the deficit will be over budget," Smit said.

Government was doing all it could to contain the deficit "We are separating the wheat from the chaff when it comes to spending requests. There are always big demands for more money that is not really needed."

Much of the provincial overspending was not, however, a sign of "wild profligacy", he said. A financial can of worms had been uncovered in closing off the administrations of the former Transkei, Venda and Ciskei.

The present fiscal year had been the

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Provinces

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Continued from Page 1

first real transition year from the old administrations to the new, and financial problems were bound to crop up as proper administration was not yet in place in some provinces, he said.

Linda Ensor reports from Cape Town that President Nelson Mandela and his two deputies will be at Tuesday's meeting with provincial premiers to discuss the provinces' finances.

Western Cape provincial finance minister Kobus Meiring is to meet Deputy Finance Minister Alec Erwin and other national ministers next week to discuss the province's R800m shortfall. The province's financial crisis had been caused in particular by overexpenditure in the health and education departments.

Meiring reassured all teachers and health workers yesterday that their

salaries would not be withheld, despite the lack of funds. He said there were three options to be discussed with Erwin: postponing the day of reckoning by drawing on next year's Budget to fund the shortfall — at best a short-term solution; securing additional state finance, and expediting the passing of legislation which would authorise provinces to use overdraft facilities and to raise taxes. The National Assembly still had to pass the Bill giving borrowing powers and taxing facilities to provincial governments.

Mpumalanga reacted to a Financial Mail report that it faced a deficit of R250m this fiscal year by saying it foresaw no problems in meeting its commitments. But it was hoping for an extra allocation from central government. It would not be necessary to close services or stop important community based projects "if we can help it".

According to the FM, Gauteng faces a shortfall of R400m from initial expectations that it would be R1,2bn.

Western Cape councils 'face collapse'

Local govt debt runs into the billions

(262)
BD 22/1/96

Linda Ensor

CAPE TOWN — Local governments nationwide had accumulated debts of about R3bn-R4bn and several local authorities in the Western Cape were on the verge of bankruptcy, sources said at the weekend.

The constitutional and provincial affairs department, responsible for sorting out the crisis, was hamstrung in its bid to deal with the situation because it had no clear picture of the extent of the problem, the sources said.

The department's media liaison officer, Izak Retief, said the department was still attempting to establish an accurate figure on the debt but this was difficult because of the scanty information available.

Official sources said some local authorities had not kept proper accounts, while in others such an "administrative mess" prevailed that it would take a long time to sort it out. Some local governments were so heavily in debt they should have stopped operations.

The local government debt, mainly due to the non-payment of rent and service charges, was largely separate from ballooning provincial deficits, estimated also to be in the region of R3bn. However, as local authorities normally carried some debt, not all the outstanding R3bn-R4bn was necessarily bad debt.

In the Western Cape, hundreds of millions of rands in debt had been accumulated by local authorities for services rendered, with Cape Town, George, Paarl and Worcester being particularly badly hit.

Western Cape local government minister Peter Marais said he had compiled a memorandum on the situation which would be submitted to President Nelson Mandela and Finance Minister Chris Liebenberg by Western Cape Premier Hernus Kriel at a meeting scheduled for tomorrow. The R800m shortfall in the provincial health and education departments' budgets would also be discussed.

Marais said he had had several discussions with Provincial Affairs Minister Roelf Meyer but no additional money had been forthcoming. The provincial government itself was powerless to assist as it was not empowered to raise taxes.

"The situation is untenable and could lead to the complete collapse of local government in the Western Cape." The non-payment of service charges was spreading from the black community to coloureds, who saw no reason to pay if blacks were not doing so, Marais said.

In Cape Town the city council had been providing services to black townships on an agency basis but was owed about R100m for services.

KwaZulu

Continued from Page 1

payments amounted to about R5,5m.

Foster said that authority for payment from the budget had not been submitted to him. He had been informed that a senior official in Mdlatlose's department had decided that payments should be made to each person claiming to be a unit member. Evidence to prove that payments had been made only to unit members was not submitted to him. Foster said that in support of each payment, paysheets were needed as proof. Paysheets were not produced for payments totalling about R2m. In cases where paysheets were produced, there were several irregularities. Payment dates were not

indicated and references to relevant cheques were missing. There had been no reconciliation between cash drawn for payment and the amount paid.

Mdlatlose said the special constables had received self-defence training at the Mlaba camp near Ulundi in the run-up to the 1994 general election.

But Foster said he had received legal opinion that the training was illegal as it contravened the 1971 Self-Governing Territories Act which prohibited the homeland from establishing an "organisation of a military character". He said former KwaZulu Police commissioner Lt-Gen Roy During had not allowed the trainees to be incorporated into the police force as they did not meet the necessary requirements. Some had criminal records.

Foster said the Mlaba camp was at present being dismantled.

OUR newly elected local councilors do not begin some hard-thinking about their purpose, they might find that they do not have one.

It does not take a genius to work out that local government will not do all the wondrous things we were promised last year. The real issue is whether it will manage to do what it used to do—and, more importantly, whether it should bother to try.

Barely two months after the local elections, municipalities are in poor shape. In at least some, senior officials are taking their severance packages and leaving. It is not clear how competent those who are leaving were, or whether they were equipped to deal with the new climate in which municipalities operate. Some may argue that losing people who were used to outdated ways is a plus. But running a municipality is complicated and there is hardly a large pool of people who know how to do it waiting to try.

Second, and more important, the vast majority of people in the townships are still not paying for services, leaving councils with a vast cash hole. No-one really knows why people are not paying or how to persuade them to pay. And the fact that councils are elected has not unleashed a flood of payments.

Both factors mean we cannot expect payments to pick up dramatically soon. The effects of non-payment may be less dramatic than alarmists believe. But, even if it does not prompt catastrophe, it could signal something which should be very alarming to councilors: the possibility that they are irrelevant to those they represent.

If councils were faced with voters disputing what they are asked to pay, or demanding better services before they pay, this would at least show that people take local government seriously enough to care about what they owe it and it owes them.

It may be time for councils to rethink how they do things

STEVEN FRIEDMAN

(262)
BD 22 11 96

But our situation may be one in which it is of no interest to township citizens what municipalities do about services because councils cannot force or persuade them to pay.

The elections' failure to prompt increased payments has confirmed what some analysts suspected: that township voter enthusiasm for local government cannot be assumed. If it is to grow, it will need to be built. And, if the non-payment problem were to mean councils could not provide services, the separation between them and the electorate would be complete—they would be able to offer voters nothing and voters would contribute nothing.

So what could local governments do about the problem? What they cannot continue to do is what their predecessors did until now—try to adapt to or ignore the problem. Besides simply postponing the evil day, this ensures that non-payers are not presented with a choice. Whether they pay or not has no effect on whether they receive a service, so they have no reason to address the problem. One option is to decide that peo-

ple will not pay because the conditions which would make this possible do not yet exist. While some might dismiss this as a bleeding heart option, there is much evidence to back it.

Not only is the quality of township services low, billing is often inadequate so that people do not know what they are expected to pay for and, in some cases, payments are not accessible. And Eskom has, in some areas where it supplies power directly, achieved results by fixing obstacles to payment before supplying a service only to those who pay.

The problem with this strategy is that councils may lack the capacity to provide the quality of service and administration needed to implement it.

The second option is to get tough—no payment, no services. Again, arguments could be advanced for this—since people now enjoy the right to vote for councils, they also have a duty to pay for their services. This option may work in

some circumstances.

But the costs of trying it could be enormous. It is, for example, not enough to switch off electricity, since people are used to using illegal connections. Great force might be needed and this could be politically disastrous. Imagine, for example, an ANC council sending troops in to force payment at an IFP hostel. Given this, and that success is not guaranteed, it is hard to see councils courting township voter rage to take so great a risk.

But there is a third option—to rethink what councils are there for, and how they can carry out their mandate in our conditions. There is no iron law that local councils have to deliver services—still less that they have to do so in the way they have been doing it in the past.

At first glance, nonracial local government seems sure to herald a new approach. New council majorities talk of shifting resources from suburbs to townships, of delivering to those whom apartheid excluded.

But the shift may be an illusion—the new majorities may be thinking about local government in much

the same way that the old ones did. Local government's chief job here has been to provide services. And there are no signs yet that new incumbents see things differently—they might differ only in who is to get them.

But, if local government's job is to represent voters, there is no reason why this needs to include directly providing power, water and the like—given the obstacles it faces, it might do far more for voters if it ensured that the services are efficient and affordable. If someone else supplied them and the council negotiated how they would do it, voter interests might be served just as well.

Nor do new councils have to assume they are serving the same comfortable suburban neighbourhoods that old ones served. Not all service providers have to be large organisations. Refuse collection, for example, may be an ideal role for small, local firms and groups.

And many people who now vote for local government may have different needs which might need to be served in different ways. The stress on providing services in the same way as before may distract municipalities from addressing these. It may also divert them from serving new voters' needs in ways which persuade them to see local government as more than a billing office.

So new councils may face a simple choice. They can try to play the same role as their predecessors and risk seeing the power they believe they have slip from their grasp as citizens opt out.

Or they can stop doing some of the things they have done in the past, freeing them to tackle the more important task of building a relationship with their voters in which both might come to find that they do, after all, need each other.

□ Friedman is director of the Centre for Policy Studies

As New local governments confront the tasks with which they have been charged, and discover how limited are their resources, they will be looking carefully for innovative ways to meet their obligations. As a consequence, a private sector revolution may be about to overtake the water supply and sanitation business in SA, for one of local government's options is to engage the private sector to undertake that element of their work.

This would be in line with international trends. The private sector revolution has been much talked about and its benefits heavily promoted in many countries. But if some stories from the rest of the world are anything to go by, there are negative aspects that have been less well publicised.

In Britain, the full privatisation of the water supply industry has seen consumer charges nearly double and CEOs' salaries quadruple

But British consumers believe the quality of their service has fallen and government is concerned that private sector investments, which were supposed to fix leaking pipes and improve inadequate reserves, have not materialised. Extensive water cuts over the past summer were one result.

In France, where many areas are served by private "concessionaires", there is serious disquiet about corruption in the allocation of long-term concessions. Alan Carignon, former communications minister and mayor of Grenoble, was recently found guilty of corruption and sentenced to five years in jail for selling off his city's water supply system for "kickbacks of \$4m".

This and other cases prompted a parliamentary review of how these contracts are awarded.

In Malaysia, where private sector participation has been eagerly adopted as part of that country's privatisation drive, I was shown by a private operator how the terms of his poorly conceived concession encouraged him to maximise profit by increasing water leakage — which he was doing.

Closer to home, in a West African

Private sector must not be free to water down local govt

BD 24/1196
MIKE MULLER

(262)

capital cited by international funding agencies as a successful example of private sector service provision, water prices have gone up sevenfold but the number of consumers connected has hardly risen — leaving the majority of inhabitants without formal access to potable water.

The main benefit from this private sector engagement has been improved reliability of service to the fortunate minority with access to it.

In another West African country, the contractor responsible for an extensive and well publicised "build, operate and transfer" programme privately acknowledges that the results have been disappointing, with many schemes failing once the externally financed maintenance contract has ended.

The point of reviewing this litany of problems is not to suggest that private sector participation in service delivery is undesirable; on the contrary, it is to highlight the fact that it will be successful only where objectives are clearly defined and care is taken to ensure that potential benefits are in fact realised.

This is well demonstrated in SA's context by existing private sector involvement in provision of "water services" — water supply and sanitation. Thus the private sector is engaged in design and construction as well as specialist consultancy services, meter reading, billing etc. Op-

erational management of certain installations, particularly water-care works, is regularly contracted out. Many larger water projects have been financed by the private sector. They began with the Lesotho Highlands Water Project; include the capital programmes of major water boards; and extend to projects of larger local authorities, occasionally using sophisticated sale and lease-back arrangements.

Given this current involvement of the private sector, there cannot be in-principle objection to its extension. New forms of involvement must, however, meet clear and agreed objectives.

In different countries, these objectives have included:

- Improving the quality of overall service management (in some Latin American countries);
- Obtaining off-budget finance for capital works (in parts of Asia); or
- Fulfilment of ideological needs (in Britain where the objective was to reduce government's role).

The potential objectives in the SA context need to be understood in the context of the challenges and constraints we face as a nation.

One challenge is to consolidate democracy at all levels, with local government being a high priority.

Minister Kader Asmal, in his opening address to the International Water Supply Association last year, specifically asked whether in France it was possible for the contracting out of water and sanitation services to reinforce democratic local government while ensuring efficient service delivery.

A further important issue is that of basic viability. Where over-designed infrastructure is too expensive for users to support, or where communities are too poor to pay for even operation and maintenance of basic supplies, handing systems over to private sector management will not solve the underlying need for ongoing budgetary subsidies and may indeed simply serve to obscure the real problems.

Finally, the principle of regional equity suggests that resources available to the broader community should be optimally used.

"Cherry-picking", in which the private sector takes responsibility for economically strong areas, leaving the rest to fend for themselves, is unlikely to be acceptable.

One approach to resolving these problems in the SA context has been developed for the electricity industry. The Electricity Act charges the electricity regulator with ensuring that services are provided in an equitable and efficient manner. This theoretically gives the regulator the

power to take the responsibility for service provision from local government. A more subtle approach, taken in most states of the US, may be more appropriate.

There, private water providers are usually made public utilities by statute. In exchange for an exclusive franchise or monopoly to serve an area, they are subjected to public regulation covering tariffs, areas and conditions of supply. Where municipalities provide services directly, they may usually serve consumers without becoming subject to external public regulation.

The water affairs and forestry department has supported an initiative by the Water Research Commission to review issues involved in forms of private sector participation. The review, to be published soon, outlines mechanisms for expanding the role of the sector.

The review has strengthened the department's resolve to ensure that, in collaboration with other stakeholders, a clear framework is established to ensure that new approaches deliver both improved services to consumers and fair returns to the private sector. Care will be taken to ensure that poor communities also benefit from new private sector involvement.

Experience gained in the field of housing and in the establishment of the new provincial governments has emphasised the need to proceed with due caution.

In particular, because democratic local government is so new, a key concern will be to protect and support the integrity of this tier of government and ensure it is not undermined by the premature or ill-considered adoption of new approaches to service provision.

The current review of national water legislation, which should culminate in draft legislation by the end of this year, will provide the opportunity to achieve this speedily and effectively.

□ Muller is deputy director-general of the water affairs and forestry department. An earlier version of this article appears in the current issue of the journal *Municipal Engineer*.

Bid to ensure local government autonomy and accountability

BY PATRICK BULGER

Cape Town – New measures to strengthen the autonomy and powers of local government will be the centrepiece of "bridging legislation" due to come before Parliament this year.

The legislation will supplement the Local Government Transition Act, which governed the local elections held in most of the country on November 1.

The outline of the new legislation was tabled at Parliament's portfolio committee on constitutional affairs yesterday. A bill will

be tabled next week and be dealt with in conjunction with a white paper on local government and a new section on local government being prepared for the new constitution.

Final local government law will be based on what is agreed to in the Constitutional Assembly.

The draft bill makes provision for a municipal delimitation and mediation board for each province. It will make final and binding decisions on local government boundaries.

It also includes a code of conduct for elected councillors and

officials

All committee and subcommittee meetings will be open to the media and the public, and "there will no longer be secret agendas or items hidden under the name of legal necessity", the draft bill says.

Councils will have to adopt and monitor an affirmative action programme, it adds.

The bill provides for referendums and for "an adequate number of citizens" to petition a council to take, reconsider or amend a decision. Provision is also made for public meetings to discuss cer-

tain issues

Existing sources of local government revenue will be protected from "invasion or appropriation by a provincial government".

Accountability is emphasised. Each council will have to prepare short, medium and long-term plans which must include development projects and financial programmes, and every plan must be held open for public involvement and scrutiny.

The relationship between metropolitan sub-structures and metropolitan areas will receive "special attention".

Star 25/1/96

(262)

GREATER ACCOUNTABILITY CALLED FOR

Bill to strengthen local govt

(262) CT: 25/1/96

LEGISLATION TO BE tabled in Parliament next week is designed to strengthen local government structures and give them a greater degree of self-determination, but it will also make them more accountable to their electorates.

NEW measures to strengthen the autonomy and powers of local government will be the centrepiece of "bridging legislation" due to come before Parliament this year

The legislation will supplement the Local Government Transition Act which governed the local government elections held in most of the country on November 1 last year

It will also include provisions to boost the accountability of local governments to their electorates

The outline of the new legislation was tabled at Parliament's portfolio committee on constitutional affairs yesterday

A bill will be tabled next week and will be dealt with in conjunc-

tion with a White Paper on local government and a new section on local government being prepared for the new constitution

Final local government legislation will be based on what is agreed at the constitutional assembly

The new bill will "extensively reduce and eliminate detailed, onerous and meticulous provincial contracts formerly exercised over councils in certain provinces"

It will also "strengthen local self-determination capacity" and improve efficiency and effectiveness at local level, according to the discussion document prepared for the legislative task team

"These legal relaxations in provincial controls (some of

which cannot be exercised in any event owing to staff limitations) are more than compensated for by greater accountability and public scrutiny and power at local level"

The new bill will make provision for a municipal delimitation and mediation board for each province with an equal number of representatives appointed by the premier, by organised local government and by the minister

It will make final and binding decisions on local government boundaries

It also includes a code of conduct for elected councillors as well as officials, and each council will have an ethics committee to deal with allegations of malpractices

All meetings of committees and sub-committees will be open to the media and the public, and "there will no longer be secret agendas or items hidden under the name of legal necessity"

Councils will have to adopt and monitor an affirmative action programme

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Accountability is emphasised. Each council will have to prepare short-, medium- and long-term plans that must include development projects and financial programmes, and every plan must be held open for public involvement and scrutiny

The relationship between metropolitan substructures and metropolitan areas will receive "special attention". — Political Writer

Local govt finance 'the main challenge'

Mduduzi ka Harvey

(262)

BD 29/1/96

THE financial capacity of local government authorities is government's biggest challenge this year, says Constitutional Affairs Deputy Minister Valli Moosa. This was because of uncertainty over their revenue income and lack of direction on the extent to which they would be dependent on intergovernmental grants.

Moosa said in an interview that most local authorities could not sustain themselves and central and provincial governments would be responsible for them.

The ministry had set up a task team on local government finances consisting of representatives from all the provinces and officials from the state expenditure department to formulate a financial strategy for the local authorities and accumulate precise data on their financial needs and resources.

On reports that local authorities nationwide had accumulated debts of about R4bn, he said government had written off the debts of former black local authorities so as not to burden new local authorities.

Moosa suggested there was a need to "constitutionalise" local government, saying this would entrench local governments' right to exist and perform their functions more effectively.

The Masakhane campaign, he said, had removed the justification for non-payment and this campaign would now be directed at local authorities.

Punitive measures for service payment defaulters had to be determined by local authorities to stabilise municipalities financially. But at the same time, the social welfare department

would investigate cases of residents who were genuinely not in a position to pay for services and make contingency plans, he said. Constitutional Affairs Minister Roelf Meyer, Housing Minister Sankie Mthembu-Nkondo and Minister without Portfolio Jay Naidoo would review the campaign next month and plan its future.

Moosa said that setting up rural local authorities was a priority. However, these could not be established overnight and in the meantime attention would be given to training inexperienced local government officials. Rural authorities without infrastructural capacity would have to develop such infrastructure so they could deliver on services.

Until then, such functions would be carried out by district councils.

On the failure to set up the national council of traditional leaders because of internal wrangling of chiefs in Northern Transvaal and Eastern Cape, Moosa said among the options was to adopt a wait-and-see attitude, and to establish the council without the support of outstanding provinces. This last would require an amendment to the constitution.

Moosa allayed fears that chiefs in KwaZulu-Natal would reject participation in local government structures, saying that during negotiations the chiefs had indicated support for democratic elections. However, they had raised concerns whether tribal authorities would cease to exist.

He said that chiefs in KwaZulu-Natal would be elected directly onto district councils. In other provinces, they were elected from rural local councils to represent district communities.

Booklet urges autonomy for provinces

(262)
BY JOVIAL RANTAO

Political Reporter

Star 30/1/96
A pro-federalism booklet published by the Free Market Foundation has recommended, among other things, that the new constitution should give provinces autonomy over major areas of government concern such as taxation, economic regulation, labour laws, the environment and courts.

The booklet has also suggested that the president should be popularly elected and given veto powers, instead of being elected by the National Assembly and the Senate.

The book has been compiled by Bruce Fein, executive director of World Intelligence Review, who has done constitutional work in Cuba, West Germany, Hungary, Taiwan and Mozambique.

In the booklet, Fein argues that provincial autonomy provides competition for good government. The US-based author believes that provincial autonomy is severely constrained in the interim constitution.

"SA will be doomed to remain in the economic doldrums unless private-property rights and economic opportunities are scrupulously safeguarded. Politicians too often forget that wealth is created by individual skill, risk-taking, industry and perseverance - not by government decrees - and that a nation's economy will descend into poverty and misery unless it acknowledges that truth," he said.

Fein has also suggested that amendments to the final constitution should require the approval of two-thirds of the National Assembly and the Senate and two-thirds of the provincial governments.

Heavier taxes under new plan

OWN CORRESPONDENT

PORT ELIZABETH: Provinces should have the power to impose a surcharge on the taxable income of individuals, it has been proposed

And no objections have been put forward by the Ministry of Finance and State Expenditure, the Commissioner of Inland Revenue, or the provinces.

The recommendation comes from the influential Finance and Fiscal Commission and states that provinces should be allowed to impose flat-rate surcharges on the tax bases of national taxes, levies and duties

It is estimated that if the recommendation to the Constitutional Assembly is accepted a one percent surcharge could net the nine provinces a total of R2 billion a year

11/2/96
A uniform five percent surcharge would net R10 billion, but this would not be spread evenly across the nine provinces because some are wealthier than others

The surcharge would be imposed on taxable income, not on tax payable

The commission recommends the maximum surcharge should be "limited to a few percentage points"

This would keep maximum rates "within acceptable limits", and not dissuade people, especially the rich, from living in particular provinces

One reason for keeping the maximum rate low would be to avoid lowering the national income tax rate, as the effect of this would be that the richer provinces would benefit from the provincial surcharge revenue, while the

(262) ~~320~~
national revenue pool would shrink, making less available for the poorer provinces

The commission notes in its submission that provinces' own revenues on average are about five percent of total revenues, leaving them almost totally dependent on national transfers

"If provinces are not provided with the potential to raise a greater proportion of their own revenues, they become unsustainable as viable political and economic entities and remain unaccountable for their activities" They would merely be "spending agencies" of the national government

The commission argues that the "simplest, most cost-effective" way to achieve a "reasonable measure of accountability is to allow provinces to choose the rate of a surcharge on personal income tax"

Deficit contained to 6% of GDP

(262)

Wraps off financial mess in provinces

BO 14/2/96

Greta Steyn

CAPE TOWN — Finance Minister Chris Liebenberg yesterday took the wraps off the financial mess in the provinces — the main reason why government needs an extra R4,2bn this fiscal year

The financial problems flowed largely from bad bookkeeping by the homeland governments

A huge revenue overrun of R3,1bn partly came to government's rescue, and helped contain the deficit to 6% of GDP against the 5,8% budgeted figure

Liebenberg said he was pleased the outturn was so close to the Budget "The government of national unity has delivered fiscal discipline," he said

The bond market reacted favourably to the news, with key bonds strengthening more than 20 points in late trade

Liebenberg also announced the creation of a R1bn "transitional reserve" to take care of further demands from the provinces "These could not be finalised in time for the Adjustment Budget, which was tabled in Parlia-

ment yesterday

Liebenberg asked Parliament to approve an extra R6bn in spending, but this included about R2bn in spending which had already been added to the expenditure totals announced in the March Budget, but not yet formally approved by the legislature The R4,2bn in effective overspending consisted of a R1,5bn allocation to take care of the underestimation of revenue in the provinces, the R1bn transitional reserve, and almost R1,5bn in unforeseen and unavoidable expenditure (mainly due to the provinces)

State expenditure director-general Hannes Smit said the transitional reserve had been forced on government due to the provinces' gigantic demands for extra funds for welfare spending in the form of civil pensions.

Smit said the provinces had asked for more than R800m extra, but his officials believed it was "a thumbsuck figure" and the real total was probably closer to R350m. However, as these pensions had to be paid out to people

Continued on Page 2

Parties make good progress in talks on forming provincial council

David Greybe

CAPE TOWN — The ANC, NP and DP are making good progress in private negotiations on a powerful provincial house in Parliament to replace the Senate, based on the ANC's original council of provinces proposal.

There is also progress on national and provincial legislative authority, based on the interim constitution's list of concurrent provincial powers. Senior negotiators yesterday predicted that with continued progress, an

agreement could be reached by month end on this thorny issue.

They said the parties were working mainly on the details after having reached agreement on the "common concepts" of a second house (national council of provinces) and national and provincial powers. Most political observers had expected the two issues to be finalised closer to the new constitution's May 9 deadline.

Negotiators said the council would have "strong blocking powers" to safeguard provincial interests, similar to

the German constitutional model, and the process would give "considerable muscle to the national council vis-a-vis the National Assembly".

The council would have the powers to review legislation on national competences, and to initiate, amend or reject national legislation on areas where provinces have concurrent legislative and executive authority.

The ANC's new second house concept is an attempt to move away from the party-political dynamics plaguing intergovernmental relations under the

interim constitution.

Last year the NP and DP feared the process would marginalise the "minority provinces" — Western Cape and KwaZulu-Natal. However the ANC assured yesterday the council would be based on a strong link with the provinces. It would be "owned" by the provinces and represent them.

It would comprise provincial delegations made up of provincial legislative representatives and executives appointed by the provincial legislatures on a proportional-type basis.

On IFP provincial power demands and concerns, an ANC negotiator said the system's "inherent merits" would convince the IFP it was the correct way to go and it could assist in bringing back the IFP into the constitution-making process. While there were no plans to present the concept to the IFP, it "could be advisable".

On the issue of legislative authority, provincial legislatures would have the power to pass or amend a provincial

Council (262) BD 15/2/96

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constitution, and pass legislation with regard to: any matter within the functional areas listed in the schedule of concurrent provincial powers, and any matter outside these functional areas explicitly delegated to it by national legislation.

The provinces' legislative authority would be bound only by the national constitution and, where applicable, also by provincial constitutions.

There is no agreement yet on the proposed council's size but to accommodate the smaller parties, it is expected to number up to 90 (the size of the Senate). The council would comprise provincial delegations (about half being full-time) and would sit once every three or four weeks in Cape Town. Premiers would probably lead their

delegations, and they would sit in "provincial blocks" and not along party political lines.

It would also have the power to monitor intergovernmental relations and be able to propose amendments, or oppose a Bill dealing with matters within areas listed under the list of concurrent provincial powers.

Where the council proposed amendments or opposed the Bill, it would be referred to a "mediation committee".

If both sides agreed with the Bill or amendments to the Bill, it would be referred back to the National Assembly for consideration and approval.

If the committee did not agree to the Bill or if the assembly rejected the committee's version, it would lapse unless the assembly again passed it with or without amendments by at least a two-thirds majority. Any constitutional amendment affecting provinces' powers and functions would require a two-thirds majority.

Continued on Page 2

Govt sends mixed message on poverty aid

~~Robyn Chalmers~~
Robyn Chalmers
and Linda Ensor

(262)

BD 19/2/96

CAPE TOWN — Government gave different signals at the weekend regarding its attitude towards local government debt and assisting the poor

On the one hand government is working on a comprehensive strategy to further subsidise municipal services for poverty-stricken residents and deal with local authority debt, to boost payment levels for services. On the other hand Western Cape local government MEC Pieter Marais said the province was to have R50m (37%) sliced off its intergovernmental grant to assist the poor in the next financial year.

The Institute of Municipal Treasurers and Accountants' preliminary report showed that local authorities' overall financial position was better than feared, and a total payment rate for services of 85% was being achieved.

However, this included all industrial and commercial users of services, and non-payment in former black local authority areas in particular remained high — up to 95% in some areas.

The report indicated that there were strong warning signs in the 15% non-payment ratio which represented a deficit of R3,2bn a year.

Provincial Affairs and Constitutional Development deputy director-general Andrew Boraine said government was working on a preliminary strategy to deal with the causes of non-payment and to assist some of the more indebted local authorities.

Reasons for non-payment included the poor state of some municipal services, local authorities' lack of effective credit control measures, and no administrative system in many areas.

"But poverty is the primary reason,

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Local govt debt

Continued from Page 1

and we have to distinguish between those who can't pay and those who won't pay for services. We are looking at ways to subsidise those who can't pay." Boraine said the lack of affordability would be addressed by government's growth and development strategy, due for release this year.

Funding for local authorities would play a part in the strategy, and government would help to settle almost R400m in debt which had been carried over from the former regime. This would be done over three years, with R130m to be made available in the 1996/97 year. A further R800m in intergovernmental grants for basic services and a once-off R200m to help new rural local authorities get off the ground had also been budgeted for

An annual amount of R1,2bn over the next few years would be made available to upgrade municipal services. He said government would soon be sitting down with the heads of the 815 local authorities around the country to talk about credit control, upgrading or services, and improving the quality of services.

Meanwhile government sources said the reduction in the Western Cape intergovernmental grant to assist the poor was based on the poverty index, which determined provincial allocations on the number of desperately poor in each province. The national allocation of about R800m would remain the same, but as the former TBVC states and self-governing territories would also have to be included, the funds would be more thinly spread.

But a state expenditure department official said that the provinces were free to spend their total allocations as they saw fit.

Bitter row ⁽²⁶²⁾ over powers of provinces

Sowetan 20/2/96

Ramaphosa orders ANC and NP to settle differences at special meeting

Sowetan Correspondent

THE DRAFTING of South Africa's new constitution suffered a setback yesterday following a bitter clash between the African National Congress and the National Party over what both parties agreed was the "heart of the constitution"

After several weeks of bilateral discussions on a future Senate, and the powers provinces will have in terms of the final constitution, the NP yesterday did an apparent about-turn on its earlier positions.

Angry response

The move drew ANC allegations that the NP was negotiating in "bad faith" and prompted an angry response from Constitutional Assembly chairperson Mr Cyril Ramaphosa, who ordered the two parties to settle their differences at a special meeting next week.

The misunderstanding occurred during a session of the CA's deadlock-breaking sub-committee which was set up to iron out constitutional differences between the parties in time for the completion of the new constitution by May 9.

The ANC and the NP have been meeting in bilateral talks to find a compromise on the ANC's proposal to replace the Senate with a Council of Provinces that is more directly repre-

sentative of provincial legislatures than the current arrangement.

The linked issue of provincial competencies determines what powers a provincial government will be able to exercise alongside the national Government.

It is a key issue, especially for the NP and for the Inkatha Freedom Party, who both control one province each as opposed to the seven controlled by the ANC.

Close to deadlock

ANC negotiator Mr Pravin Gordhan opened the row saying the two parties were "close to deadlock". Gordhan, who earlier this month raised the prospect of a deadlock-breaking referendum if the parties were unable to agree on key issues before the May 9 deadline, said compromises were possible if there was flexibility on both sides.

At one stage the parties had reached an "80 percent agreement".

"If we cannot have good faith at bilateral level, what is the point of continuing negotiations at that level," he asked. "Progress is going to be impossible unless the parties negotiate in good faith and maintain consistency."

The NP's Mr Neels Ackermann said it would "take time to reach an agreement".

Provinces' bank accounts 'have not been balanced since April'

Linda Ensor

CAPE TOWN — Many provincial governments had not balanced their bank accounts since April last year, auditor-general Henri Kluever told the parliamentary joint standing committee on public accounts yesterday.

The Western Cape, Northern Province, Northwest, Eastern Cape, Northern Cape and Mpumalanga were all months behind in reconciling their accounts. The strongest performer, Gauteng, had not balanced its ac-

counts since August, Kluever said. Northwest was in arrears back to November 1992.

The findings are likely to cast doubt on the accuracy of Budget adjustment estimates unveiled by Finance Minister Chris Liebenberg last week.

Liebenberg had said an extra R4,2bn was needed this fiscal year, mainly due to the financial mess uncovered in the provinces.

But a shocked state expenditure director-general Hannes Smit said the findings meant the information in the

adjustment estimate "was not as hard as it should be".

The committee authorised Smit's deputy, Flip Rademan, to raise the issue with finance MECs at their meeting with Deputy Finance Minister Alec Erwin in Bloemfontein today.

Kluever said provincial accounting deficiencies included a lack of internal checks and controls, the failure to write up general ledgers, the absence of trial balances, unclassified items in suspense accounts and poor control of debtors. He blamed this on a lack of

trained staff and sound financial administrative systems.

Smit said balancing accounts was "no big problem. You do it in your personal life, you do it in business and you should do it in government. The provinces must be dealt with very seriously if they are letting things go. There is no excuse for not reconciling."

The state expenditure department has no powers to instruct the provinces about their finances, but it has introduced a strategic plan to develop the financial management capacity of

Provinces

(262)

Continued from Page 1
RD 22/2/96

trial government.

Meanwhile, the joint standing committee on finance expressed concern that a significant portion of provincial overexpenditure arose in provincial education departments.

Education departments in five provinces grabbed R670m, or more than two thirds of the funds transferred to cater for unforeseen and unavoidable expenditure.

The committee also sought an ur-

gent review of welfare payments as recommended by the Katz and Smith commissions because further, unquantified transfers to provincial welfare departments from the R1bn transitional reserve were expected.

Another source of concern was departmental rollovers, which at R6,87bn were almost double the R3,6bn of 1994/95.

Provincial spending had to be broken down departmentally, while RDP allocations had to be integrated into the adjustment estimates, and the departments had to clarify how they were providing for the carry-through costs of RDP allocations.

provinces and will monitor their progress in implementing it.

Smit told the committee that state expenditure's first priority this year had been to close provincial books to end March 1995, which had been done.

Rademan said four provinces were in deficit and five in surplus, giving a total accumulated deficit of R1,2bn for the old structures. This was in addition to the R14bn debt taken over from TVC and self-governing states by cen-

Continued on Page 2

Towards a new Constitution: Debate continues, and, below, the winners of our preamble contest

Provinces' powers on the table

(262) M+G 23-29/2/96

The long-awaited debate about the power of provinces hit the negotiating chamber this week like an autumn squall.

Marion Edmunds reports from the Constitutional Assembly

THE African National Congress knows, by now, that it is money that makes the world go round. And that he who pays the piper can call the tune. Armed with these insights, the ANC is aware that one of the best ways to control provincial governments is to control the way they spend their money.

It all seems a bit obvious, but in the public debate on federalism at least, this element appears to be of lesser significance — practically ignored — as parties squabble about the

"powers" that should be allocated to the provinces and what sort of provincial representation there should be in central government.

Constitutional expert Professor Ethenne Murenik of the University of Witwatersrand said this week. "There is no point giving provinces extensive legislative power if they do not have the money to use it."

Both he and Democratic Party provincial legislator Peter Leon agree that the public is largely unaware that the allocation of money

might be a key factor in negotiations on federalism for the final Constitution. Leon has first-hand experience of the sort of paralysis that budgetary constraints inflict on provincial government.

"What we have at the moment is the worst form of federalism," he said. "We have created the form of federalism through setting up nine provincial governments and legislatures, but we do not have the substance of federalism because they have no money to spend. Consequently we are passing laws at the rate of six a year, committee meetings are frequently cancelled and provincial MPs have been reduced to being part-time legislators although they are paid full-time salaries."

What upsets Leon even more is the fact that

the negotiators in the Constitutional Assembly — the "big boys" from the ANC and the National Party — are totally ignoring the experiences of the provinces over the last two years. The premiers have not been asked to give their opinions and are largely out of touch with the federalism debate as it is being conducted on central level, behind closed doors, like a secret game of chess.

The public had a brief glimpse of the passions roused by federalism on Monday, when the long-awaited "provinces" debate hit the public negotiating chamber like an autumn squall. At the heart of the debate was ANC-NP antagonism in the wake of a nasty bilateral meeting. The label given to the dispute was "crisis" — and the whole matter was put on hold until the following Monday, when parties will meet behind closed doors to again batter out their differences vis-à-vis provincial competencies and budgets.

At the moment nobody is disputing that the Constitution should allow each province an equitable slice of national revenue. The amount for each province will be decided by a formula worked out by the Financial and Fiscal Commission, which takes into account a range of factors in each province, including population size, provincial resources, assets and the extent of urbanisation. Central government will not be able to "punish" a wayward provincial government by withdrawing any of those funds. That much will be written into the final Constitution.

At this stage, however, there are few restrictions placed on national government in the draft final Constitution when it comes to their having a say in how the provinces spend the funds they receive. This is where national government can really exert control and keep the provinces at its mercy.

In the new South Africa it may well be necessary to keep a watchful eye on what the provinces get up to. Their finances are in such chaos, especially in the aftermath of the integration of the homelands, that it might, for the sake of fiscal discipline, be necessary to ensure that they are not given free rein to splash out on Lear jets and Mercedes Benz.

But how far should that control go? The ANC certainly sees this as a mechanism of control it could use when negotiating the final provincial powers. Senior sources say that the more autonomy they cede to the provincial governments, in terms of their competencies and in terms of their power to legislate, the more control they will claim over provincial budgets.

It is not known if the NP is fully awake to this negotiating strategy. NP negotiator Fanus Schoeman said that he realised that it could be a point of dispute, but that the NP would endeavor to seek a balance between financial and other control of the provinces. ANC financial negotiator Rob Davies says that the party will also seek a balance — but it is unlikely that the NP's and the ANC's "balance" will be pegged at the same mark.

The DP's Ken Andrew is concerned about this aspect of federalism, but is reluctant to comment before proposals are on the table. Currently, the key clause in the finance section has been withdrawn from debate pending further negotiations on provincial powers, at the ANC's request.

Since last year, agreement has been growing around a model of government which gives provinces direct representation in a second house of Parliament, called a Council of Provinces. This council would have a veto right over legislation that effects its powers, to be listed in the final Constitution. The way in which the Council makes decisions is still being negotiated, but it is commonly believed that the Council of Provinces will give provinces collective strength and say in government, to the advantage of the majority party, but that the system will make it difficult for provincial governments run by opposition parties to take lone stands or buck the will of the majority party in any way.

Readers' new preambles

WE received so many entries for our competition to write a preamble to the new Constitution that the judges have decided to give two prizes.

The *Mail & Guardian* was flooded with entries from all corners of the country, by people from all walks of life — from professors of law to convicted murderers.

The judges, Constitutional Assembly chair Cyril Ramaphosa and Professor Ethenne Murenik, have each chosen a winner. Ramaphosa's winner is Clinton Swemmer of Moreleta Park. "The language and style is simple, though moving and poetic, and the message is clear and precise," Ramaphosa said.

Murenik chose Sue de Villiers of Cape Town. Her entry, he said, was "a rich, elegant and powerful statement of the reasons why we need a Constitution, and of its central aspirations."

Two Facts & Fiction book vouchers worth R500 each are on the way to these winners.

Runners-up were Professor MH Prozesky of Pietermaritzburg, Steward Foulds of Westdene, Dr M Silbert of Sea Point, J Jackson of Melville, Justine Glyn of Blargowne and Robert Gentle of Sandton.

Clinton Swemmer of Moreleta Park wrote:

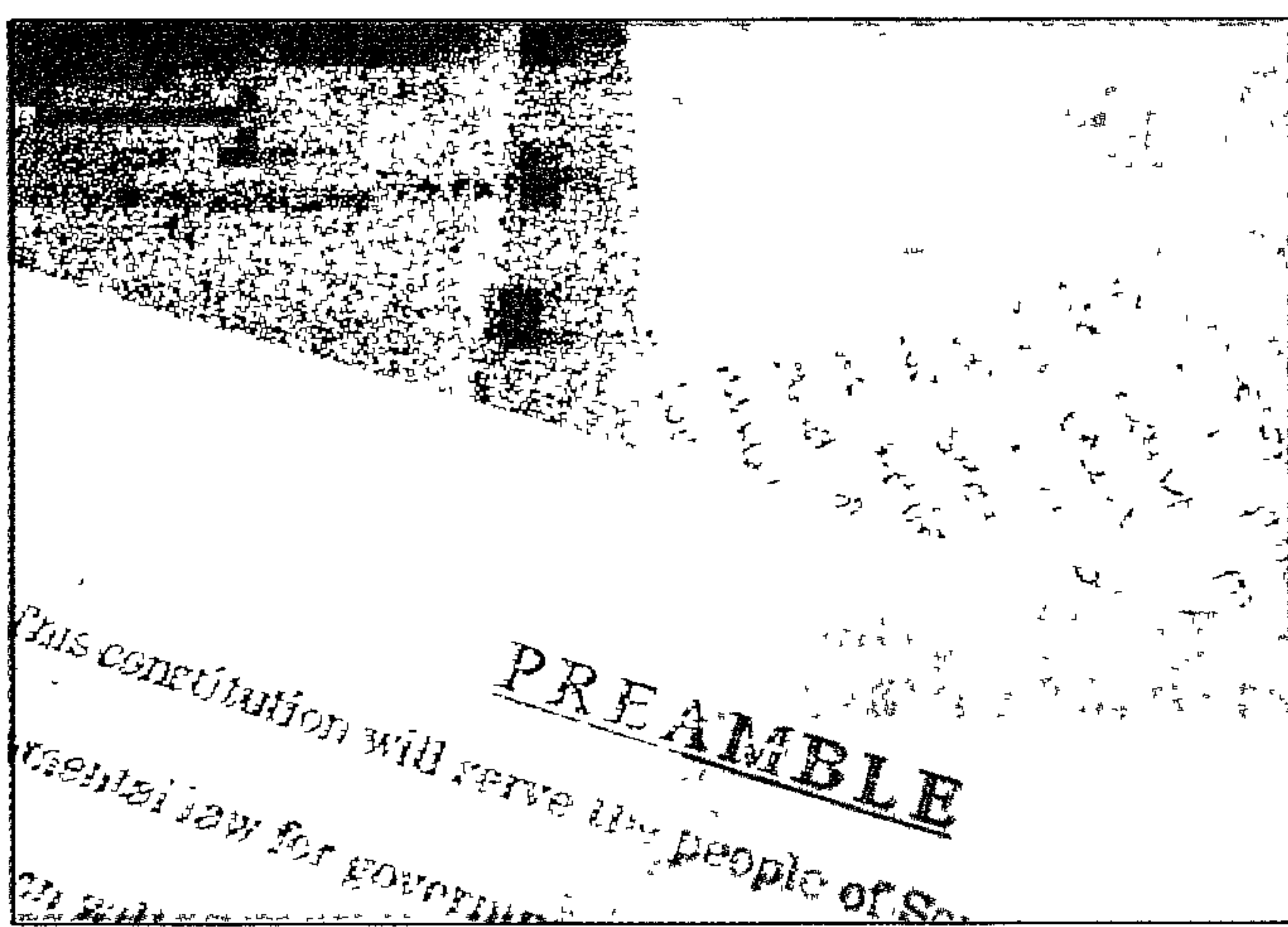
**WE, the people of South Africa,
Coming together with faith in our future,
And declaring our determination to build
one free and united nation,**

**Declare that:
We have passed through a period of turmoil
and trial;**

**We have lived apart from one another for too
long;**

**We have suffered for our beliefs and for our
rights;**

**We therefore wish to give to future genera-
tions:**



**A guarantee of the equality and dignity of
each human being;**

**A set of democratic values to be treasured
and protected;**

**A means for the development of our people as
one;**

In order that this may come to fruition,

We enact this Constitution;

**As the foundation of a democratic and free
South Africa;**

**So that out of the past a new just future may
be born.**

Susan de Villiers of Cape Town wrote:
**WE, the first generation of democratic
South Africans, dedicate this Constitu-
tion to all who will follow us.**

**It is a Constitution that honours freedom.
For we know the terrible suffering of a people
who are not free.**

**It is a Constitution that honours equality. For
we know the tyranny of governments that give
to one what they take away from the other.**

**It is a Constitution that honours humanity.
For we know that only evil follows where rights**

are trampled and obligations despised

**It is a Constitution that honours unity. For
we know the terrible consequences of a land
and a people divided against itself.**

**And it is a Constitution that honours humil-
ity. For we know that a government that
refuses to account for itself, hiding its face
from the people, will quickly become arrogant
and corrupt.**

**We ask you, who will carry forward the work
we have begun, to receive this Constitution in
the spirit in which it is given.**

**We ask you to share its vision of a free and
democratic South Africa.**

**We ask you to commit yourselves, as we have
committed ourselves, to a unity that transcends
all differences, while respecting those differ-
ences as rich gems in the national crown.**

**And we ask you to make this Constitution a
part of your lives; to use it to build a better,
wiser and gentler society for your children and
your children's children.**

**This Constitution is the gift that we who
come from the past give to you who will inherit
the future. Guard it well.**

MICHAEL MORRIS

Staff Reporter

THE African National Congress idea of a Council of Provinces to represent provincial interests in place of the senate could be the basis of a compromise to resolve South Africa's constitution-making impasse

This is the view of Wilmot James, executive director of the Institute for Democracy in South Africa (Idasa)

Idasa was particularly concerned that party political interests should not affect the soundness of a constitutional arrangement that should be effective and durable

"If there is anything constructive to be done, we like to play that role"

Differences of opinion — chiefly between National Party-aligned and ANC-aligned members of the constitutional assembly — have brought key questions to the boil, particularly on provincial powers and a second house of parliament

Negotiators, anxious to avoid landing up in deadlock, are meeting next week to try to find common ground. A deadlock would threaten the May deadline for a final draft of the constitution

Talks resume on Tuesday

Idasa, Dr James says, "is not suggesting the parties do not have the national interest in mind"

"But, because the dynamics of constitution-making involve a deal between the parties, the picture tends to get a bit muddled. One wants the national interest to be recognised, for a robust system for the future, and for the parties in the bargaining process to stand back and ask: What is the best workable solution to this problem?"

Idasa "does not have a finished model and is not pushing a particular, finished idea

We are saying, it's possible to have such a thing and it's up to the parties to find what that model should be. Elements of it are there already"

Idasa's position — based on a series of informal discussions between Dr James and leading, independent constitutional lawyers and academics — is that an adaptation of the ANC's proposal for a Council of Provinces could well find approval in NP ranks

"It's clear, constitutionally, that one needs to have an effective mechanism to represent provincial interests. You cannot have a situation in which the provinces pull in different directions and make governance difficult, nor do you want too much centralised control because you need capacity to sustain that, and we don't have it"

"There would have to be a high degree of centralised control if the provinces were to be an administrative extension of the centre, which, I think, is the essence of the Council of Provinces proposal as it now stands"

"The danger of the Council is an over-extended central government and a National Assembly majority that will be able to dilute provincial interests by force of its sheer weight." It would contain the potential for parties to "override provincial interests"

Equally, "we don't believe a Senate is the answer either, because it belongs in a federation and we are not a federation"

"But, if you loosen up the Council of Provinces idea, to give provinces some room to manoeuvre, and you loosen the hold the majority party in the national assembly would have, there might be an acceptable compromise"

Combining elements of both models could be the key "to a much simpler and elegant constitutional package"

"The way to go may be a more decentralised version of the Council of Provinces where parties cannot recall members at will and where the dispute-resolving mechanism is not necessarily weighted in favour of the majority party in the House"

"In this way, more than adequate checks and balances can be built in to counteract the centrifugal tendencies of any province"

Basis for compromise on provincial powers

Senate's role under scrutiny
AR 24/21/96
Constitution-makers have been urged to put party interests aside and find common ground on a Council of Provinces compromise.

25 (262)

Mbeki warns of ANC weakness

ST 25/2/96

By CRAIG DOONAN

(262) (92)
CORRUPT ANC councillors are demanding money for the delivery of local government services, Deputy President Thabo Mbeki said in Durban yesterday.

Addressing the challenges facing the ANC in the May local government elections in Kwazulu Natal, Mr Mbeki warned against imposters who would attempt to stand as councillors on ANC tickets.

"I'm told that in some areas corruption has started already where local councillors from the ANC demand money for the delivery of various services

"It's a reflection of the weakness in our system of selection," he said. "They might carry an ANC card and make very good speeches, but they're not ANC," he told a local government workshop.

Mr Mbeki said the rest of the ANC would assist the party in its preparations for the May 29 elections, but he warned against opposition from "backward" political forces such as the white right wing and Inkatha-aligned chiefs who believed they were born to rule.

POLITICS

Parties agree in private talks to replace Senate

David Greybe

CAPE TOWN — Parties in the Constitutional Assembly had agreed in private talks to replace the Senate with a powerful provincial house of parliament, senior negotiators said yesterday

One negotiator said "What is being resolved are largely the operational details of the (proposed) national council of provinces and some aspects of its functions"

Negotiators were still discussing the composition of provincial delegations, and whether they would vote "en bloc" or along party lines

Parties also had to decide whether to allow for local government representation on the council, in line with an ANC proposal to treat local government as a separate government tier in the new constitution

Only a week ago the ANC and NP were at loggerheads over an NP document which the ANC claimed undid weeks of progress in private talks on the issue of the senate

The proposal for a provincial council was originally tabled by the ANC, and was based on the German model. The council would, according to the third draft proposal,

have strong blocking powers to safeguard provincial interests

Technical experts are now working on a fourth draft, to be discussed in a new round of private talks scheduled for this weekend

The council, according to the draft, "shall have the powers to review legislation regarding national competencies, and to initiate, amend or reject national legislation in respect of functional areas in which the provinces have concurrent legislative and executive authority" A two-thirds majority in the council would be required for "any constitutional amendment" that have an impact on provincial powers and functions

An ANC negotiator indicated the ANC would back an NP proposal for a 90-member council — 10 from each province — to ensure smaller party representation. Five would be permanent and five chosen on a "floating or rotational" basis. The ANC originally proposed six a province

A DP proposal that council members vote on an individual basis on matters pertaining to national competencies had also found favour with the ANC. But the ANC was insistent delegations vote "en bloc" on provincial matters

BD 29/2/96

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White paper suggests Satour be replaced

Theo Rawana

BD 29/2/96



SATOUR will be replaced by a tourism development authority if the recommendations of the draft white paper on the national strategy for the development and promotion of tourism in SA are adopted.

The document is also believed to provide for the environmental affairs and tourism ministry to be replaced by an environmental co-ordination and tourism ministry, with the tourism division not being "simply a subdivision of the environment" but sharing the ministerial portfolio with the environment.

The document points out that, with government structures not having the flexibility, resources or the financial clout to effectively implement it, it is important that the statutory agency (the SA Tourism Development Agency) with an independent budget, takes the lead in promoting and developing tourism and implement projects of national significance.

The representation, structure, organisation, management, leadership and staffing of this organisation will determine the success of the tourism initiative, sources said.

The authority will report directly to the minister and be governed by a board of directors that will be representative all segments of the tourism industry including airlines, ground transport, tourist accommodation, tour operators, national parks, culture attractions and ancillary services.

The document is to be submitted for discussion by all tourism stakeholders in Pretoria on Monday. The white paper will be finalised and submitted to the Cabinet towards the middle of April, according to the tourism department.

The draft white paper said that the international trend was a move away from tourism boards to the formation of more comprehensive tourism development agencies.

The proposals and responsibilities of the development agency would include product development; marketing, promotion and public relations, research and market intelligence.

The document also stated the need for a strong statutory body whose functions extended beyond tourism promotion and encompass product development and other functions.

Six provinces to close books by June

BD 29/2/96

(262)

Linda Ensor

CAPE TOWN — Six provincial finance departments expect to close their books by June, despite reports last week from the auditor-general that provincial accounts were in miserable shape.

Gauteng, KwaZulu-Natal and Northwest said yesterday that they were on track to close their books by the end of next month, while the Eastern Cape, Northern Cape and Western Cape expected to complete their books by the end of June.

The Free State, Northern Province and Mpumalanga failed to respond to inquiries about their situation.

Several finance MECs objected to auditor-general Henri Kluever's report to the parliamentary standing committee on public accounts that many provinces had failed to reconcile their books since April last year and were failing to perform basic accounting functions. But Kluever said yesterday he stood by what he had said and had no reason to retract it.

"We will have to await the audit reports," he said.

"The bottom line is that they cannot say I didn't warn them."

Gauteng has already rejected Kluever's findings, while KwaZulu-Natal finance MEC Senzele Mhlungu said the province's books had been closed until November last year.

"Bank reconciliations are done on a daily and a monthly basis," he said.

The Western Cape said monthly bank reconciliations had been ham-

pered by administrative changes. But such problems had been resolved by January and reconciliations at central level had been completed until end-June last year.

By next month its books would have been closed up to the end of December.

Northern Cape said its books were reconciled and closed until end-June last year. It added that it was scheduled to finalise the 1995/96 books by the end of April and to finally close them before June 30 this year.

It said problems had been caused by the introduction of a new banking system last year, but that all banking transactions were now reconciled on a weekly basis and were up to date to February 19.

Northwest province's books were reconciled until the end of December and it was on track to close them in good time. This was despite the accounting backlogs and books that had not been closed since 1991/92 which it had inherited.

The Eastern Cape's accounts were reconciled up to end-November, with only those reconciliations relating to accounts of the former Ciskei and former Cape Provincial Administration still outstanding. The province planned to close its 1995/96 books on May 16.

The ministry said problems encountered included the "snail pace of the rationalisation process in the financial division of various ministries" and the fact that the various ministries had inherited different accounting systems from former administrations.

STAGGERING BURDEN FROM THE PAST

PM 23/2/96 (262)

Signs of continuing

The message to the newly elected councillors from Johannesburg's mayor was clear the millions of people from disadvantaged areas who voted for the first time expect proper and effective services

"It is your duty to address residents about service payments," Isaac Mogase said during his inaugural address to the chamber in November last year "If you do not, money from the government will run dry and the government will collapse"



Elizabeth Clogg

Mogase's words echoed an earlier speech in which Cape Town city treasurer Eddie Landsberg told aldermen that total outstanding amounts were far too high "If we are not cautious, the council can go into an insolvent position and then the Auditor-General will comment very strongly"

It takes no more than a Model C school accounting course to realise that the arrears in services and rental payments are detrimental to local government

It could, however, mean that a ratepayer living in the historically white areas of Johannesburg, Randburg, Roodepoort and Sandton, now governed in effect by the Greater Johannesburg Transitional Metropolitan Council (TMC), will in the foreseeable future face increased rates and tariffs

But he could also receive fewer or less frequent services as resources are redistributed for the upliftment of previously disadvantaged black areas The same will apply in the Cape Town metropolis

In the Johannesburg TMC area, the total arrears for services is about R580m (30 days and over)

Another R25,6m is outstanding for loan and rental repayments in respect of housing schemes

In Cape Town, where the council recently voted in favour of a R25m write-off

on arrears in rentals, Western Cape local government minister Peter Marais says the non-payment of service charges is spreading from the black community to coloureds "The situation is untenable and could lead to the collapse of local government in the Western Cape," he warns

Financially, Cape Town — which still hopes to host the 2004 Olympic Games — faces an enormous crisis

□ The city council is owed about R300m in arrears,

□ Black local authorities owe the council more than R104m, almost double the January 1994 figures The debt has

grown at more than R2m a month during the past year,

□ The five main black townships within greater Cape Town owe the metropolitan council more than R36,7m,

□ Debts to the metropolitan council for sewage treatment, refuse removal, water distribution to houses and community health services are growing at more than R1m a month, and

□ The city treasurer has been instructed by the executive committee not to attach anything belonging to households in arrears with electricity payments, despite electricity arrears having increased by 31,5% from R48,1m at the end of January 1994 to R63,3m in November 1995

What are the broader implications of these mounting debts?

For the first time, rates in Johannesburg will be payable, by all property owners, based on a common valuation Under the old Johannesburg City Council, area property valuations had not been undertaken for five years Thus owners now face an additional shock — a new appraisal of their property values

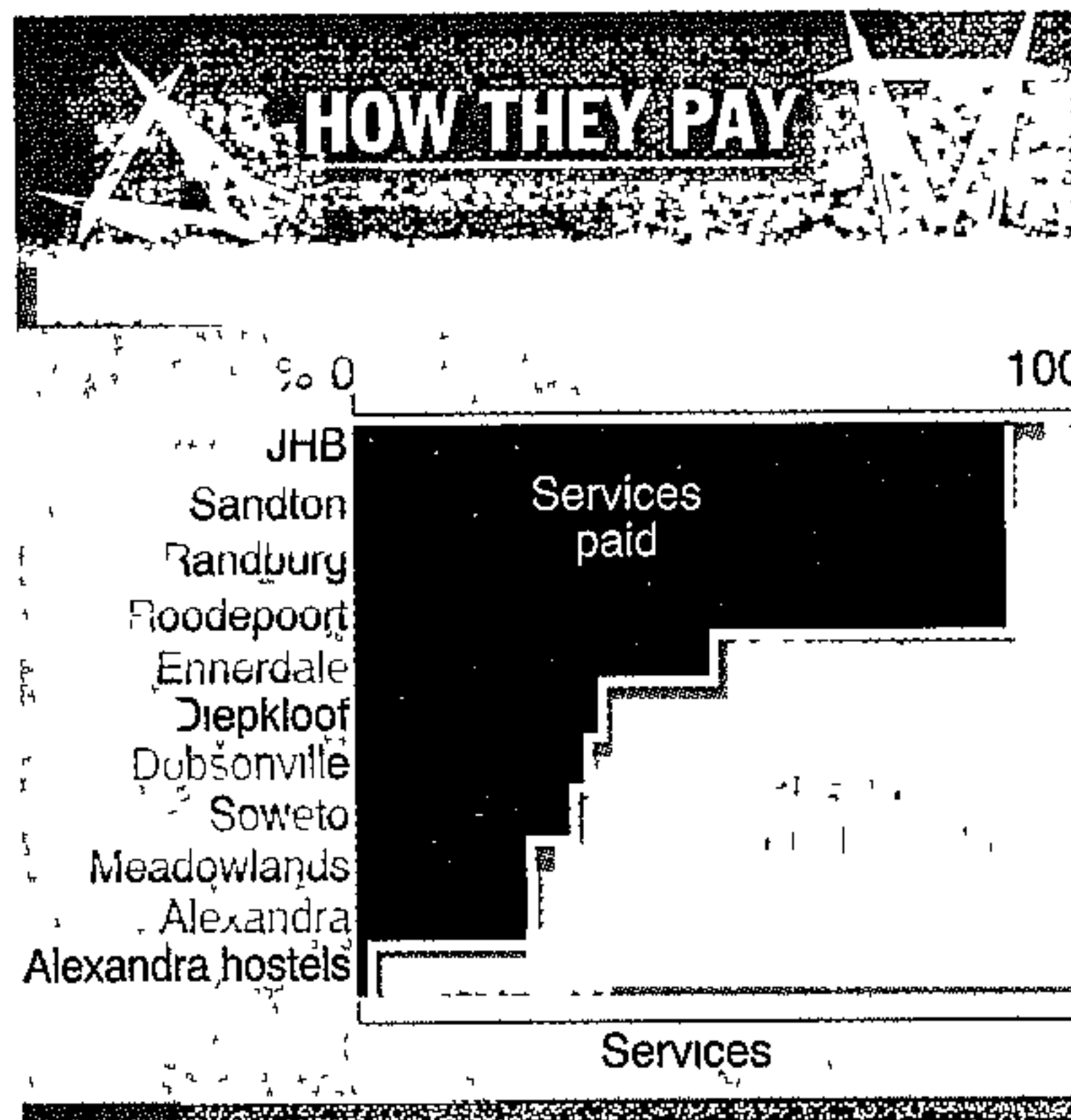
The TMC also expects to derive more income from the 140 000 new properties to be taxed in the previously black townships where property rates have never been levied

That is, of course, if they are able to collect the levies more successfully than they have done with rentals and electricity arrears

The TMC, according to Proclamation 24 from the Gauteng premier's office, gets its income from Regional Services Council levies, the sale of bulk services and an equitable contribution from the rates and taxes collected by its four sub-structures

The TMC at present controls all staff matters, finances and town planning Despite mounting arrears in payments, most councillors behave as if there is no shortage of funds

If town planning powers and functions are allocated as recommended, the 50 TMC councillors, of whom 40% were nominated on the party list sys-



tem, will control all rezoning applications for the metropolitan area at the TMC Section 60 town planning tribunal. Lesser applications, which are not in dispute, will be handled by the substructures, mainly at official and not council level.

Why the attempt by TMC councillors to control Section 60 tribunal hearings on town planning matters when in the past they were dealt with satisfactorily by the bigger city and town councils?

Could the answer be found in the allowances (R520 per daily session above the normal council allowance) paid to councillors, excluding members of the executive committee serving on the tribunal? In the 10-month period last year, ratepayers dished out R496 439 in extra allowances to TMC councillors who served on the town planning tribunal.

If financial remuneration is not the reason, why are there attempts to persuade premier Tokyo Sexwale to increase the number of councillors who may be paid Section 60 allowances and to broaden it to include executive committee members. At present only 25% of the councillors qualify for the Section 60 allowance.

Elizabeth Clogg, the lone independent representing Bryanston in the eastern substructure says "Town planning tribunals should be spread around the substructures. A system concentrating all power in the hands of a few TMC councillors is asking for trouble and will invite accusations of corruption by the public."

Clogg believes that the proposed centralisation of town planning is also devised to encourage property developers to concentrate their development on the south and the CBD. "The only way in which they will attract developers to the south is by giving them concessions or, in the case of the CBD, by ridding it of the crime problem."

As opposed to the decision-making Section 60 committees, where members receive allowances, councillors serving on Section 59 committees (policy-making bodies) do not receive extra remuneration for their services.

"It is therefore no surprise that Section 59 committees last year were often without a quorum, considering some councillors served on both Section 60 and 59 committees," Clogg says.

There is also a move, contained in Gauteng's Local Government & Housing's circular 6 of 1995, to increase allowances to members of local government. Adjustments have already been

completed and now await approval by the Commission of Remuneration of Representatives. Allowances payable to the mayor and chairman of the management committee will be linked to the salaries paid to members of the provincial legislature.

There seem to be two increases. According to schedule A, councillors in a major city such as Johannesburg will receive R2 669 a month backdated to July 1994.

According to schedule B, the monthly remuneration for the same councillor will rise to R2 802 from July 1 1995.

The bigger the empire, the bigger the expenditure. And some of the figures are horrendous.

In its 1995-1996 budget, the TMC intended to spend R311 000 on floral decorations, with R60 000 allocated to the town clerk's office, often host to overseas guests, and R43 000 assigned to the treasury.

However, according to the city's budget, the directors approved expenditure of R15 000 on flower arrangements by the sewerage department, R19 000 by the fire department and R16 000 by the planning department. The TMC was allocated R43 000 to adorn itself.

For the same period, the TMC had budgeted R1,54bn for its yearly municipal staff salaries, of which R1,1bn went to Johannesburg officials.

Of its total operating budget, the Johannesburg administration allocates 37,22% to staff wages, salaries and other related benefits.

Should all TMC officials with accumulated leave wish to cash in their leave simultaneously, the TMC would have to fork out R124,5m (according to calculations made in June last year). Of that amount, Johannesburg officials are owed R95,8m in accumulated leave.

Clogg queried the necessity of the 11 strategic advisers not on the permanent staff of the TMC.

In response to a question from her, the TMC said in October last year that these advisers were paid R140 516 a month, about R12 774 each.

A further concern is that the TMC has been hit with the resignations by top officials, many for tax reasons. According to an official response to TMC CEO Nicky Padayachee's queries, after a question by Clogg, Johannesburg had 1 507 resignations between December 1994 and December 1995. Sandton was second hardest hit with 215 officials leaving. Sandton now has 52 positions filled by temporary personnel.

The total number of vacancies for the TMC in January was 8 168.

Cape Town councillor and former executive committee chairman Arthur Wienburg says council and committee meetings are poorly attended and frequently end early through lack of quorums. He has tabled a motion for meetings to continue until 8 30 pm during summer months because meetings often end at 5 pm.

Already, Wienburg says, the ANC-dominated council has refused to start proceedings at 8 30 am and changed the starting time to 10 am.

The final word is from Clogg. She voices concern over recent reports suggesting that the responsibility for various functions now fulfilled by the central government should be devolved to local government.

These include responsibility for a metropolitan police force, curative primary health care and housing. Residents will be liable for the bill.

"Each of these is actually a sphere for which taxes are paid to central government," Clogg says. "There are further suggestions

that RSC levies should be reallocated to regional government."

"Unless the whole fiscal base is rearranged to allocate resources and decision-making powers to the point at which there is responsibility for delivery, whether at the substructure or TMC level, local government resources will be strained beyond acceptability."

The devolution of responsibility must be accompanied by the allocation of resources, says Clogg. "Surely that is what is meant by taking government to the people?" ■



Isaac Mogase

A taxing challenge ahead for provincial government

(262)

ARG 1/3/96

Raising their own taxes will give the provinces a measure of independence. But care will have to be taken not to overburden taxpayers, many of whom already feel they are paying too much. ROGER FRIEDMAN reports

There are three tiers of government and each costs a fortune

But while the top (central) and bottom (local) tiers generate required funds through taxation, the middle tier - provincial government - is a somewhat poorer relation

This year the Western Cape government generated less than five percent of its total budget, with central government contributing 95,3 percent through the Fiscal and Financial Commission

This reliance on central government leads to the perception that provincial governments are toothless beasts, lacking independence and unable to exercise control over their regional destinies

It also, perhaps conveniently, allows the provinces to pass the buck to central government over issues such as teacher retrenchments, recruiting extra police or cutting back on health services.

It nurtures the "there's nothing we can do about it if central government refuses to give us money" argument

Although the situation is similar for all the provinces, the Western Cape and KwaZulu-Natal are perhaps a little more uneasy with the status quo than others because they are not dominated by the African National Congress which dominates central government

In the Western Cape, the National Party holds sway Premier Hernus Kriel announced in his opening address to the legislature earlier this month that the writing of a provincial constitution was a priority

Naturally, the issue of the province raising its own money through taxation is a key element in the proposed constitution

The (central government) Financial and Fiscal Commission has already recommended that provinces be given the powers to raise their own taxes - the

question is how they will go about it?

And how can the province avoid placing an extra financial burden on the relatively small proportion of the population - about 10 percent - who actually pay their taxes?

Western Cape Finance Minister Kobus Meiring (NP) believes shrinking allocations from central government leave the province no alternative but to levy taxes

"It basically boils down to a straight choice between drastically reducing the standard of services or raising money through taxation," he said

But the problem was that South Africans already paid high taxes, and further burdens could impact negatively on productivity and economic growth

Mr Meiring said the Financial and Fiscal Commission had suggested provinces levy add-on taxes on income tax and VAT

The NP welcomed this provision but proposed that central government lower its taxes to allow the provinces to levy theirs at no extra cost to the taxpayer

Mr Meiring said central government should prescribe maximum levels. So, for example, central government could reduce VAT from 14 to 12 percent to allow the province to add a maximum of two percent

"This would allow the provinces the necessary space to determine their own priorities and standards"

Western Cape Economic Affairs Minister Chris Nissen (ANC) said the ANC was "extremely concerned" about the implications of raising provincial taxes on the people and economy of the province

The province had to be careful not to place further strain on middle-income earners who already bore the brunt of the country's tax burden, he said

"In fact, we need to look seriously at tax relief for the poor- and middle-

income earners instead of raising further taxes"

The province's solution lay in expanding the tax base

"We need to move away from relying too much on individual income tax. It is time that companies contribute more to the fiscus, not by increasing the tax rate, but by encouraging and promoting the creation of small business"

The present pool of small businesses contributing to revenue was too small

Mr Nissen said if provinces were allowed to raise revenues independently, the ANC recommended a set national-provincial tax rate to prevent migration of businesses and individuals to provinces with lower taxes

"The challenge we face now is how to find suitable, developmental-oriented options that will generate the required revenues and not exacerbate the present tax position of individuals and companies," said Mr Nissen

Western Cape leader of the Democratic Party Hennie Bester said ducking taxes was already a national sport and "it may become compulsory"

Mr Bester said the DP believed the provinces should be able to raise taxes "If you call this a government, you must treat it like a government - that includes giving it taxing powers

"The essence of having three levels of government is that each is responsible and accountable to its own tax-paying electorate and not to another level of government

"For provinces to exercise their government prerogative, national government will have to vacate some percentage points on personal income tax"

The taxes should not only be "fair", but perceived to be fair

"It will then be up to the provinces to show their metal," said Mr Bester

New provincial body to replace the senate

A SECOND house of Parliament which will have only limited powers on national legislation is set to replace the senate.

Talks behind closed doors between the ANC and the NP have paved the way for a council of provinces that will ensure direct representation of provincial legislatures in central government.

The NP was in favour of retaining the senate system, but all indications are that the ANC's proposal of a council of provinces will win the day.

ANC negotiator Pravin Gordhan said his party's differences with the NP were on three aspects.

"The first is on the conceptual level. If we are to have a second house, then it must not merely mimic the national assembly. If it is to be an effective voice of the provinces, it must be conceptualised, be structured and operate to give the provinces an effective say at the national level."

The second element is the extent of its legislative capacity.

"While ministers and the President will go to the council of provinces to answer questions and to speak, the primary site of accountability is the national assembly. What we

have to resolve is whether both houses will constitute Parliament."

The NP wants the second house to remain part of Parliament, but the ANC envisages a limited council role on Bills which are within the national competence of government.

"The council can make suggestions, offer amendments and attempt to influence the content of Bills, but it cannot veto or delay their passage," he said.

The council will, however, have a greater say on proposed legislation that impacts directly on provincial powers.

"Such Bills must be considered both within the council of provinces and provincial legislatures," Mr Gordhan said.

The third aspect is the voting procedure in the proposed council of provinces. One option is that provinces could vote en bloc as provinces, or votes could be weighted depending on the size of the provinces.

The ANC proposes that a

CYRIL MADLALA

At the
Constitutional
Assembly

provincial legislature should appoint not more than half of its delegates to the council to serve as permanent members.

The others will change from time to time, depending on the nature of the proposed legislation. For example, an MEC for education could be part of a provincial delegation on an education Bill.

But the DP's Ken Andrew criticised the proposal for rotational membership. A rotation system would lead to "first-class and second-class senators" and would lead to scheduling problems in the provincial legislatures, the senate and the house of assembly.

"Our fundamental objection is that you remove the right of the provinces to act on their own, and say that if the senate accepts, then it is okay," Mr Andrew said.

NP negotiator Piet Marais conceded that the senate would be done away with. What remained to be resolved was how the new arrangement would work.

Provinces 'will be able to impose own fuel levies'

Greta Steyn

PROVINCES would be free to impose a fuel levy in terms of the latest draft of the final constitution, Financial and Fiscal Commission chairman Antony Melck said yesterday

"The fuel levy does not present the same problems as some other taxes as it is relatively easy to administer, and there is no reason to exclude it"

Provinces should take it slowly when they started collecting their own revenue. They should kick off with a surcharge on personal income tax — hopefully in the 1997/98 fiscal year. They should also arrange with the inland revenue department to do all the collections for them, he said

The wording of the constitution's draft chapter on finance took account of the commission's views that some taxes should be excluded, such as corporate tax and VAT, because of the administrative difficulties at provincial level. The draft constitution was

amended to allow provinces to charge a flat rate surcharge on personal income tax and a fuel levy

Melck believed there should not be big disparities between tax rates charged by the different provinces and the same would apply to the fuel levy

Provinces would not be able to begin levying their own taxes before national legislation was in place to allow that

The commission has fought for the regional governments right to raise their own income, arguing that it would make them more accountable than in the present circumstances where they are only spending agencies of central government

Melck said the commission would this year finalise a revised formula to determine central government's allocations to the provinces. Melck said the commission had not yet finalised its view on the phase-in period for the formula, but his own view was that a longer period than the original five years suggested might be necessary

BD 4/2/96

(242) (242)

Provincial affairs: where are the boundaries?

(262) Alan S/3/96

TRAVIS MCCUE

What powers the new constitution will give provinces to legislate their own concerns is the most difficult question facing the negotiators at the Constitutional Assembly

By **PATRICK BULGER**
Political Correspondent

The decision before the April 1994 election to grant the nine provinces quite extensive legislative powers to determine their own affairs was a vital part of South Africa's political compromise. But it has been the subject of ongoing controversy ever since.

The reasons for the disputes are both practical and philosophical. They derive from opposing views of whether South Africa should become a unitary state with federal characteristics or a federalist-type state within a single country. The philosophical divide pits the African National Congress and Pan Africanist Congress, which favour the unitary option, against the federalist Inkatha Freedom Party, the National Party and the Democratic Party. Within the federalist camp there are differences of emphasis.

On a practical level, the election results of April 1994 left two major provinces - KwaZulu Natal and the Western Cape - in the hands of the opposition IFP and NP respectively. Managing the co-existence between the ANC-dominated national Government and the two opposition-led provinces has been one of the most time-consuming and controversial aspects of the new dispensation.

As matters stand now in the interim constitution, the provinces have legislative powers

that are shared or exercised "concurrently" with the central Government. A schedule attached to the constitution lists the areas over which these powers are exercised, and they include agriculture, cultural affairs, health services, school education, roads and tourism, to name a few. However, the constitution also provides for central Government to exercise "overrides", which means its legislation takes precedence over a provincial law to ensure that "uniform norms and standards apply generally throughout the Republic".

Five parties

split by a wide philosophical, practical divide

The practical implication is that if Parliament legislates that one teacher will be provided for every 30 pupils, the Western Cape, for example, cannot decide to have one teacher for 40 pupils and to build more houses with what it saves even though the Western Cape may legislate on both housing and schooling.

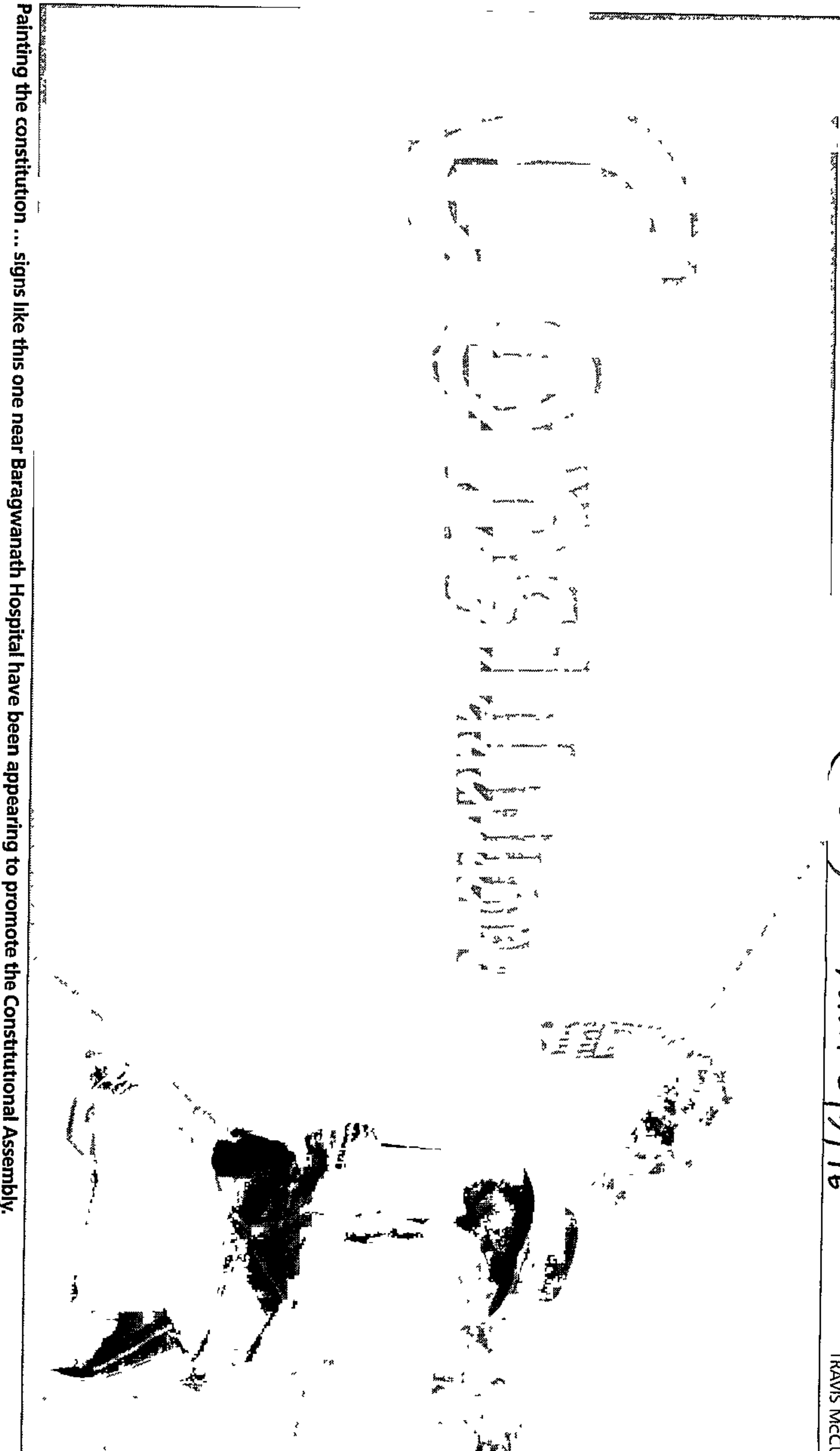
The interpretation of what constitutes a valid override or mere interference in provincial affairs lies at the heart of the dispute over provincial competencies. What are the parties saying about the issue of provincial competencies?

For its part the ANC has hitched its star to the notion of "co-operative governance", which suggests a model in which the provincial legislatures are perceived as co-governors in partnership both with each other and with the national Government. ANC constitutional thinkers have put forward a model in which provinces can legislate their own constitutions and pass legislation within areas determined by a schedule that looks much the same as the present schedule.

But it wants decisions affecting the provinces as a whole to come before a Council of Provinces (COP) which would replace the current Senate and which would exercise effective veto powers over provincial legislatures' decisions. The ANC also wants to broaden the ambit of national overrides so that national legislation will take precedence over provincial legislation if national legislation is considered necessary to achieve a "national objective".

This would apply in instances where a matter cannot be effectively co-ordinated by a province (foreign affairs, for example) or where the national legislation establishes norms and standards, regulatory frameworks and national policy.

The ANC also wants national legislation to prevail over provincial legislation where national security, economic unity, the common market, interprovincial



Painting the constitution ... signs like this one near Baragwanath Hospital have been appearing to promote the Constitutional Assembly.

commerce, equality and environment are as stake. In addition, the ANC is proposing that its COP may support national rather than provincial legislation which would then give the COP an effective veto power over the provincial legislature.

Predictably, the broad thrust of the ANC's approach has not found favour with the opposition parties. NP negotiators are arguing for provincial legislation to take precedence over national legislation - the direct opposite of the

ANC's proposal - subject to a list of exceptions.

So provincial law would prevail over national law except where provincial legislation cannot effectively regulate a matter, where national norms and standards are an issue and where the security of the country as a whole is at stake. The Constitutional Court could deliberate in cases of conflict.

The NP's thrust is that the interim constitution's provisions should remain largely unchanged but that the overrides should be "clearly and specifically" stated. The NP's point of departure is that powers should be allocated to the level of government at which they can best be exercised.

The DP similarly wants provinces to have exclusive legislative powers except in instances where national standards, economic unity and national security are at stake. The DP wants Parliament to make laws for the

country subject only to the exclusive legislative competencies of provinces. The IFP, which has been absent from the CA for more than a year now, wants "provincial autonomy" which has been interpreted as ranging from outright secession to virtual provincial independence. It would like to restrict national Government to areas that are manifestly national, like defence, foreign affairs and finance, while the province would exercise all other powers, includ-

ing its own police force and courts. Among these all options a compromise has to be forged before the May 9 deadline for adoption of the new constitution. Compromises in this area will, one can expect, be traded off for compromises in other negotiating areas. The outcome will have a decisive impact on how the South African state and its nine constituent provinces will operate in the future.

Govt wants to abolish transport subsidy system

Star 7/3/96 (262)

Taxi Task Team chief Dipak Patel warns of cost of uneconomical routes and tells conference that tendered contracts are the aim

By MANDLA MTHEMBU

The Government plans to scrap subsidies within three years to create a self-sustainable transport system

National Taxi Task Team chairman Dipak Patel said the subsidy system would be replaced by a tendered contract system because the current system was "not only confusing, but is also costing the Government a lot of money".

"We want to create a transport system which does not rely on subsidies," he explained during a conference on violence in South Africa at the University of Pretoria yesterday

"In principle, the taxi industry, as it carries over 50% of commuters, should get subsidies as buses do."

But Patel added that the unprofessional manner in which the taxi industry operated complicated the allocation of subsidies, because about half of all taxi

operators were working illegally.

Patel said that buses were operating on uneconomical routes, citing the route between the former KwaNdebele and Pretoria which took up 13% of the R830-million subsidy budget.

About R5 000 was spent annually on each of the route's commuters, most of whom earned less than this subsidy

"If nothing drastic is done, the transport system will degenerate."

SA Long Distance Taxi Association spokesman Boeti Letsoela said the taxi industry was negotiating with commuter, labour and taxi organisations on moves to force the Government to channel bus subsidies directly

to commuters

He said the industry has been angered by the 8% bus subsidy increase from April 1

Letsoela said a body should be set up in which commuters could voice their opinions.

“
**Commuters
need body
to voice their
opinions**
”

ANC and NP agree on 'co-operative governance'

David Greybe

BD 7/3/96

(262)

CAPE TOWN — The ANC and NP have agreed that the German constitutional principle of "co-operative governance" between national, provincial and local levels of government will underpin the constitution.

The DP said after the ANC and NP announcement in the Constitutional Assembly deadlock-breaking committee yesterday it was prepared to support the principle as long as it did not result in "dictation from the centre".

Central to the principle of co-operative governance will be a powerful provincial house in Parliament — to be known as the national council of provinces — to replace the Senate.

The ANC, NP and DP gave their backing to the concept but must still hammer out some of the functional details of co-operative governance and the council of provinces.

The aim of the national council of provinces concept — also based on the German model — is to force political co-operation between parties in provinces as well as among provinces.

ANC senior negotiator Johnny de Lange said the nine provinces would have more "collective" powers than the "individual" powers they enjoyed under the interim constitution.

The interim constitution did not provide for co-operative governance, but had built into it a "strong conflictory component".

De Lange said "It is no good talking about reconciliation in our private lives or on television while our institutions of governance relate to each other in a conflictory manner."

NP secretary-general Roelf Meyer said co-operative governance "will not only reflect how provinces should interact with national government, but how national government should interact with the provinces".

Constitutional Assembly chairman Cyril Ramaphosa afterwards described the day's developments as "revolutionary". For the first time, a single draft document on provincial and national legislative and executive competencies as well as a second chamber existed for parties to work from.

Ramaphosa said it meant intergovernmental relations would be structured for better co-ordination between the three tiers of government. A top ANC negotiator described the current intergovernmental set-up as "a mess".

DP chief negotiator Colin Eglin said he had no problem philosophically with the principle of co-operative governance as long as it was not another "buzzword" for centralisation.

Provincial heads express ambivalence about R75-bn allocated for upgrading

POLITICAL STAFF

(262) Cape Town - More than R75-billion has been allocated to South Africa's nine provinces in the 1996/97 financial year to bankroll functions assigned to them by the interim constitution.

The R75,29-billion compares with R66,39-billion allocated in the previous financial year. It is being topped up with a R4,11-billion from the Reconstruction and Development Fund.

KwaZulu Natal will receive the lion's share of provincial allocations, topping the list with R14,65-billion, followed by the Eastern Cape with R13,9-billion and Gauteng with R11,1-billion.

Northern Cape will receive R1,76-billion, Western Cape R8,37-billion, Free State R5,19-billion, Mpumalanga R4,61-billion, Northern Province R9,32-billion and

North West R6,44-billion

Provincial governments will spend the funds on those functions assigned to them by the constitution.

Gauteng will receive R4,6-billion for education and R3,72-billion for health.

The total provincial allocation for health is R14,48-billion and for education R29,74-billion.

From the R4,11-billion RDP allocation to the provinces, Gauteng will receive R58,2-million for education, R2-million for health and R10-million for discretionary spending. Gauteng will also receive R416-million to finance the carry-through costs of RDP health projects.

Commenting on the provincial allocations, Finance Minister Chris Liebenberg said "the new

Provincial heads ambivalent

► From Page 1

provincial treasuries will begin to play an active role in determining and controlling expenditure at provincial level."

In his preliminary response, Mpumalanga Finance MEC Jacques Modipane said he appreciated the R4,61-billion allocated to his province but the allocation was not enough to address the backlog in social infrastructure in the rural areas.

"We have many people in the rural areas where there's absolutely no infrastructure and no matter how big our cake is, we won't be able to take care of the backlogs."

"However, I have found the budget to be investor-friendly and dealing with problems in the civil service."

"We would be able to do something, but the money won't make any significant difference in the rural areas," Modipane said.

Northern Cape Premier Manne Dipico welcomed his province's R1,76-billion allocation.

He said the budget was aimed at achieving the objectives of the RDP and increasing the Government's capacity to deliver.

Despite receiving an 11% increase of R870-million, the Western Cape would still experience serious budgetary problems in the 1996/97 financial year, the province's Finance and Environmental Affairs MEC Kobus Meiring said yesterday.

Reacting to the provinces' allocation of R8,37-billion, Meiring said that the province would have to cut back on staff in the critical health and education departments.

He, however, said the direction shown in the budget was a step in the right direction and the reduction in the budget deficit from 6% to 5,1% in the coming financial year was "a very positive pointer towards further reductions in years to come."

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Star 14/3/96

Draft borrowing Bill gives power to the loans council

(262) BD 14/3/96

John Dlodlu

THE draft Provincial Borrowing Powers Bill has once again been amended to grant the proposed loans co-ordinating council powers to decide on the terms and conditions of borrowing for SA's nine provinces.

In terms of the draft, which is being fine-tuned by state law advisers, the loans co-ordinating council would be able to decide "who (among the provinces) may or may not borrow, when in the fiscal year they may borrow", a finance department source said yesterday.

The current draft, which was briefly tabled at last week's meeting of Gill Marcus's parliamentary portfolio committee on finance, resembles the first draft which was seen as giving the finance minister a final say on which provinces may borrow.

The Financial and

Fiscal Commission said a borrowing decided by the minister would be seen as carrying an implicit guarantee.

The finance department source said he did not expect the borrowing evaluation exercise within the loan co-ordinating council to reach a deadlock stage as had earlier been feared.

ANC MP Rob Davies, who sits in the finance committee, said the Bill would return to the committee for discussion before going to parliament.

Last week many provinces indicated they would be reluctant to borrow as they were unsure of the final form of the Bill.

The current Bill will allow provinces to borrow only for capital expenditure and not current expenditure. They may borrow for current expenditure only if they run into cash flow problems and use the funds as bridging finance.

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some extent this will go a long
ards making the criminal jus-
em more credible."
le believes a state compensa-
d should be created to assist
of violent crimes in cases where
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he victim had died his family
e assisted, Naude said
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by way of a levy payable by all
d criminals
le said compensation and resti-
ould be made an option with
over a fine in cases where the
could not pay the fine.
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ns be given the right to bring to
rt's attention any physical,
al or psychological harm as

Body parts judgment

Bonile Ngqiyaza

POLICE Sgt Tjaart Schutte was found guilty by the Johannesburg Regional Court yesterday of corruption and "violating a corpse" by removing its heart.

Schutte — who was stationed at the state mortuary in Hillbrow — sold a heart belonging to the body of Sipho Mapetla for R2 000, and three gallstones for R500 each to undercover detective Johan Colsby last year.

He was arrested in November by the anti-corruption unit acting on information supplied by a self-employed private detective — who was working with Sunday newspaper Rapport.

Schutte had pleaded

Ripping the heart out of local power

The triumphant election of 30 000 councillors is already being undermined, argues **Mark Swilling**

By the end of the local government elections in KwaZulu Natal and the Western Cape later this year South Africans will have elected more than 30 000 councillors to over 800 separate local governments. This is a remarkable democratic achievement.

There is no other example in the world where a transition to democracy has taken place simultaneously at national, provincial and local level.

But is it all going to survive? There are worrying signs that well-intentioned policy initiatives are in combination contributing to the dismemberment of local government.

The best and most alarming case is that of electricity. Electricity monopoly Eskom is finally beginning to realise the results of a 10-year policy campaign to convince both the old National Party and new African National Congress-led governments that Eskom and not local government should manage the delivery of electricity.

It has constructed a virtually unchallenged consensus around the bizarre notion that, because local government does not have the capacity to deliver electricity on a large scale money should be spent on building Eskom's capacity to do the same thing. This may sound logical when presented by slick Eskom managers (especially when stamped RDP-compatible) but, when local government managers point out that without the surpluses generated from electricity they will be unable to finance service delivery at affordable levels the picture changes.

Because no matter how it is done, the reality of the matter is that local government in the past was able to deliver a package of services with built-in cross subsidies. Take away the electricity surpluses and the taxpayer is going to have to make these up either through higher local rates or via redirected subsidies from central government to make up for the lost revenues.

Hot on the heels of Eskom are the water boards who possibly with the backing of the proactively developmental Department of Water Affairs, are also bent on stripping local government capacity by taking away bulk water functions. Using the same logic as Eskom, they argue that delivery in their sector will be improved if they do the job and not local government.

If electricity and water are taken away in the name of improved sectoral delivery the heart will

have been ripped out of local government. The rest will follow without a fight. No longer will service provision take place within an integrated framework but according to the business plans of each service provider. Communities will no longer be able to hold local government accountable for service delivery, but they will end up dealing with a multiplicity of bureaucracies each located in different places and governed by different rules and cultures.

The greatest irony of all is that we invest so much time and money putting thousands of councillors into local democracies, only to remove key services from democratic control soon after. Although the systematic removal of key public services from democratic control and accountability has been a policy of neo-conservative governments around the world over the last 15 years it is most surprising that this is not seriously questioned in South Africa where we have a left-of-centre government.

There are other similar trends. Take, for example the decision government took last year to prevent local government from increasing its property taxes and service charges. No account was taken of the implications of this decision for local government capacity. Put this together with certain moves within provincial governments to redirect the old Regional Services Council levies upwards to provincial government and not downwards to local government where they currently go and the signals are there that our local governments will face a revenue crisis in the future. A R250 million shortfall in Pretoria has already brought home this reality in the administrative capital.

The recently enacted Development Facilitation Act is another example. This Act could if used incorrectly by provincial governments, deprive local governments of their traditional control over land-use planning. Although this may well become justifiable if conservative (increasingly multi-racial) suburban communities use the old planning regulations to maintain the structure of the apartheid city by preventing the establishment of nearby informal settlements, what the suburbs will have achieved in the end is the disempowerment of local government. This may work in favour of the poor at first, but in the long run it is not the poor who are good at lobbying higher levels of government, but the middle class and their powerful NGO lobbyists.

The conflict between provincial governments and those which wanted strong metropolitan government is now well known. In the end, it is provincial government that has won in all those provinces where this has been an issue. Despite huge pressures to the contrary, metropolitan government in the true sense has not been allowed to develop. Even where it has got a small chance (Cape Town, Durban and Johannesburg), politicians are opting for extremely conservative administrative models that ape the British colonial tradition of segmented competitive units that deliver services but fail when it comes to the strategic management of development.

At the root of the gradual disempowerment of local government is the notion that local governments are merely the "arms and legs" of higher levels of government and not "governments" in their own right that have their own "heads" as well as "arms and legs". National ministers, provincial MECs and local councillors often refer to local government in these terms. What the "arms and legs" image fails to capture is the fact that local governments collect their own taxes, have the constitutional right to autonomously set policies and make laws and they can trigger coercive action to enforce the law. They are not in short, the local extensions of a unitary structure where policy is made by the head at the top.

The poverty of local government policy is most dangerous because what many do not realise is that strong local government is the mirror image of a strong civil society — you cannot destroy the one without harming the other. After all, the township struggle of the 1980s and early 1990s for "one city one tax base" was not simply a struggle for democratic local government, but also a struggle to build a locally constituted civil society with the capacity to express the real interests of the citizenry.

Professor Mark Swilling is director, Graduate School of Public and Development Management

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Rothmans King Size Superbly smooth All over the world
Sold and enjoyed in Egypt and in over 160 other countries

(262) MtG 15/21/3/96

Gauteng budget's focus likely to be on three major priorities

No shocks for residents expected today when MEC spells out ways to improve health services, education, welfare and economic growth

By **KARIN SCHIMKE**
Gauteng Reporter

Gauteng Finance and Economic Affairs MEC Jabu Moleketi's provincial budget speech today is expected to outline how Gauteng will manage the delicate balancing act to accommodate the "big three" - health, education and welfare.

Although the budget will be read thinly to improve and manage services while also providing houses for the province's growing population, sources in the Gauteng legislature are cautiously optimistic about Moleketi's speech.

Parties believe there will be few surprises and are almost certain there will be no nasty blows or the people of Gauteng in terms of unexpected service rate hikes.

Finance and Economic Affairs head Roland Hunter said the province's budget would be financed almost entirely by the

R11,1-billion apportioned to Gauteng by the national government.

"Only about 10% will be made up of money we raise in the province through horse racing, vehicle licences and patent fees. Around 87,5% of the total budget will be spent on health, education and welfare."

The ANC, the NP and the DP in the legislature all agreed these were the province's priorities, together supplying houses.

Ian Davidson of the DP, however, added that security remained a critical issue and needed to be addressed in the budget.

"We realise that the security budget is controlled at national level. But what we can do is make sure the police forums in the province grow and that spending on security is filtered down to the local level."

Derek Christophers of the NP said "There is a real need for us to find employment for the people

of Gauteng".

Parties were fairly unanimous that the thrust of today's speech should address economic growth and development.

Christophers said "We need to form an economic climate for growth. Indicators are that each of the provincial departments will donate 3% of their budgets towards capital growth. This is encouraging. It shows that party politics are being pushed aside for the good of the province."

Davidson agreed that the thrust of the budget should be economic growth. "For that reason we need an infrastructural spending bias."

A discussion point in recent months in the legislative debating chamber has been the fact that Gauteng has not been rewarded for the tight fiscal discipline it has practised over the past year.

The complaint has been that provinces which were not able to make it through the year with the budget they were allocated last

Stow 19/3/96

year were given extra money while Gauteng managed a tight squeeze which saw the provincial books balanced, but no extra funds allocated. Sources spoke almost as one when they said the province would continue its prudence in this regard.

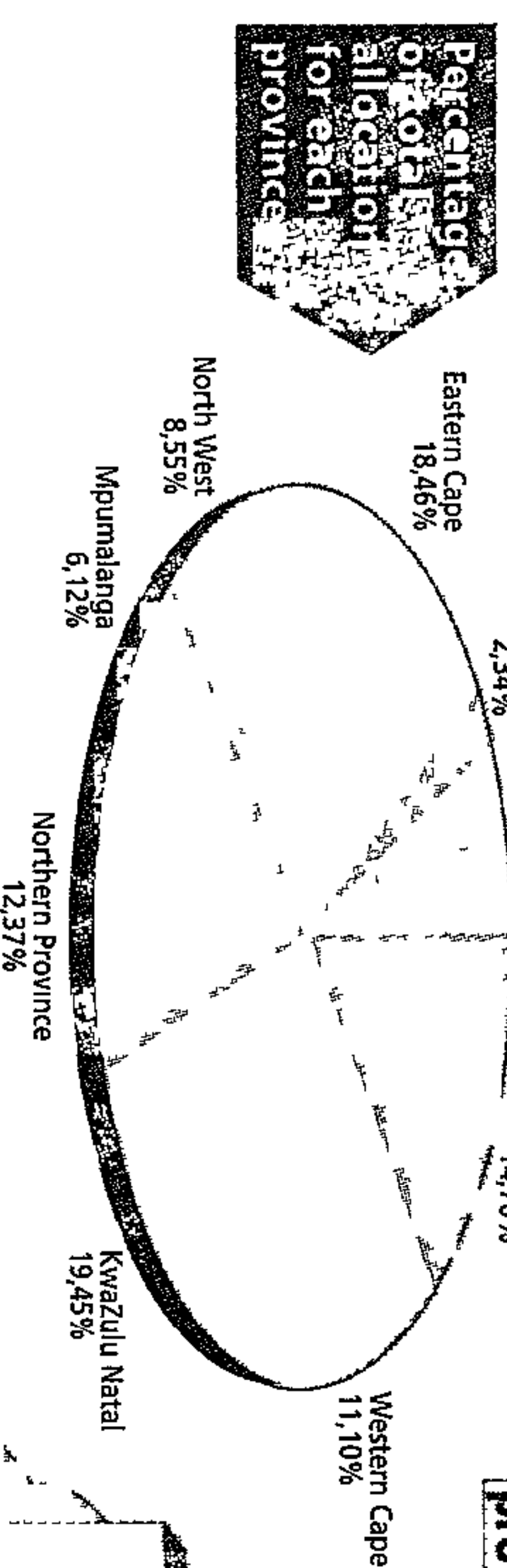
Hunter said "We simply may not run on a deficit because, unlike the national government, we cannot roll debt over from one year to another. We would need to pay it from our provincial budget next year."

Davidson said "There is no room for let-up in the area of fiscal discipline. For the province to grow, we are looking at raising finance in the capital market. There will be a huge influence on the price at which we raise money if we don't remain disciplined."

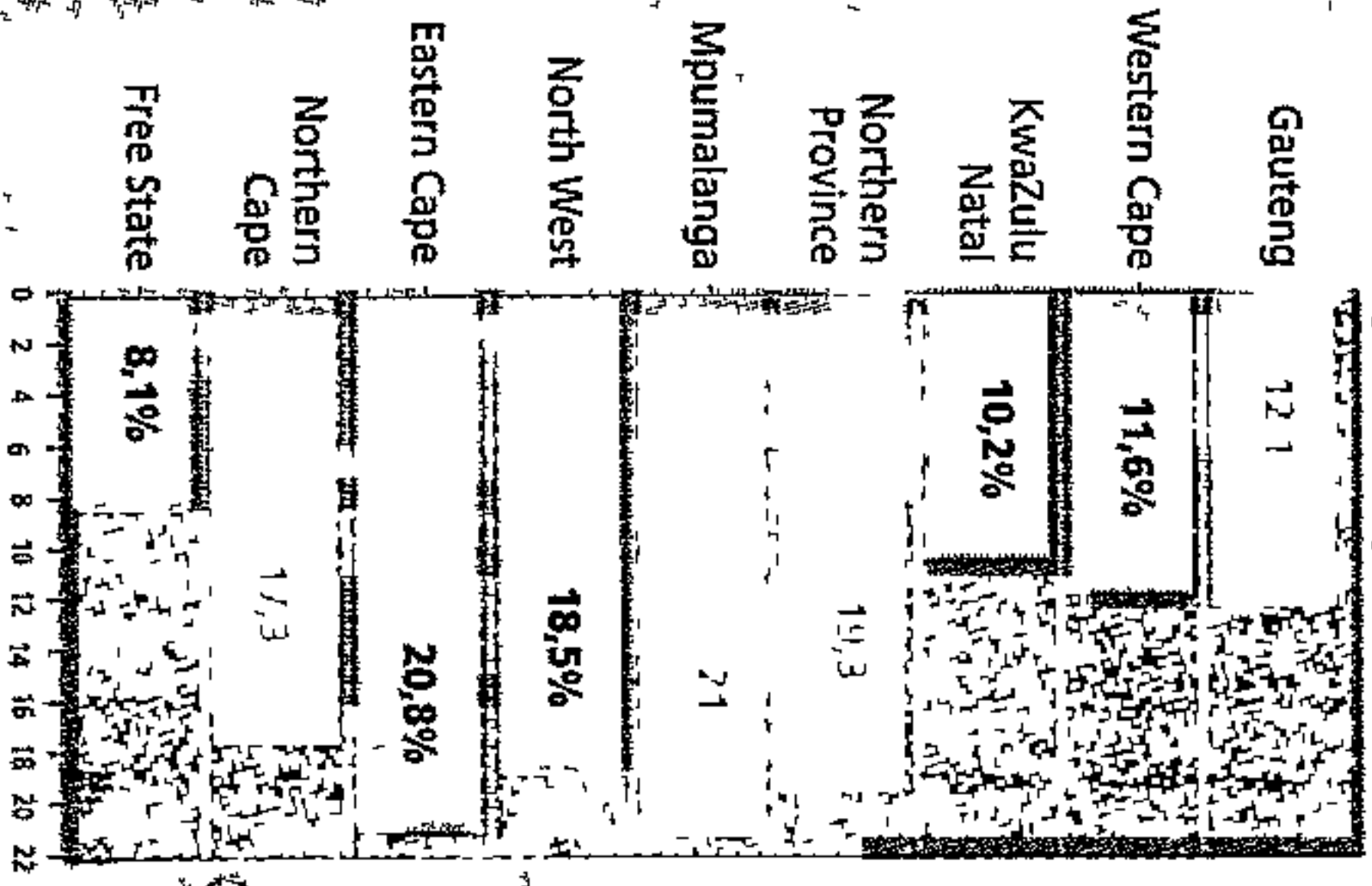
Christophers added "The longer we balance our books, the greater the province's miracle will be. It's the only way we can survive."

PROVINCIAL ALLOCATIONS OF BUDGET

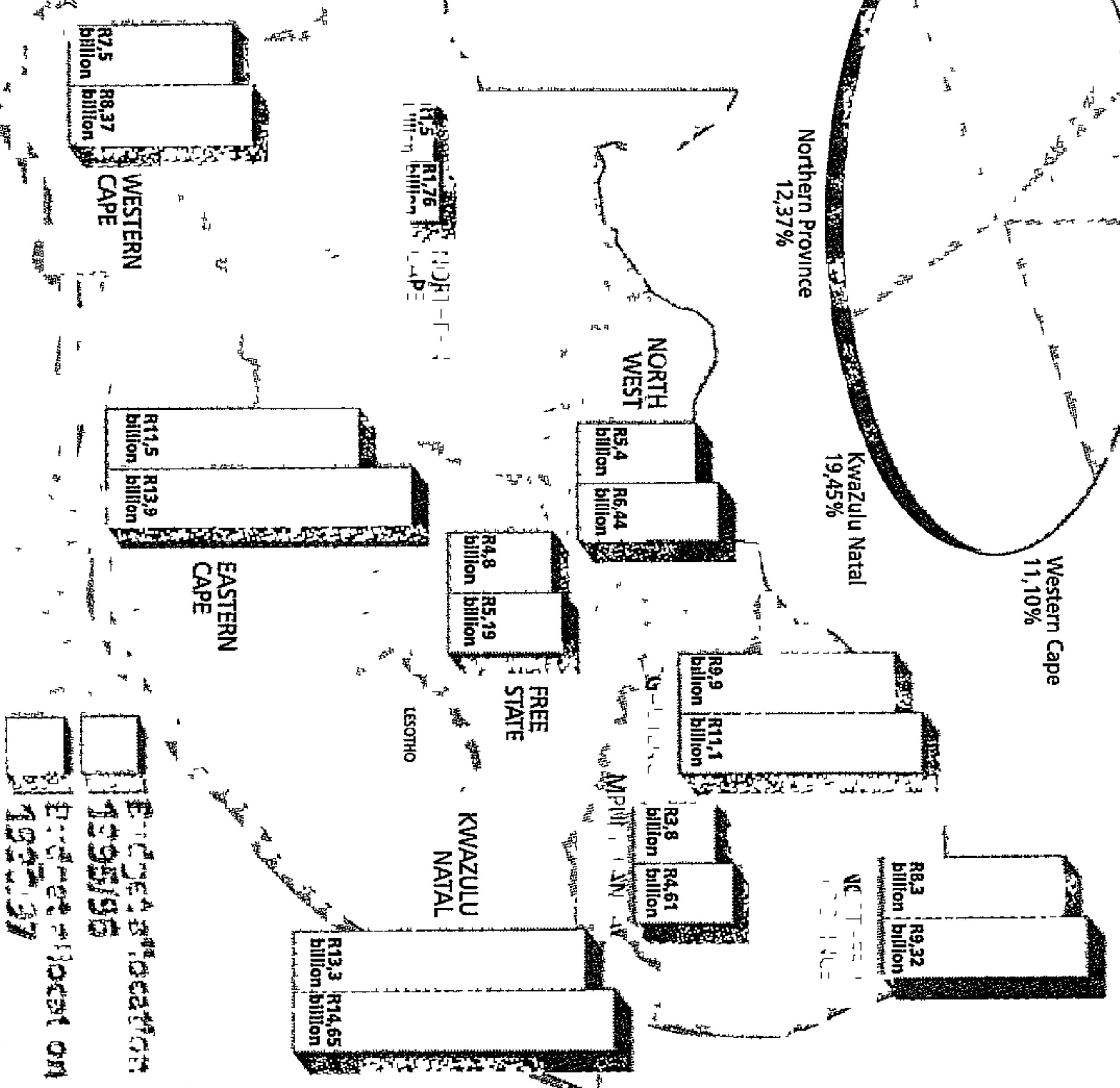
Total allocation for all nine provinces: R75,29-billion



Increase in percentages allocated



Source: MEC JABU MOLEKETI



Conference to focus on rural local government

(262) Alan 22/3/96

Rural local government will come under the spotlight at a conference organised by the Department of Provincial Affairs and Constitutional Development in Johannesburg next week.

The two-day Rural Local Government Policy Conference will bring together traditional leaders, farmers, farmworkers and rural women.

According to Constitutional Development Acting Director-General Andrew Boraine, the conference will review the implementation of the local government system since the Local Government Transition Act came into effect two years ago.

Among other things, the act provides for elected rural local government and also accommodates interest groups in rural councils.

Boraine said the conference would allow people an opportunity to interact with one another, to build a common vision of rural development, and identify a specific role for local government structures in the development of rural areas.

Problems have included disputes over representation with traditional leaders, and farmers demanding more than they were given by the act. The powers and functions of these structures and the people involved have also been in dispute.

The conference will also seek to identify mechanisms for the resolution of problems and look at issues to be included in the proposed Transition to Local Democracy Bill and the Local Government White Paper. — Political Reporter

DP's lawyers question constitutionality of provincial powers

David Greybe

CAPE TOWN — Lawyers consulted by the DP had declared the latest Constitutional Assembly proposals on provincial powers to be incompatible with the principles laid down in the interim constitution. They would therefore be unlikely to gain the required approval of the Constitutional Court.

The DP said yesterday it had consulted constitutional lawyers in preparation for an important private meeting between parties scheduled for

Wednesday. It had reformulated the offending clauses to meet the provisions of the interim constitution.

The DP says the proposals — broadly agreed to privately between the ANC and NP — give central government more, and provincial governments fewer, powers than they have under the interim constitution.

Constitutional principle 18(2) says the powers and functions of provinces shall not be substantially less than or substantially inferior to those provided for in this (interim) constitution.

DP chief negotiator Cohn Eglin said the issue at stake at this late stage of the negotiation process was not primarily political, but legal and constitutional. "The reality is we only have a certain pool of powers and we cannot allocate less powers to provinces than stipulated in the constitutional principles in the interim constitution."

Section 126(3) of the interim constitution sets out conditions under which national legislation can override provincial law.

Provincial law prevails, except with

regard to matters which cannot be regulated effectively by provinces, where it is "necessary" to set national minimum standards or maintain economic unity or where a provincial law prejudices the interests of another province or of the country.

The latest proposals give central government, and the proposed council of provinces, almost unrestricted powers to override provincial laws.

The ANC and NP rejected an earlier DP proposal on the clause dealing with conflicts between national and provin-

Powers

Continued from Page 1

tion of the principle, Eglin said, the Constitutional Court "would be likely to attach special attention and weight" to the clause when evaluating whether the constitutional principles had been met in respect of national and provincial competencies.

Eglin said that there were three key areas in which the clause under dis-

cussion could fail the certification test in the Constitutional Court as required under the interim constitution.

- It extended the scope of national government overrides;
- It denied the right of the courts to test the necessity of the overrides in respect of the clause; and
- It reversed the provision in section 126(3) that, with respect to matters dealing with provincial powers as listed in schedule 5, provincial matters would prevail unless national legislation was necessary.

Continued on Page 2

Eglin said the DP was confident that its new proposal — based on the current draft clause — would meet both principle 18(2) and section 126(3). Principle 18(2) was inserted late in the interim constitution negotiations in Kempton Park to meet the concerns of Africans Group which included the IFP and Freedom Alliance.

As a result of the deliberate inclu-

Proposals
BD 25/3/96

cial legislation.

(262)
BD 25/3/96

Rural local govt ministry urged

Bonile Ngqiyaza

(262) BD

27/3/96

THE national land committee has called for the establishment of a national rural local government ministry to ensure affairs at that level were "pushed to the forefront of transitional politics and economics".

At a rural local government policy conference in Johannesburg yesterday, national land committee representative Tebogo Makgobola proposed a "fundamental rethink" of the role and functions of traditional leaders.

Stressing the precedence of democratically elected local leaders over other representatives, he rejected the notion that traditional leaders should remain unaffected by social change.

Mpumalanga house of traditional leaders representative Chief Bheki Mnsi cautioned against the wholesale dismissal of traditions which had for generations "served as the repositories of African values and customs".

He said he was opposed to the ex-officio status granted traditional authorities in local councils because it undermined chiefs by involving them in the "rough and tumble" of politics. Mnsi suggested that a second person be appointed to serve on behalf of traditional chiefs.

At the conference, Makgobola said that despite recent gains in the local government front, rural areas were still "under-resourced", and tensions between rural and urban local governments could develop as a result.

He accused farmers and levy payers of abusing the system of allowing interest groups in rural councils by creating artificial groupings.

Makgobola also proposed that the conference endorse a gender representative enquiry as an independent component of the proposed rural policy development forum. This would examine how the representation of women in rural councils could be improved, he said.

Local government will be getting more teeth

(262) XRAW 27/3/96

By MONDLI MAKHANYA
Political Reporter

Wide-ranging measures are to be taken to give local governments more teeth in determining national government policy, Deputy Provincial Affairs and Constitutional Development Minister Valli Moosa announced yesterday.

He told a Rural Local Government Policy Conference in Johannesburg that certain initiatives were being discussed to boost the influence of local authorities and get rid of this tier's status as the "stepchild" of national and provincial government.

"We need to enhance the status of local government in the eyes of the country. It's just not good enough for political parties to send their first teams to national government, the second teams to provincial government and then

the third teams to local government," said Moosa.

The first step had already been taken by giving organisations representing local governments seats in meetings of Minmec, the body comprising Ministry of Provincial Affairs and Constitutional Development officials and their provincial counterparts. This has given local government a direct say in matters affecting them.

Moves were also being made to include local government representatives in the monthly meetings of the Intergovernmental Forum which at present co-ordinates policy between national and provincial ministries.

Moosa said it was certain that in the final constitution, local governments would be allowed representation in the proposed council of provinces, the structure that will replace the Senate.

This will give provinces and local councils direct representation in the national legislature.

The Fiscal and Financial Commission, which allocates budgetary funding for provinces, would also be restructured to allow local governments to make inputs into the budgetary process.

Furthermore, references to local governments as "functional areas" in the interim constitution, which effectively puts local councils in the same league as abattoirs and roads, would be deleted from the final constitution.

"That's an unfair reference to local government, which is a level of government in its own right," said Moosa.

The two-day conference has brought together councillors, traditional leaders, farmers and other rural government stakeholders.

Uncertainty over provincial powers

By CYRIL MADLALA
at the Constitutional Assembly

DISCUSSIONS on the security services have once again highlighted fundamental differences among political parties about the powers that should — or should not — be devolved to the provinces

The fourth draft of the constitution does not say whether control of the police will be shared by central and provincial government — although in the interim constitution it was included in the schedule on provincial legislative competencies

National security, including the defence force, police and intelligence services, will therefore be firmly subject to the authority of Parliament and the executive. This is significant in the light

of the deteriorating security situation in Kwazulu Natal, where the ruling IFP has not shifted from its demand for a say in the deployment of troops and policemen in the region

Security measures adopted at national level, such as the ban on the carrying of traditional weapons, continue to be devil relations between the IFP-led province and the central government

However, the IFP has chosen not to be part of constitution making, and its demand for exclusive police powers for the provinces will almost certainly not be met

The Democratic Party is, however, fighting some

(262) ST 31/3/96
of the IFP's battles, while the ANC argues that legislation, and the provincial executives' monthly meetings, will ensure that the DP's concerns are addressed

The DP has proposed, for example, that the national commissioner of police appoint provincial commissioners according to national legislation, but in consultation with the province.

But the majority of the parties, including the ANC and National Party, are satisfied that the provincial powers are not being eroded as there is a provision that "each provincial government is responsible for monitoring and overseeing the conduct and efficiency of the police service and for cultivating good relations between the police and the rest of the community in the province"

Traditional leaders get seats

(262) (3079) ARG 4/4/96
The Argus Correspondent

DURBAN - Traditional leaders will almost definitely get their place in local government as ex officio members with equal powers as councillors to be elected in the province's seven regional councils on May 29

Local Government Minister Mr Peter Miller said about 316 amakhosi - "genuine hereditary" - have a right in terms of the interim Constitution to get seats in local government bodies in their areas

Mr Miller was speaking at a conference in Pietermaritzburg where he outlined how the May 29 elections would be conducted

The IFP says traditional leaders are entitled by right given to them by Section 182 of the interim constitution to be ex officio members of local government bodies in their areas

The ANC challenges this interpretation of the Constitution if not in its letter at least in its spirit

This will have be decided by the Constitutional Court

However, this would not delay the elections, said Mr Miller

A proclamation governing the May elections was promulgated yesterday putting all preparations on track for the elections in the province's seven regional councils and the Durban metro area

Speaking on what would happen to candidates whose names were submitted after the noon deadline yesterday, Mr Miller said each case would have to be looked at individually

This follows a frantic rush at the Durban city council offices where some parties were late and some got their candidates' names in by the skin of their teeth

Rural women and levy payers such as farmers and shopkeepers, who are the "financial backbones" in the regional councils, would also get special representation, according to the proclamation

Council of provinces agreement for SA beginning to take shape

■ Progress was made at the Arniston bosberaad writes **TYRONE SEALE,** Political Staff and Sapa

AGREEMENT among constitutional negotiators on the establishment of a politically potent national council of provinces (NCP), which will form part of the structures of parliament, is one of the winning features of this week's multi-party bosberaad at Arniston.

Not only have parties other than the Inkatha Freedom Party formally committed themselves to the defence of direct representation of provincial interests at the national legislative level, they have reinforced this undertaking in two significant ways.

■ They have generally agreed on the inclusion in the final constitution of a set of "principles of co-operative government". These will bind national, provincial and local government to mutual respect for each other's constitutional status, institutions, powers and functions, and will bar each of these levels of government from exercising powers in a manner that will encroach upon the others' geographical, functional or institutional integrity.

■ The second bulwark is an under-

standing on the expansion, during the last few days of the constitutional talks, of the already extensive list of functions which will be executed concurrently between the national and provincial governments.

At the moment this schedule of concurrent functional areas includes agriculture, abattoirs, airports, cultural affairs, education, housing, health services, nature conservation, roads, tourism and welfare services.

Even so, this package appears to be inadequate to entice the Inkatha Freedom Party to return to the constitutional assembly to give its blessing to a founding document that set the country on the road to finally becoming a universally recognisable democratic state, apparently calming an expansive catalogue of IFP concerns.

Shortly after assembly chairperson Cyril Ramaphosa told negotiators and observers on Thursday that he was pleased the constitutional talks were proceeding according to schedule and that the IFP had expressed great interest in the Arniston huddle, IFP senator Ruth Rabinowitz and senior constitutional negotiator produced a damp squib.

She said she was not aware of any change in the IFP's stance on its boycott of the assembly and said this would

remain the case "until international mediation is honoured".

Dr Rabinowitz was referring to an agreement between the African National Congress, National Party and IFP in 1994 that outstanding constitutional issues would be subjected to international mediation.

The agreement, never honoured, was struck to draw the IFP into the 1994 general elections.

Discussing the National Party view on the Arniston bosberaad, secretary-general Roelf Meyer said the way in which the provincial competencies were to be set out and the agreed-upon establishment of an NCP should objectively advance the IFP's cause.

He also commended the NCP proposal for giving the council decision-making powers, instead of limiting it to being an administrative organ.

New food for thought for the IFP will include the latest proposal on the national council of provinces, which entitles each province to a single delegation consisting of six permanent delegates and four special delegates.

Candidates must be eligible to be members of the provincial legislature and must be nominated in accordance with a nomination procedure that is prescribed by national legislation and results in representation in the NPC

that is proportional to party representation in the provincial legislatures.

Permanent delegates who are appointed in this way will have to forego their seats in the provincial legislatures, if they held such seats.

Any party with at least 10 percent of the seats in the provincial legislature is entitled to participation in the permanent delegate component of the provincial delegation to the NCP.

Special delegates are the premier of the province or, if the premier is not available, any member of the provincial legislature designated by the premier, and three other members designated by the provincial legislature.

The NCP will be able to make its own rules and orders concerning its business and will be able to establish its own committees, for example.

The council will be able to initiate and introduce bills on any matter listed in the schedule of concurrent functions and all bills passed by the national assembly will have to be referred to the council before submission for the president's assent.

However, this does not include bills amending the constitution or bills which are passed by the national assembly after the national council has dealt with it.

As the countdown to the adoption of

(262) ARS 6/4/95

□ **CYRIL RAMAPHOSA**

Chairperson at the bosberaad



the final constitution continues, parties will during the next two weeks thrash out several aspects of this proposal and others, their job made easier by the fact that the talks to date have enjoyed all the parties' constructive yet thorough attention.

New constitution 'gives provinces greater powers'

David Greybe

CAPE TOWN — Provinces would have greater legislative powers under the new constitution than the interim one, ANC negotiators said yesterday.

An ANC source said extra powers to be allocated to provinces were expected to take the form of so-called "subfunctional areas" within departments as opposed to whole departments.

The powers would be allocated under a separate list — schedule five — of the new constitution which identified concurrent national and provincial legislative competencies.

The source said the departments of water affairs and forestry and public enterprises were two areas under national control which were likely to be affected by the new allocation format.

For instance, legislative control of an area, such as water reticulation could possibly be shifted from national to provincial level. Certain public enterprises set up by provinces since the

adoption of the interim constitution were also expected to be shifted to the concurrent powers list.

The ANC has rejected an NP proposal for the addition of five legislative areas — forestry, land affairs, public works, water affairs and publication control — to the concurrent powers list.

According to the ANC, such a move would "fundamentally shift power relations" between national and provincial levels of government, to the extent it could prove unconstitutional in terms of the interim constitution.

The ANC approach, a source said, was based on "looking at what is practical" in terms of service delivery.

Technical experts attached to the Constitutional Assembly were preparing — in consultation with departments — an "audit" of powers which identified which functional areas could be shifted to the concurrent list. They were expected to report to negotiators next week during the debate on the fifth draft of the new constitution.

BD 11/4/96

(262)

Local govt powers to be entrenched in constitution

(262)

ET 12/4/96

POLITICAL WRITER

LOCAL government is to be entrenched in the new constitution with defined powers — and municipalities will be able to raise their own taxes in addition to property rates

Parliament's supervisory role over the cabinet is also to be spelt out in the constitution, and it will be constitutionally required to be open and accessible to the public

These significant new provisions decentralising power and at the same time emphasising the right to scrutiny were agreed to in principle by the negotiating parties at the recent Waenhuiskrans bosberaad

The draft provision on local government "as a distinct level/sphere of government" says its objectives include securing democratic government for local communities, promoting the social and economic development of local communities

and encouraging the participation of local communities in local government affairs

Municipalities will have legislative and executive authority over child-care facilities, cleansing, community services, cultural services, economic and social development, environment protection and conservation, municipal elections, electricity, housing, land use, planning and development, library services and any other area which has been identified in national or provincial legislation

Elections for municipal councils will take place at intervals of not more than five years

The franchise provision appears to remove the existing right of property owners to have more than one vote

It says anyone may vote for a municipal council if they are qualified to vote for the National Assembly, are registered as voters on the municipality's voters roll

and they "ordinarily reside in the municipality"

This would appear to remove the current right for owners of holiday homes to vote where they live and where they have second homes.

The proposals say local government may impose rates on property "and, subject to national legislation, may impose other taxes, levies and duties. But a local government may not impose income tax, value-added tax, general sales tax, customs duties or surcharges"

The negotiators also agreed to a transparency clause which says the national assembly must "facilitate public participation in the legislative process" and "conduct its business in an open manner and its sittings must be held in public".

The proposals will also give unambiguous power to parliamentary committees to summons witnesses

● See Page 7

Changes enhance provinces' powers

BD 16/4/96

(262)

Alan Fine

MAJOR amendments have been made in the fifth draft of the new constitution, published yesterday, enhancing provincial powers in relation to those of central government.

The changes bring the draft more closely into line with classical federal constitutions.

The changes are a response, in part, to a legal opinion commissioned by the DP which suggested that the relevant sections in the previous draft were likely to be struck down by the Constitutional Court because they were not in line with the constitutional principle requiring that provincial powers in the new constitution should not be substantially weaker than those enjoyed under the interim constitution.

The fourth draft effectively allowed the proposed second house or Council of Provinces — likely to be ANC-dominated — collectively to decide whether national legislation should prevail over any individual province's law.

The fifth draft, together with doc-

umentation from the multiparty meeting at Armiston, shows the national legislature, including the proposed council of provinces, would have automatic and overriding power only over areas traditionally exercised at the centre in federal systems, including the German one on which much of this section is based. These include national security, and the maintenance of economic unity including ensuring a free flow of capital, goods, services and labour across provincial boundaries.

Also covered here are "the promotion of equal opportunity or equal access to government services" and environmental protection.

Beyond that, the Constitutional Court would have the power to adjudicate on conflicts between national and provincial law in a schedule of 28 "concurrent functional areas" from agriculture to welfare.

For national law to prevail, the court would have to be satisfied that it dealt with a matter that could not be

Continued on Page 2

Provinces (262)

Continued from Page 1

BD 16/4/96
regulated effectively by individual provinces; that provincial law was prejudicial to the country as a whole, or — in the case of norms and standards, frameworks or national policies — these were "required" in terms of the national interest.

This, the "necessity test", is central to the operation of the German constitution where provincial powers are concerned. It also appears to bring the draft largely into line with relevant constitutional principles with which the final constitution must comply.

However, the principles require that provinces enjoy both exclusive and concurrent powers. It appears that

the only exclusive provincial power is the drafting of a provincial constitution. It is unclear whether this would be considered adequate by the court.

DP negotiator Colin Eghn said yesterday that although the proposal was not perfect, and the party might seek further amendments, it was a major advance on the fourth draft version.

Provinces' taxation powers appear unchanged. They would be able to raise any taxes other than income tax, VAT, GST or customs duties, and impose flat-rate surcharges on any national tax other than company tax, VAT or customs duties. This could however be done only if it did not "materially and unreasonably prejudice national economic policies", and must be regulated by national legislation and only after a recommendation of the Financial and Fiscal Commission.

Local govt training 'must be adapted'

(262) (262)
Mduduzi ka Harvey

BD 17/4/96

LOCAL government training had to be overhauled to redirect councils from mere service delivery to meeting communities' development needs, National Business Initiative effective governance director Andre Fourie said yesterday.

This week the body made recommendations on local government training policy to the constitutional development department.

Fourie said this followed a UN-funded workshop last October, and a follow-up workshop in March which was facilitated by the business initiative and the Institute for Local Governance and Development.

Its recommendations call for training policies which aim at regulation rather than control, promote the desegregation of local authorities and create an enabling environment in which other tiers of government and interest groups can function. It also recommends the scrapping of the

Local Government Training Act of 1985 as it has no relevance in a changed SA.

It calls for central government to retain responsibility for the funding of local government, with funds being channelled through the provinces. The constitutional development minister and his provincial counterparts should be central to the local government training policy, it says.

Fourie said there was an urgent need to integrate local government training with the national human resources and the national qualifications frameworks.

Other recommendations by the body include:

- The establishment of provincial bodies to ensure smooth administration of training;
- The establishment of training centres reporting directly to provincial local government MECs through broadly representative management committees; and
- Training departments in all local authorities to identify training priorities, determine needs and appraise training.

In addition, Fourie said training curricula should be comprehensive and sectoral to ensure they were targeted and relevant.

Local government should shoulder the load



Local government has now devolved decisively to grassroots level **JACQUI REEVES** looks at the challenges and how the ordinary citizen will be affected

The transition to local government has not been an easy one. Interested parties found themselves wading through reams of red tape trying to figure out who controlled what, and for how long.

The terms "interim" and "transitional" appeared to be attached to anything that warranted a title.

Preparations for the November 1 elections last year proved to be a task of mammoth proportions, creating equally large problems and mistakes.

While politicians busied themselves squabbling over proposed ward demarcations, administrators desperately tried to register all of Gauteng on the voters roll.

Those who thought successful elections were to be the biggest challenge were soon proved wrong - the problems only began in earnest when the results came out.

The Transitional Metropolitan Council (TMC) - transitional until the next elections in 1999 - was faced with dividing the powers and functions of the councils between the four substructures (Eastern, Western, Northern and Southern) and itself, and it is here that tensions have frequently arisen.

The TMC has often been accused of trying to retain financial control and delegating only minor powers to the Metropolitan Substructures (MSSs) - leaving them looking like poor relatives.

But two proclamations issued by Gauteng Premier Tokyo Sexwale in March this year finally handed our local authorities the power they needed to get on with the job.

Proclamations

The far-reaching proclamations 14 and 15 have effectively watered down the functions of the Greater Johannesburg Transitional Metropolitan Council and has confirmed the four Metropolitan Substructures as authorised authorities.

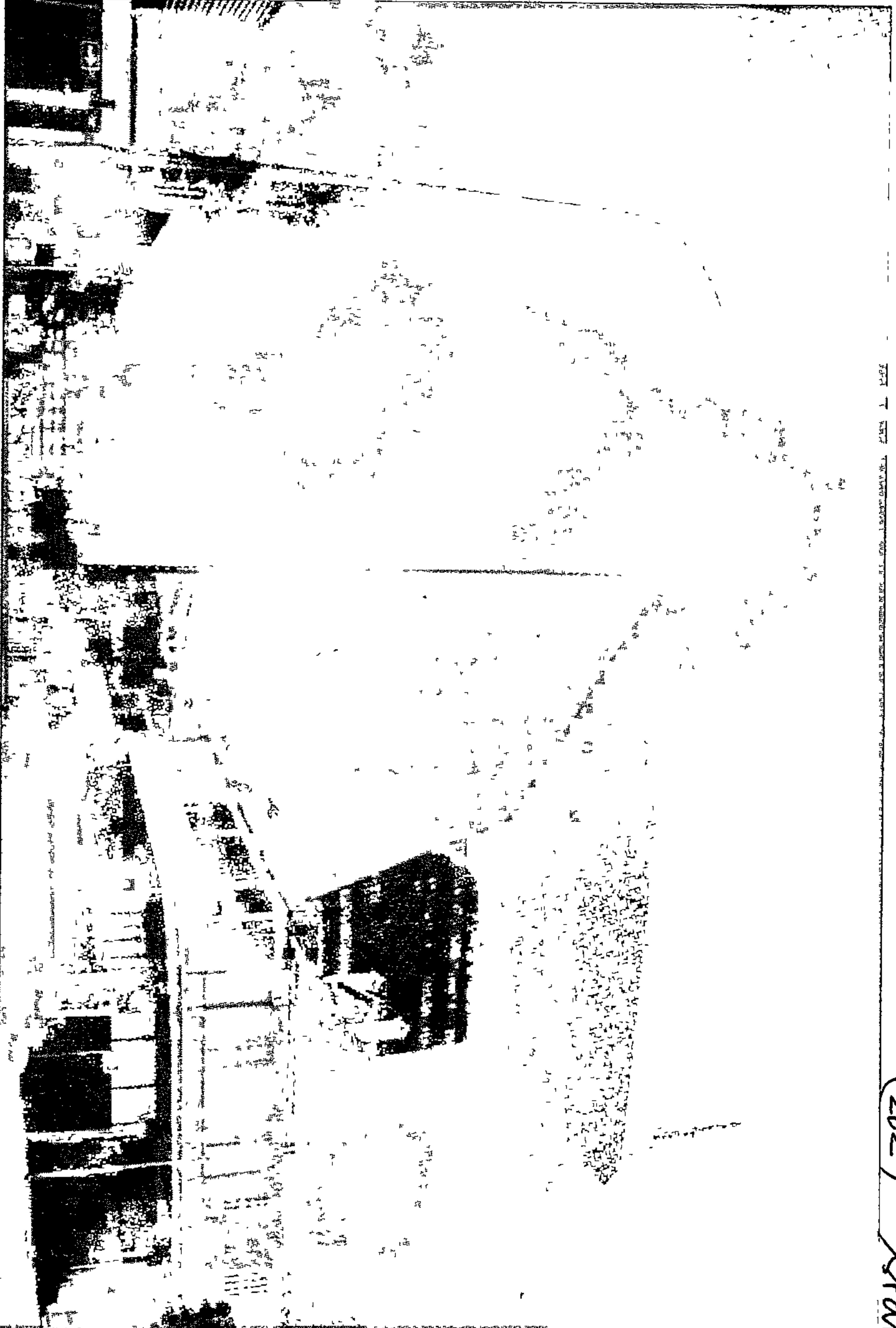
The latest proclamations reinforce certain aspects of two earlier proclamations (42 and 55), allowing the four MSSs to grab the reins, finally, and start directing what has in, the past, been seen as a rather cumbersome donkey cart.

Geoff O'Connell, chief executive officer of the Western MSS, is one of a new breed of local government officials - approachable, enthusiastic and well-informed.

Determined to make a difference, this UCT graduate says local government is about redressing imbalances and giving all South Africans an equal chance.

"Now that we have been given the power to govern effectively, we can target the areas that really need developing," O'Connell says.

An essential change brought about by these latest proclamations is that local government now has the right to be an employer, something government staff were pleased to hear.



BRIGHTER OUTLOOK: Keeping the wheels of Greater Johannesburg turning will be an enormous task, but municipal structures will share the responsibility

Until now, staff have been hanging in the balance while the move from the 13 old councils to the new five structures has taken place.

An employee at the Roodepoort Civic Centre says the situation has been unbearable.

"We had no idea whether we were going to be retrenched or kept on, or if we would be transferred - it has been a very difficult few months," she says.

O'Connell believes these new powers of employment will facilitate better management, allowing staff to be allocated according to need and function rather than just following previous examples.

Another new responsibility for the substructures is the control of all rates and taxes.

This will come into operation only from the start of the new financial year, July 1, and will herald the implementation of independent financial structures for each substructure.

There will still be a degree of joint action and co-operation between the substructures and the TMC on

the issue of budgets, but the role of the TMC will be far less prescriptive than it was in the past.

Not being allowed to have its cake and eat it, each MSS has also been presented with its relevant assets and liabilities, handing over the debts of the past to the government of the future.

Pula Buthelezi, chairman of the executive committee of the Northern MSS, believes the system is fair. "All the substructures are having to deal with payment backlogs and debts that vary in scale, but must be accounted for if the many disadvantaged communities are to be uplifted," he says.

The Southern MSS has, in the past, shown concern over the payment of its inherited liabilities.

Claiming to have larger debts than most substructures, officials have said the liabilities could prove too heavy a burden.

O'Connell says, however, that the substructure has not been abandoned with its added responsibilities. "The Southern MSS should not be seen as a

lifeline, put out to sea full of holes. The carrying of liabilities is based on a mutual support structure," O'Connell says.

"In the past, towns like Dobsonville were left floundering, while relatively affluent areas like Roodepoort could do little but look across the fence in dismay. This has changed."

O'Connell is quick to point out that the aim of the substructures is not to "rape and pillage the rich and give to the poor", but to provide mutual support for attempts to develop poorer areas.

"It has a lot to do with sharing funds, but also the sharing of staff and resources that can also dramatically lighten the load."

Buthelezi agrees that local government should be seen as "one tier of government" rather than a pyramid-like hierarchy.

"The premier's most recent proclamations granting the MSS greater authority, must not be seen as a victory, because we are partners - and not in competi-

(262)

SKAW

20/4/96

There have been accusations from as high up as the premier's office that not enough is being done to break down the old administration - perhaps all this democratisation has proved to much for a few old-regime stalwarts.

Apparently not - observers say the provincial government has been expecting too much too soon.

When the MSSs took office on December 4 1995, they assumed all assets and liabilities of the administration. They were operating five sets of books for the TMC and four for the existing MSSs and this all had to be changed.

"It has taken a lot of planning to move to a single budget - especially when you consider the magnitude of the figures involved - but I don't think it has been unnecessarily delayed."

According to Buthelezi, the issue of the old administration has been one of the biggest problems in setting up the MSSs.

"We have been running new policies on old structures and have had no clear lines of protocol or chains of command," he says.

"Our focus has been on building our own administrations. We are close to completing our management structures and will then work on our line-function management so as to gain maximum benefit from the deployment of staff."

But strategic planning and the setting up of budgets does not mean much to the ordinary citizen. What we need to know is how will all these changes affect us?

The changes largely relate to the division of responsibilities.

The TMC controls all services of regional interest, such as transport, bulk services such as water and sewerage, airports and emergency services.

The MSSs look after what the bureaucrats like to call "grassroots interface", which refers basically to all local services, such as refuse removal, rates and taxes and the collection of levies.

So, besides having to make a cheque out to a different body, the move to local government is fairly painless for Joe Public.

Participation

In the past, any group or individual attempting to serve a petition on individual MPs, party representatives or a government official, ran the risk of being branded a liberal lefty or, even worse, some sort of subversive communist force.

As a result, South Africa has not developed any sort of mechanism for public participation in the processes of law - something both the Gauteng provincial and local governments are hoping to change.

Fyroz Cachalia, chairman of the petitions and public participation committee at the Gauteng legislature, recently announced steps to open the channels of communication between the public and government.

By September, Gauteng should have its own petition office and Cachalia called on individual parliamentarians and officials to make themselves more receptive to public input.

Cynics say a new South African politician cannot class a day as successful unless the buzzword "transparency" came up at least four times in conversation.

But this illusive transparency appears to be something our new local governments are genuinely pursuing, in spite of the inconveniences it could cause them.

Local govt affairs council extended

Mduduzi ka Harvey

CONSTITUTIONAL Development Minister Chris Fisser has extended by three months the lifespan of the local government affairs council, appointed to wind up the duties and functions of the former Transvaal councils and integrate them with the newly elected local authorities

The council, which previously dealt with the assets of the former Transvaal councils, is responsible for dealing with and finalising the apportioning of assets, liabilities, rights and duties of those councils between the new metropolitan councils and the different substructures

Councils which formerly fell under the local government affairs council include the Wesvaal, Rustenburg-Marico regional councils, the Lowveld-Escarpment, Oosvaal regional services councils and the Western, Bosveld and Northern district councils

In Gauteng, premier Tokyo Sexwale had appointed four administrators to manage, control and perform the duties of the local government council last year from January to December.

(262) BD 23/4/96
However, as some of the duties delegated to the councils had not been finalised in Gauteng and some other provinces, former constitutional development minister Roelf Meyer was forced in November to appoint councillors to work until March.

Department spokesman Fanie Nel said the problem hampering the finalisation of the councils' duties was the fact that some of the councils were unwilling to pay funds they owed to the local government affairs council.

These funds, he said, were made available by the council to areas previously under its jurisdiction and were in effect monies accumulated by various communities in the old Transvaal province. The money will have to be redistributed to the communities through the new councils.

Meanwhile, an auditor-general's report on the 1993/94 financial accounts of the Lowveld and Escarpment regional services council has found that it was not possible to report conclusively the involvement of a former chairman of the council in alleged irregularities connected to subsistence and transport claims

Look at laws to help disabled

Tim Cohen

CAPE TOWN — Government is considering new legislation to assist disabled people, including changes to labour and social welfare laws and changes to building regulations, a government discussion paper states.

The paper on an Integrated National Disability Strategy is a first step towards a white paper on the disabled and sets in motion mechanisms for developing an "overall strategy".

The document criticises existing labour legislation for not taking into account sufficiently the special circumstances of disabled people. Industrial legislation was silent on the subject of dismissal of disabled people and only the common law, as interpreted by the courts, prevailed.

The courts in the past have held that if employees can no longer perform the basic functions of their jobs, employers have to provide alternative jobs where available. But in reality few alternative jobs are available and few employees have access to courts.

Employees with disabilities are often forced to retire or dismissed on the grounds of "continued ill health", even if they can perform their duties, the document notes.

The document criticises the regulations on social security grants as "very strict", so that disabled people find it hard to get them.

For example, a means test is applied which excludes anyone who earns more than R333 a month. The application procedure is uneven, as different medical practitioners seem to make different decisions about whether a person is sufficiently disabled to be entitled to a grant.

On physical access to buildings, the document proposes that a realistic budget be granted to allow upgrading of public buildings. It proposes the introduction of tax incentives to owners of private sector buildings that require upgrading and the application of a "no-access-no-funding" policy.

The document says legislation which deals specifically with disabled people's circumstances is needed.

Local govt to get greater financial say

Mduduzi ka Harvey

THE Transition to Local Democracy Bill aimed to give local authorities a greater say on financing and budgeting, deputy Constitutional Development minister Valli Moosa said.

The legislation, which will replace the Local Government Transition Act, is expected to be enacted during the current parliamentary session. It is designed to ensure that local government has the security of an equitable share of revenue and will not be dictated to by provinces or central government.

Moosa said yesterday that in contrast with current practice, where councils could budget only on an annual basis, the Bill would facilitate longer-term financial planning. It would also empower local government to make recommendations on taxation and limitations on the raising of taxes.

The legislation would give author-

ities loan-raising capacity by enabling them to enter into financial markets.

In line with government plans to establish local government as a distinct tier of rule, Moosa said, the new constitution would give local authorities representation in the proposed Council of Provinces. They would have a say on legislation regarding local government at central government level.

On the Masakhane campaign, aimed at creating a culture of payment for services, he said the figures indicated between 70% and 80% of income due to authorities was being received.

The problem of inexperienced new councillors was being addressed as a priority. More than 1 000 councillors had already been trained.

An intergovernmental task team had been formed to look into aspects of rural government, which suffered from a lack of administrative infrastructure and inadequate revenue, Moosa said.

Cash threat to effectiveness of rural govts

(262)

Mduduzi ka Harvey

BD 24/4/96

REVENUE shortages and lack of administrative capacity posed a major threat to the establishment of rural local government in SA, a range of rural councillors warned yesterday.

They said effective third-tier rule in rural areas might not be set up by the local elections in three to five years' time.

Constitutional Development Deputy Minister Valli Moosa said the biggest challenge facing local government was the creation of financially viable and relatively autonomous rural local authorities.

In Worcester, in the Western Cape, district council CEO Frik Prak said officials were still grappling with the problem of non-payment for services. He said administration was affected by party political rifts in local councils.

Rustenburg district council CEO John Conruff said there would never be enough money to cover the costs of district councils.

Northern Cape Namakwaland district council CEO Aubrey Bartman said newly elected councillors wanted to exercise power without having administrative expertise. Local government had asked district councils to intervene on an agency basis in the establishment of viable councils.



Test pilot Hansueli Buetschi, left, at the controls of the Pilatus Eagle, a new surveillance aircraft that made its debut at the Avia finished at Johannesburg International Airport on Saturday. On the right is the Pilatus Eagle in

Local govt councillors go back to 'school' to learn the ropes

Mduduzi ka Harvey

NEWLY elected local government councillors lacking experience in administration and running of councils are undergoing training expected to make them fully fledged administrators by the next local election

Fourteen local government training boards have been established country-wide to train inexperienced councillors on a continuing basis.

The boards monitor progress with the aim of building capacity, particularly in the rural areas.

About 90% of councillors in the Eastern Cape underwent training after a consultant from New Zealand was called in to produce a programme on the needs of rural communities

Provincial training co-ordinator Tertius Coetzee said that with the assistance of non-governmental organisations, 705 councillors were taught through an 11-module guidance course structured according to specific local authority needs

(262) BD 29/4/96

Strategic planning, the Masakhane campaign and budgeting have been central to the training, and although the programme received funding from New Zealand, most funds were from the Eastern Cape Training Board.

In the Western Cape, where 216 councillors have been trained since February, the training board has introduced a three-phase plan including a workshop on local government structures and functions, and financial and legal aspects of local authorities.

Provincial councillors' orientation officer Joan Heynemann said the difficulty was in encouraging a common vision among councillors, moving from party-political divisions to a team-building mindset.

Course durations differ for each module, while others are determined by particular councillors' needs.

In Northern Cape, 70 local authorities or 95% of towns in the province participated in a programme formulated as a joint venture between Northern Cape and Western Cape training

boards, universities and technikons.

Provincial head of training Peter Harber said he was impressed by the eagerness of councillors to learn. However, as the area was sparsely populated, getting from one town to another meant travelling long distances.

Modules provided for in the two provinces cover the role of local government, structures and powers, laws and procedures and affirmative action.

In addition, planned modules will deal with conflict and project management, community empowerment and rural local government

The challenge in Northwest is the need to train more rural councillors on council budgeting. Since the local elections 161 councillors have been trained on all aspects of local government.

Northern Province head of local government training Kahie Lotz said the province was the second worst in terms of local authority infrastructure. There was still a long road ahead, and the problems would be solved only long after the next local government poll

Compromise on provincial powers

ET 1/5/96 (262)

POLITICAL STAFF

THE ANC, facing a possible Constitutional Court challenge on the provincial powers model contained in the draft constitution, yesterday proposed beefing up provincial and local government powers

The ANC proposal was immediately welcomed by the NP, which said it welcomed "the ANC's sudden shift towards at least the idea of exclusive powers for provinces". It also coincided with DP, chief negotiator Mr Colin Eglin's call for "an urgent review of the part of the text dealing with provincial powers"

Eglin said the "NP-ANC text will fail to pass the constitutional certification test"

Although the ANC denied it was making the step to avoid a Constitutional Court defeat when the court certifies the constitution next month, its statement stressed that the proposal "more than adequately meets the requirements of the constitutional principles"

ANC negotiator Mr Pravin Gordhan said the ANC proposal — which will assign to the provinces the exercise of certain "exclusive powers" subject to national overrides — had been decided on at a meeting of the ANC national working committee last week.

"This innovative package expresses our intention to promote co-operative governance among all three spheres of government and at the same time establishes effective and empowered national, provincial and local government structures"

Among the areas over which the ANC proposes the provinces should exercise exclusive control are abattoirs, airports, museums, libraries, veterinary services, property transfer fees and local government matters including loitering

The parties were still engaged in closed-door discussions on outstanding issues yesterday, including the clause in the Bill of Rights which allows businesses to lock out striking workers

The ANC, the NP, the DP, Cosatu and business are all engaged in to-and-fro discussions. An ANC spokesman remained tightlipped on the top-level ANC-Cosatu-South African Communist Party alliance meeting on Monday night to discuss the ANC-Cosatu difference on the property clause

The ANC said in a statement it remained committed to engaging with all parties and interests on the lockout and all other clauses.

The proceedings of the constitutional committee were due to continue late into last night.

ANC agrees to IFP's call for more powers

Samuelan
1/5/96 (262)

By Pamela Dube and Sapa

THE African National Congress yesterday acceded to the Inkatha Freedom Party demands for provincial government to be granted exclusive powers under South Africa's final constitution

ANC negotiator in the Constitutional Assembly, Pravin Gordhan, said in Cape Town yesterday that the decision was taken by the ANC constitutional working committee last week

The decision, which was expected to be put to other parties in the CA last night, would empower provinces by assigning them both exclusive and concurrent legislative powers in accordance with the interim Constitution's constitutional principles, Gordhan said

The package also created new certainty and effective powers for local government, he said "This innovative

package expresses our intention to promote cooperative governance among all three spheres of government and at the same time establishes effective and empowered national, provincial and local government structures"

Gordhan said the question now had to be asked whether there was any reason for the IFP not to come back to the CA and vote for the new constitution next Wednesday

The IFP walked out of the CA last year when their call for international mediation over constitutional provisions on provincial powers was rejected by the ANC and President Nelson Mandela

Last weekend IFP president Chief Mangosuthu Buthelezi reiterated his party's stance at a rally in KwaZulu-Natal and stated that his party would only consider returning to the CA when the ANC accedes to their

demands

The IFP could not be reached for comment over the latest developments yesterday Several messages left for both Buthelezi and secretary general Dr Ziba Jiyane had not been responded to at the time of going to press

Gordhan added that the ANC decision had been the result of a long process in the party

His colleague, Johnny de Lange, said the party had taken the decision on exclusive provincial powers before last weekend's bilateral talks with the National Party

Still on constitutional matters, Democratic Party negotiator, Colin Eglin, yesterday said his party was "gravely concerned" that the constitutional text already agreed to by the ANC and NP would not be certified by the Constitutional Court

Government urged to develop small-town policy

CT(BR)8/5/96(262)

By James Lamont

Johannesburg — The Centre for Development and Enterprise, a national policy research organisation, has urged the government to establish a small town institute and development fund in partnership with the private sector to help develop South Africa's 500 small towns

In its research document, South Africa's Small Towns New Strategies for Growth and Development, released yesterday, the centre called on the government to take a new approach to small towns, 70 percent of which are in economic decline, rather than returning to the old regional industrial policy

According to Jeff McCarthy, the head of the Institute for Social and Economic Research at Durban-Westville university, the traditional approach was "to target a clutch of small towns and then push industry into them"

Only 60 small towns — defined as having populations below 50 000 — make a "meaningful contribution to national economic growth", the centre's report said

The country's small towns, which are populated by 3,3 million people and range from Stutterheim to Tugela Ferry, had simply become administrative centres. In some cases, they had bankrupt local authorities and reflected "mini-citadels of apartheid"

In addition to the small town institute, the centre proposed a "modest" independent development fund, supported by the government, the private sector and civil society, to enhance entrepreneurial initiatives in small towns

"This fund should identify criteria around which low interest loans or grants will be awarded and invite towns to compete on an annual basis for these resources," the report said. Ann Bernstein, the executive director of the centre, declined to put a value to the fund

The centre said small towns were ignored by planners. Its proposals were the first attempt to develop a national approach to small-town development

Education and culture in KwaZulu-Natal boosted

BD 8/5/96 (258)

Nicola Jenvey

ULUNDI — Education and culture came in for a major slice of KwaZulu-Natal finance MEC Serele Mhlungu's R15,3bn budget: 38,3% of the total allocations.

The R440,1m increase to R5,9bn in the education and culture allocation would be geared to raising pupil-teacher ratios.

Health received R3,2bn (21,1%) and social welfare R3,1bn (20,1%). The R142,3m increase in the health vote was ascribed to additional allocations for Aids prevention and school nutrition.

Local government and housing received a 41,2% boost to R1bn.

The department of works had its budget slashed 7,1% to R549,3m as the full 1995/96 allocation had not been spent. Several functions also had been moved.

The police service budget was only 0,02% at R2,8m.

Remaining votes included R12,7m for transport, R309,9m for agriculture, R179,9m for tra-

ditional and environmental affairs, R179m for finance and auxiliary services, R107,9m for economic affairs and tourism, R86,1m for the department of the premier, R18,1m for provincial parliament, R14m for promoting the RDP, R12,2m for the provincial services commission and R500 000 to set up the provincial public protectorate vote.

Farouk Chothia reports R6,892m was budgeted for King Goodwill Zwelithini.

This was the first time the provincial government had specified Zwelithini's expenses, hoping to bring to an end controversy raging for the past few years.

The royal family previously claimed that IFP leaders made wild claims on Zwelithini's expenses, and exaggerated costs, in a bid to embarrass the monarch.

Finance department acting director-general Siphon Tshabalala said at an Ulundi budget briefing that R3,178m would come from premier Frank Mdlalose's depart-

ment while the remaining R3,714m would come from Public Works MEC Celani Mtetwa's department.

He said the R6,892m excluded security costs, which were budgeted for by central government.

KwaZulu-Natal police commissioner Chris Serfontein said last week that R5-7m was spent annually on security for Zwelithini, his five wives, 35 children and six palaces.

Tshabalala said the biggest expenditure was on salaries for Zwelithini's staff (R2,353m) followed by personnel expenditure (R2,052m).

A total of R180 000 was spent on the school fees of Zwelithini's children, R1,361m on maintaining and upgrading his farms, R836 000 on administrative expenses, R96 000 on stores and livestock and another R80 000 on equipment.

A total of R6 000 was in a stabilisation fund, of which Tshabalala did not give details.

Munnik will not be prosecuted

Kevin O'Grady

BD 8/5/96 (259)

WATERSRAND attorney-general Andre de Vries has declined to prosecute police reporting officer Jan Munnik on charges, laid by SAPS members, of assault, crimen injuria and defeating the ends of justice.

Munnik said yesterday he had always denied the alleged assault on a policeman, a charge which stemmed from an incident at the Brixton murder and robbery unit in which he accused a policeman of intimidating witnesses at an identity parade involving policemen by photographing them.

He said the charges of crimen injuria and defeating the ends of

justice were laid by the officer heading the complaints investigation unit conducting the investigations Munnik is meant to oversee.

The latter charge was made on the "spurious basis" of his reading a police docket, Munnik said.

The laying of charges was a "malicious and vexatious attempt" to taunt him and undermine his performance as police reporting officer.

Munnik said that he had written to national police commissioner George Fivaz and safety and security secretary Azhar Cachalia. The latter responded he could not deal with the matter as it was sub judice, Munnik said. No response had yet been received from Fivaz.

'Exile MPs need special pay deal'

CAPE TOWN — MPs' backgrounds had to be considered when deciding what their salaries should be, Water Affairs and Forestry Minister Kader Asmal said yesterday.

The majority of MPs came from backgrounds of exile, imprisonment, and erratic or no employment, he said on the first day of hearings by the Steyn commission on remuneration of representatives. As a result most had no pensions, no major savings or capital accumulation. While many MPs had considerable administrative and negotiating skills, they often had no formal qualifications, making it difficult for them to find jobs in the private sector if they retired or lost their seats.

Asmal was against MPs' performance being considered when determining their salaries, saying this would be difficult to assess and implement.

Pensions for MPs needed to be attended to urgently. MPs also needed individual allowances to perform their duties in their constituencies.

The commission, headed by Judge Jan Steyn, is made up of public and private sector representatives. It will also look at salaries for traditional leaders.

It is to hear evidence from a range of interest groups on what MPs and public figures should earn and has to submit a report by the end of the year. — Sapa.

Plea for new look at small towns

Robyn Chalmers

BD 8/5/96 (262)

GOVERNMENT needs to develop a strategy to deal with SA's estimated 500 small towns which have to date been largely ignored, says a document on small towns released yesterday by the Centre for Development and Enterprise.

The policy document, compiled by centre executive director Ann Bernstein and Durban Westville University professor Jeff McCarthy, said the almost invisible small town network could play an important role in meeting the country's growth and development challenges.

Small towns (those with less than 50 000 people) tended to be mini citadels of apartheid and government needed to ensure that facilities and infrastructure were desegregated and fully utilised.

Bernstein and McCarthy said at least four strategies would be needed to develop a vision for the future of small towns.

These strategies would focus on reconciliation among black and white communities, economic growth, socioeconomic development and linking small towns with other communities.

See Page 13

Towns 'have potential to assume bigger role'

Ann Bernstein

SMALL towns have seldom been seen as key elements in SA's national development. They have instead been regarded as administrative entities.

Under apartheid, racial divisions in the control of towns ensured discriminatory services between white and black areas. In former homelands whole towns tend to be unplanned and under-serviced.

Small towns currently fall between the "two stools" of government urban and rural distinctions. Rural development thinking sees the key issues in terms of land and agriculture with insufficient attention to the "where" of both of these.

Urban development thinking focuses on the metropolitan areas and larger cities. Small towns are defined as neither urban nor rural and are generally ignored.

There are almost 500 small towns in the country, defined as places with populations of 50 000 or less. They accommodate more than 3,3-million people (about 8% of the total population).

Located in the heartland of the areas of greatest need — rural SA — small towns can promote and assist rural development.

The Centre for Development and Enterprise has just completed a large research programme looking at small towns in commercial farming areas and former "homeland" area small towns.

Research involved a preliminary survey of 50 small towns, the selection of eight for detailed study, and questionnaires to hundreds of town residents. International perspectives supplemented local research to illustrate policy options.

It is not easy to generalise about small town geographic and economic trends due to diversity (and because of a lack of reliable national information), but the research did indicate some broad trends.

Well over half of the country's small towns are experiencing economic decline while many are simultaneously having to cope with population increase.

There are some areas which are buoyant — small towns in the north-west Free State, the eastern part of the Northwest and Northern Cape provinces, and the tourist and fruit-growing areas of the Western and Eastern Cape.

There are more than 60 towns making a meaningful contribution to national economic growth.

Former homeland towns like Tugela Ferry and Keiskammahoeck, are located in areas of greatest development need. Poverty and unemployment levels are very high. These towns have few comparative advantages, inadequate communications, public service provision and facilities.

Smaller platteland towns, like Luckhoff, Van Stadenrus and Riebeeck East, serve as supply and distribution centres in what are generally areas of extensive farming. Drought and farming bankruptcy



BERNSTEIN

has led to economic decline and they have become destinations for displaced workers.

Larger towns like Ficksburg and Vryheid, in the commercial farming areas, are more prosperous with well-developed facilities, infrastructure, and services.

They have important roles as regional centres, meeting the needs of their own and surrounding rural communities in what are often extensive hinterlands. Such towns have considerable and under-used sunk investment.

A number of far-ranging conclusions

have emerged from this study. Small towns need to develop a vision of their own future and bring together a coalition of stakeholders to achieve this vision. Strategies need to be devised around four themes.

□ Reconciliation in many ways small towns in the former "white" platteland are still "mini citadels" of apartheid. Black and white communities need to understand and recognise that their futures are tied in with each other. Not only is racial reconciliation an imperative for a positive future but it can also be turned into a selling point for a town — as in fact happened at Stutterheim.

□ Economic growth: racial reconciliation will be difficult in a declining economy. Towns will need to be creative in devising and implementing new approaches to local job and wealth creation. Possibilities will need to be explored in areas like tourism (where creativity in respect to the domestic black market could have payoffs), small enterprise development; and "buy local" campaigns where national farming or other economic activity is operating.

□ Socioeconomic development in addition to ensuring that existing facilities are fully used and available to all town residents (18 hours a day if needs be), there are other development projects that can be explored. Poor and disadvantaged communities can improve their houses and services by training, small grants and their own contributions of resources and "sweat equity".

Residents with skills could run training courses for those without, local businesses could run mentoring/apprentice schemes, and local churches could start development programmes. Each town will need to devise strategies appropriate to its circumstances and vision of the future.

□ Linkages each town will need to plan a strategy for linking with others. National programmes could be of importance to a particular town's strategy, other towns nearby might be able to share resources (one public works department, one treasurer, etc) and experience, national development organisations, trade unions, churches and business associations might have something to offer a town.

Autonomy wanted

At present provincial governments are assuming most of the responsibility for small towns, yet their approach is generally administrative. There are also reports of declining intergovernmental transfers from provinces to small town local authorities.

Provincial governments should direct more resources towards small towns and establish task teams to promote and facilitate their development.

It would be totally undesirable to have a uniform small town development policy executed at national level. Within the framework of the constitution and bill of rights, towns will need sufficient autonomy to experiment with different strategies for growth and development appropriate for local conditions.

Central government should promote the establishment of a Small Town Institute to support towns with information, training, lobbying and other skills. It should provide organisational support and advice at local level, undertake research and encourage public policy change.

A Small Town Development Fund should be cre-

ated to promote and reward innovation and excellence in small towns. This fund should identify criteria for awarding low-interest loans/grants and then invite towns to compete for these resources.

The fund should be run by an independent board of trustees representing both public and private sectors, perhaps together with the Small Town Institute. Both initiatives should be partnerships between government, small towns and civil society.

Tourism, small-scale agriculture, small, medium and microenterprises (both of commercial and industrial nature) are all possible strategies for future local economic development.

Small towns are a neglected component of urban settlement. They have unique difficulties requiring both targeted intervention and local innovation. Government should not ignore what are some of the most destitute areas, but launch strategies which can promote development. Small towns need to be on the national agenda for growth and development.

Central and provincial governments concerned about delivery would be well advised to look at small towns. This "Cinderella" has the potential to play a bigger role in national growth and development.

□ Bernstein is executive director of the Centre for Development and Enterprise.

(262) BO 8/5/96

Helping the small towns of SA help themselves

(262)

Star 10/5/96

By **BONGIWE MLANGENI**

Every year, thousands of people from rural areas head for the big cities in search of jobs and a better life

To most, cities are the hub of economic growth, promising solutions to unemployment and poverty. But despite the hardships experienced in big cities, most people prefer to stay than to go back to under-resourced villages and face abject poverty.

But, according to a survey conducted by the Centre for Development and Enterprise (CDE), these small towns can promote and assist rural development.

There are about 500 small towns with a total of about 3,3 million people, making up 8%

of the country's population, according to CDE's survey. Some of these towns are the economic heartland for about 75% of the country's poor and 81% of the ultra-poor people who live in the rural areas.

CDE director Ann Bernstein says policy measures and development plans ignored small towns and focused on metropolitan areas.

"Small towns have tended to be seen as objects for control and administration rather than as vehicles for development," she said, adding that they were cut off from the centres of decision-making and control, often depending on larger centres.

Most small towns have a higher density of buildings, concentra-

tion of services and facilities than rural areas. They are also characterised by low levels of economic and retailing specialisation, and concentrated on enterprises serving local concerns.

But turnarounds in rural economies do happen. Stutterheim in the Eastern Cape - one of the 50 towns surveyed by CDE - is one example where residents improved their local economy.

In the 80s, Stutterheim, which had a well developed industrial, commercial and agricultural base, had a stagnant urban economy and high political conflict. It faced consumer boycotts of the "white town" by black residents and the closure of some factories led to unemployment levels which exceeded 50%.

In 1990, a Stutterheim Initiative was formed and it managed to resolve political conflicts. Both black and white leaders then put together a local development plan which was implemented successfully through the assistance of external agencies and financial support from the private sector.

The plan included creating short-term jobs, improving service provision in townships, identifying projects which used labour intensive techniques to provide 900 with serviced land, offering training courses in applied skills and supporting small scale black farmers in the district.

Today, more than 60 towns sought advice from Stutterheim on how to address their own challenges, the survey said.

SA's Cinderella towns could go to the ball

1995 DEMOGRAPHIC SPLIT

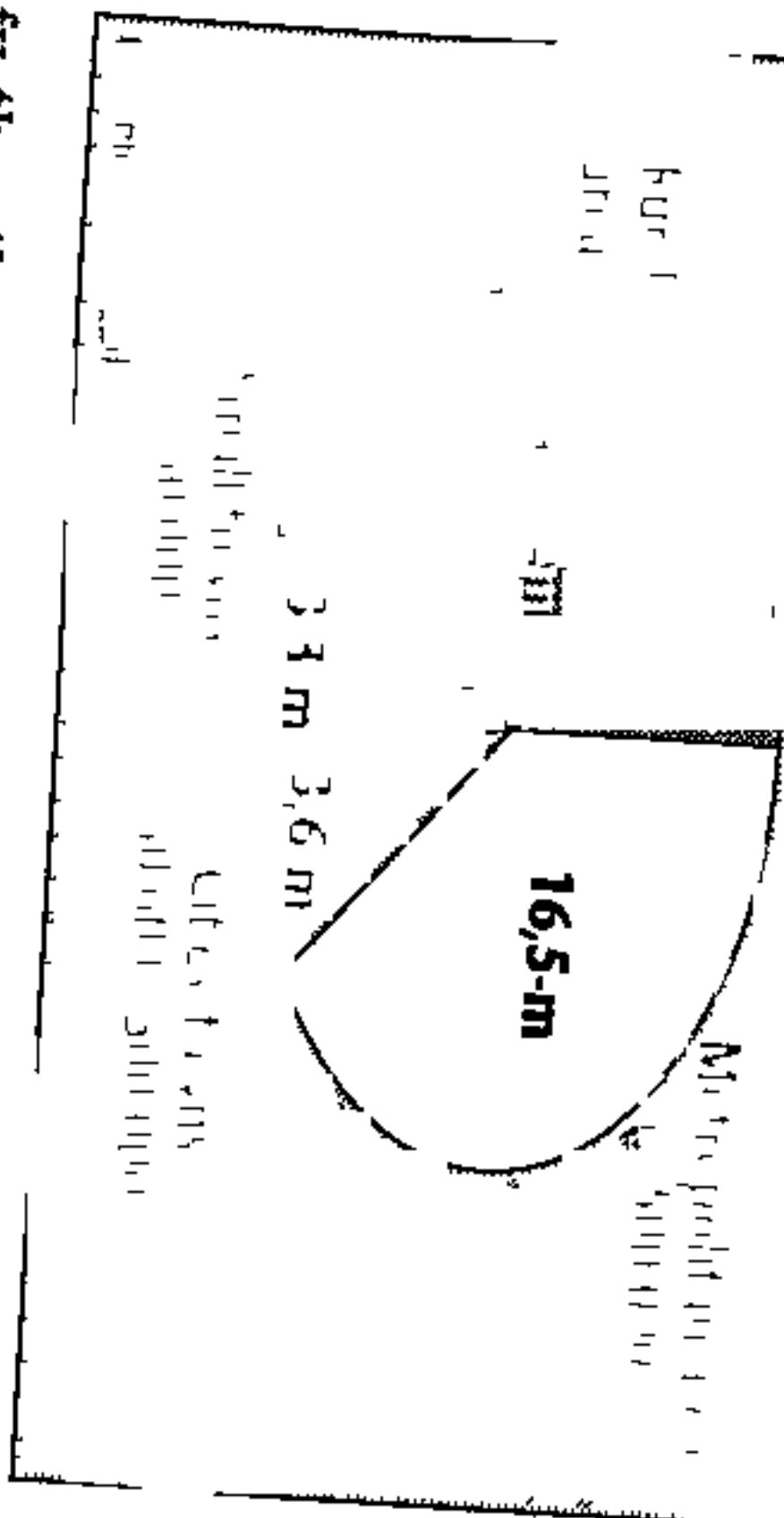
SMALL towns with less than 50 000 inhabitants are the "Cinderella" of the SA settlement system, but are generally ignored by national and provincial governments. Smaller communities do, however, have the potential to play a bigger role in the country's economic future.

In a first approach to develop a national policy for small towns the Centre for Development and Enterprise, a privately funded policy research foundation which is continuing the work of the former Urban Foundation, says small towns need to be on the national agenda for growth and development.

In the past, they have been seen as objects for control and administration, rather than vehicles of development. To rectify this, the CDE recommends the establishment of a small-town institute, development fund and network to provide information, training, finance and ideas.

The CDE report, the result of two years of study, has been compiled specifically by Jeff McCarthy, head of the Institute of Social and Economic Research at the University of Durban Westville, and Ann Bernstein, executive director of the CDE.

The report says there are almost 500 small towns of less than 50 000 people in the country, but they support a total of 3,3-million



THE ECONOMY

South Africa's small towns have received no attention in the government's economic development plans. An independent think-tank recommends a number of options, writes **DON ROBERTSON**.

people or 8% of the population. About 75% of the country's poor and 81% of the ultra-poor live in these towns. In some instances racial segregation has failed to break down and many former white plateau towns are still "mini-citadels of apartheid". The CDE study has in-

vestigated 50 small towns and has specifically focused on eight. Of the selected eight, Stutterheim in the Eastern Cape has enjoyed the most success in turning itself around.

Like most other towns, before 1990 Stutterheim had a stagnant urban economy and had serious short-

falls in services and facilities. It also experienced high levels of political conflict and consumer boycotts of the white town by black residents.

The launching of the Stutterheim Initiative in 1990 resolved political conflict, unified the black and white communities and began to address other problems. The town now has a well-developed industrial, commercial and agricultural base.

The quality and calibre of local leadership plays a critical role in the development performance of small towns. The report says it would be undesirable to create a uniform small-town policy executed at national level.

POPULATION GROWTH RATES

Period	1981-1991	1991-2001
Urban	12.2%	11.1%
Small Towns	51.7%	21.0%
Rural	50.1%	25.1%
Total	15.0%	13.0%

able to create a uniform small-town policy executed at national level.

Instead, a small-town institute to support these towns with information, training, lobbying and other skills should be considered. A small-town development fund could promote and reward innovation and excellence in small-town development.

Both these initiatives should be in the form of partnerships between business, non-governmental organisations and the relevant communities.

The government should not ignore what are some of the most destitute areas in the country, but seize the initiative and launch strategies which can promote small-town development, says the CDE.

60% of blacks believe in role for traditional leaders

BD 13/5/96

(262)

Trevor Bisseker

SIX out of 10 blacks believe traditional leaders should serve in local government, and nearly 70% of SA adults of all races regard them as important role players in community affairs

These are the main findings of a survey conducted by Market Research Africa exclusively for Business Day. The investigation into attitudes towards traditional leaders was conducted in December as part of the company's regular Multibus survey.

The sample of 3 320 households was scientifically designed to represent 92% of all adults aged 16 years or over. It included 1 850 black respondents, 265 coloureds, 254 Indians and 951 whites.

Respondents were interviewed in their preferred language, face to face in their own homes. They were asked how they felt about the role of traditional leaders, such as chiefs and headmen, and to rate its importance in a range from "extremely important" to "not at all important".

The most frequent response by black adults was also the most positive — 25% said the traditional leaders' role was "extremely important", 22% regarded it as "very important" and a further 22% said it was "fairly important".

The survey found that the Nguni language group (Zulu, Xhosa, Swazi and Ndebele) was less emphatic about the importance of traditional leaders than the Sotho and other black language groups. Only 19,8% of Nguni respondents

rated traditional leaders' role as extremely important, compared with 33% of the Sotho group, though the overall "important" scores were identical at 69,1%.

In KwaZulu-Natal, where the role of traditional leaders has become contentious, the belief that they were important was one of the highest at 74,4%. However, the survey notes that the desire to see them in local politics was no more than average (55%).

Company MD Hanna Fourie said: "This does raise the question of whether KwaZulu-Natal has a claim to be regarded as any kind of special case."

Province by province, those to the north had the highest regard for their traditional leaders, with 36% in Northwest/Northern Cape rating them as "extremely important" compared with 23% in KwaZulu-Natal. However, the figures evened out considerably when all three "important" rat-

ings were added together. Northwest/Northern Cape led with 77,5%, followed by KwaZulu-Natal at 74,4%.

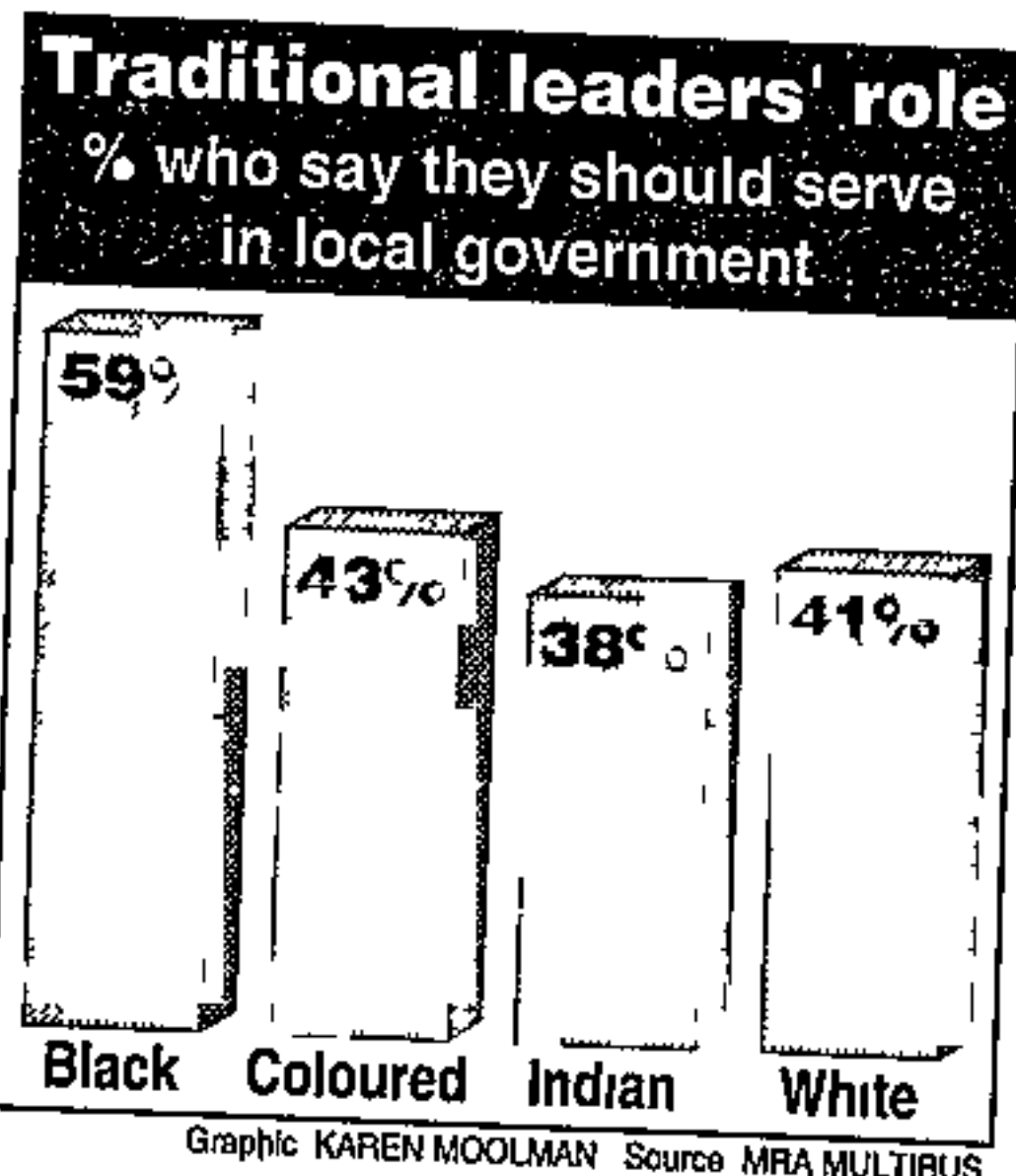
On traditional leaders in local government, respondents in Northern Province/Mpumalanga were most in favour at 61%, followed by the Eastern Cape (60%), KwaZulu-Natal (55%), Northwest/Northern Cape (54%), Gauteng (53%), Western Cape (45%) and Free State (41%).

The research indicated at least 30% of urban adults claimed to acknowledge a traditional leader, while at least 23% — perhaps even 30% — of rural blacks did not.

Coloureds, Indians and whites were much more inclined to regard traditional leaders as "fairly important" rather than extremely or very important. Yet the overall "important" ratings were not far short of those by blacks (69%). They were 66% by whites, 58% by coloureds and 52% by Indians.

There was also some support among non-black respondents for a role by traditional leaders in local government — 41% of whites, 43% of coloureds and 38% of Indians favoured the idea.

Fourie said the research showed government was right in taking the issue of traditional leaders seriously. "It suggests that our democracy will not move forward by simply imposing Western models of government on SA. A sensitive blending of traditional customs with contemporary concepts is far more likely to produce governance in which all have confidence."



Star 14/5/96

Nats' next decision could alter the face of all but one province

BY KARIN SCHIMKE
Political Staff

While the fate of National Party members of provincial executives hangs in the balance until a decision is taken today about their future in provincial politics, the one NP seat in KwaZulu Natal will not be relinquished because a government of national unity is guaranteed under the province's own constitution.

Meanwhile, the ANC said it would not withdraw as a partner from the Western Cape provincial government where the NP holds six out of 10 portfolios.

An indication given last week by the NP that it would remove its members from executive positions in provincial governments will affect the running of all but one province. A final decision will be taken at today's meeting of the NP's federal council.

NP MECs serve on all provincial governments with the exception of Northern Province, the only region where the ANC won the 1994 elections with more than 90% of the province's votes.

Of the 10 executive positions in the Western Cape, six are held by the NP: housing (Cecil Herandien), finance, expenditure and service commission (Kobus Meiring), agricultural development and sport (Lampie Fick), police services (Gerald Morkele), education, training and cultural affairs (Martha Olckers) and local government and development planning (Peter Marais).

It is a moot point whether the NP will withdraw from the one province where it reigns supreme, but an NP spokesman said the party would decide today either to withdraw from all the provinces uniformly or to consider each province on its individual merits.

In Gauteng, three of the 11 MECs

are Nats. A recent realignment of the executive resulted in public works and public media being given to Sakkie Blanché, conservation and environment to Aboo Kahn, and public transport and roads being left in the hands of Gauteng NP leader Olaus van Zyl.

It is possible that Premier Tokyo Sexwale could use the withdrawal of the NP to make another adjustment to portfolios, thus moving away from the awkward positioning of the agriculture portfolio within finance, and economic affairs and welfare within sport and recreation.

ANC sources have also expressed hope that the new developments could provide an opportunity to redress some of the gender inequalities in the executive, where only two of the members are women.

Some female stars in the legislature who may see themselves moving up are Lindiwe Zulu (chairman of committees), Nomvula Mokonyane (local government and housing standing committee chairman) and Lindiwe Maseko (who serves on several standing committees).

Other possible candidates for executive positions are MPLs Ignatius Jacobs and Mohammed Dangor.

The Northern Cape also has several NP MECs serving in some prominent portfolios: Jacobus Marais (agriculture), Pieter Saaman (public works), Francois van Wyk (environment and tourism) and Chris Liebenberg (transport).

Tertius Delpört in the Eastern Cape is the sole NP member of the executive, and handles transport.

In Mpumalanga, Lucas Nel of the NP controls agriculture, as does George Bartlett in KwaZulu Natal.

Free State MEC Louis van der Watt looks after public transport, while in North West Province the economic affairs portfolio is held by Abraham Venter.

NP to Withdraw from Provincial Legislatures

Stephen Lauffer
CAPE TOWN

CAPE TOWN — The NP would withdraw from all governments of provincial unity except in the Western Cape, where it had a majority, party leader De Klerk said yesterday.

The decision heralded a new phase in the NP's attempt to establish a clear coalition when no party had a majority. It was possible that the exception would also apply in KwaZulu-Natal, where the provincial government established the mechanisms for returning to government. The NP would consider the document to government for consensus unanimously. De Klerk said there once that motivated the withdrawal was a matter of principle and had been certified by the national court.

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NP

Continued from Page 1
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spokesman Jack Molloy said that much effect as there would not have Northern Cape premier Mame Rantoko said that was to be done. While KwaZulu-Natal premier Frank

Molloy declined to respond to a question on the implications of the NP's withdrawal, KwaZulu-Natal and on the party's terms in West-ern Cape. The NP's terms in KwaZulu-Natal were more favourable than in the Western Cape. De Klerk said the NP's decision was a deep division within the party.

Executive Councils

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Continued on page 2

Trade, the
Linda Ensor
at 16,30% (16,07% on Tuesday), and
the E168 at 16,43% (16,18%) Dealers

Friday, May 16 1996

Provinces get thumbs-down

(262) ED 16/5/96

Linda Ensor

CAPE TOWN — Nearly half of SA's voters disapprove of their provincial governments, an Idasa survey of public perceptions of the character and quality of provincial governments shows

Releasing the findings yesterday, Idasa executive director Wilmot James said. "It is a concern that the level of understanding, trust and measure of provincial government performance are not as good as they could be. In particular, 47% of the sample disapproved of their provincial government, while 42% approved."

In terms of perceived government performance, those questioned in the Northern Cape, Northwest and Free State were most positive about their provincial governments, while those in the Western Cape and KwaZulu-Natal, where the ANC was not in control, were the most consistently negative.

These findings were significantly lower than the 53% who approved of

the national parliament, 58% who approved of the government of national unity and the 77% who approved of President Nelson Mandela

Voters in Free State, KwaZulu-Natal and Gauteng were most consistently positive about their civic relationship with their provincial governments, while Eastern Cape voters were the most consistently negative. "Civic relationship" meant the perceived ability of respondents to understand, influence and trust their government.

Half the sample believed that provincial members of the legislative assembly had a good grasp of people's feelings and opinions, and were in touch with their electorates.

Idasa stressed that these lukewarm responses did not imply people had given up on provincial government. Few wanted provincial powers reduced, with substantial numbers wanting them increased, especially in the areas of welfare and services.

However, 72% opposed KwaZulu-

Natal getting special powers

"Neither strongly federalist nor centralist, the SA public appeared to have taken an essentially pragmatic 'wait and see' stance," Idasa said.

James noted that it was normal for provincial governments to work under the shadow of national government. This was the reason they had apparently not penetrated as deeply into ordinary people's lives.

Other findings of the survey of 2 600 respondents, conducted in September/October last year, were:

- Only 35% felt they had a good grasp of what went on in their provincial government, with 46% saying it was so complicated that they could not really understand it.
- A total of 47% felt they would be able to influence affairs of provincial government, and
- Only 32% felt they could trust provincial government to do what was right most of the time, with 18% saying they could never trust it.

R50bn to be allocated to municipal infrastructure

BD 20/5/96 (2b2)

Mduduzi ka Harvey

THE constitutional affairs ministry plans to allocate more than R50bn to municipal infrastructure investment in a bid to enhance capacity of delivery, particularly in historically disadvantaged areas, in 10 to 20 years, said Deputy Constitutional Affairs Minister Valli Moosa

He said detailed research by government had indicated significant backlogs in services and infrastructure, particularly at local government level

The report submitted to the Cabinet argued for a significant programme of investment by both government and the private sector in municipal infrastructure

To date the programme has entailed preparation by the RDP office and the departments of finance, housing and constitutional affairs.

Moosa said his department envisaged implementing the programme through capital grants to

local authorities which would ensure basic services were delivered

He said that after elections in KwaZulu-Natal on June 26, the major task would be to establish a White Paper on local government which was expected to come into effect at the end of the year and which would be the constitution of local government by next year

This would ensure that local government was on par with the provinces and was assured of an equitable share of resources collected at national level. In addition the department would forward to Parliament proposals for bridging legislation for definition of powers and functions of different councils and substructures.

Rural local government would be given additional powers and added financing to make them viable and sustainable in the next two years

At provincial level, the department would work at establishing co-operative governance and mechanisms in the different tiers

of government aimed at bringing about greater co-operation and harmony. An intergovernmental forum would also be established where the provinces could raise concerns at central government, while a white paper on co-operative governance would be drafted

The department was finalising the payment of traditional leaders from central government level by September and for this purpose the capacity of the department would be upgraded to deal with traditional leaders and to clarify the distinction between the role of traditional authorities and elected councillors

In implementing the constitution, the department was establishing the council of provinces, dealing with further constitutional amendments and taking over the Constitutional Assembly's duties of creating public awareness of the constitution, while plans with the education ministry were under way to introduce constitutional education at high school

Affirmative action leads to changes in top management

BD 20/5/96 (EB)

Ingrid Salgado

THE Gauteng government had managed to change drastically the racial character of its top management structures by viewing affirmative action as a short-term strategy, the commissioner of Gauteng provincial service commission Lulamile Mbetse said at the weekend

The province had used "every opportunity" to employ qualified people from previously disadvantaged groups.

This was opposed to several institutions' policies of targeting effective representivity over a period of 10 to 15 years, Mbetse told Gauteng's economic affairs standing committee.

The commission, which released its 1995/1996 annual report at the weekend, revealed that blacks filled just less than half the province's top management posts compared to none at the time of provincial elections two years ago. Women filled nearly a quarter of these positions, compared to a mere 2% about two years ago

Many managers were retrenched or took the option of early retirement during the public service's absorption process, which created space for new appointments, while many additional management posts were created

However, the province had a bottleneck in broadening representivity in middle and junior management because most staff at these levels had been absorbed into the public service

The system that the new government inherited had also created a "bantustan at the bottom of the system" where the bulk of lower-graded workers were black, Mbetse said

Commission chairman Patrick Fitzgerald said government had also inherited a training policy that lacked a strategy, was over-centralised and of poor quality

The commission had attempted to decentralise training and give line departments the ability to initiate and manage training programmes — although there should be some control by a central body

Govts yet to cut salaries

Stephen Laufer

CAPE TOWN — Northern Province, Mpumalanga and Northwest Province had not yet implemented a request to reduce the salaries of their premiers, MECs and office bearers in the legislatures, Deputy President Thabo Mbeki told the Senate in reply to a question

Salaries had been reduced in February last year by the Cabinet, but at the time national government had no jurisdiction over provincial salaries. Remuneration of provincial office bearers had been a presidential competence since September last year

KwaZulu-Natal had also not acted. It wanted clarity on method of recovery of overpayment

Finance to keep check on provinces

John Dlodlu

WHILE provinces would be given more powers in the preparation of their budgets, parameters would be set to avoid overspending, Deputy Finance Minister Gill Marcus said yesterday.

Speaking in Pretoria after the first meeting of the newly-constituted budget council, which replaces the finance intergovernmental forum, Marcus said provinces would receive a pre-determined figure to spend, based on national norms and standards.

Such a system, which partially replaced the now defunct function committees, would prevent overspending by provinces.

Sources at the meeting said although provinces would be al-

lowed to set their own priorities in terms of the system, their discretionary powers would be limited to only about 20% of their revenue allocation. This was in line with national norms which saw nearly 80% of the budget going to areas such as education, health and personnel. This meant provinces could channel the remaining 20% to regional priorities.

Gauteng provincial deputy director-general for finance Roland Hunter said provincial MECs and senior national finance department officials at the council meeting had agreed that the recent recommendations of the financial and fiscal commission be implemented as far as possible. However, they felt attention should be paid to problem areas such as

ways of servicing national debt, Hunter said. It is understood Marcus was particularly emphatic on the question of national debt.

The commission proposals for fiscal 1997/98 provide for multi-year budgeting, allow provincial treasuries the right to prepare their own budgets within national standards and powers to levy a surcharge of up to 7% through a tax room created by the national fiscus through dropping the tax rate. However, a further 5% allowance, given to the provinces, will not be compensated by national government.

On the commission proposals, Marcus said there were parts which government supported and other parts which it did not, but she would not identify these

(262) BD 21/5/96

Signs of hope for poorest provinces

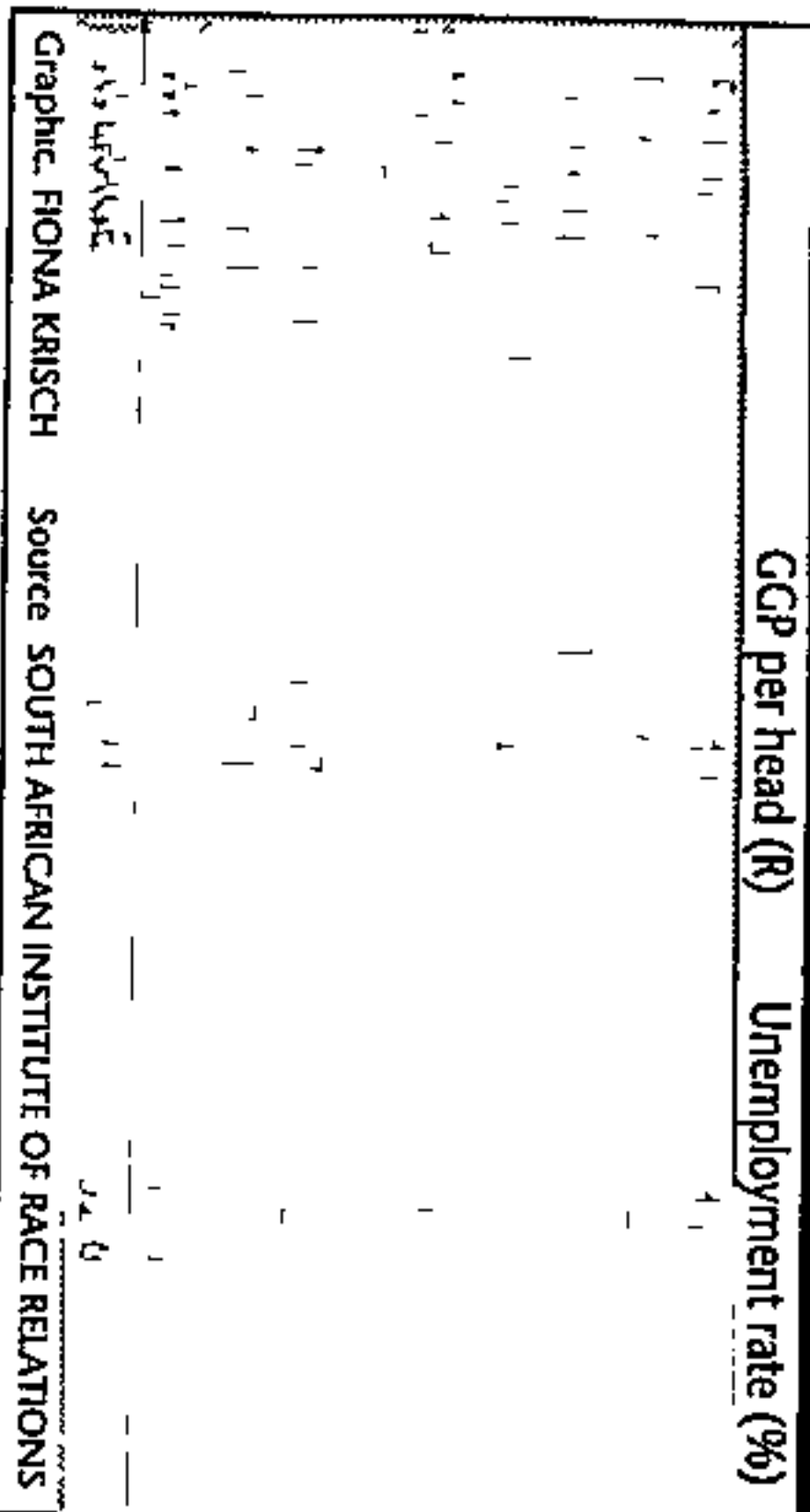
ECONOMIC power is concentrated in Gauteng, which produces nearly two-fifths of South Africa's gross domestic product and has the highest gross geographic product a head, more than twice the national average

This is according to the SA Institute of Race Relations' latest edition of *Fast Facts*, which focuses on the institution's forthcoming 1995/96 survey

While the poorer provinces, which are largely rural, remain stricken by poverty, unemployment, low per capita economic growth and high fertility rates, there have been some improvements

In the rural areas of the poorest, Northern Province, electrification increased 235% between

PROVINCES IN PERSPECTIVE



1993 and 1994. The average number of years of study of people 25 years and older increased, as did literacy rates, but the province still has the country's lowest literacy rate of 65%.

While the province had the highest fertility rate in the country in 1995, this rate has been dropping and

its average annual population growth rate was the second lowest between 1990 and 1995. The institute says this reflects the migration to towns in other provinces.

In 1994, about a fifth of all unemployed people were in Gauteng, "the province perceived to have

THE ECONOMY

Disparities between richer and poorer provinces remain acute but are narrowing, says the SA Institute of Race Relations. **MARCIA KLEIN** looks at the institute's latest research on the provinces' development.

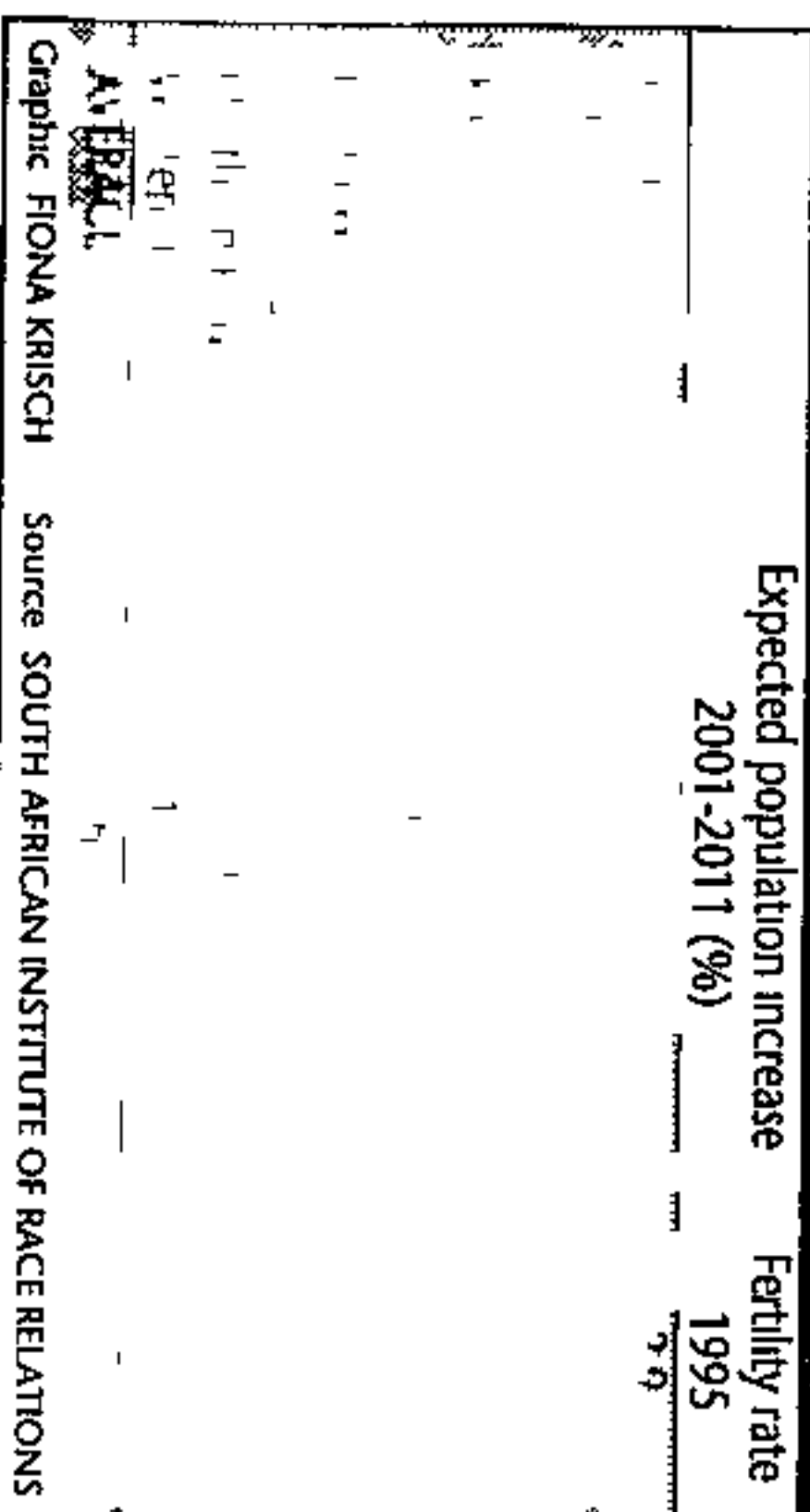
the most job opportunities." The highest unemployment (over 45%) was in the Northern Province and the Eastern Cape, with the rate higher in rural than in urban areas.

Most South Africans are having less babies and living longer. Fertility rates in most provinces dropped

by 35% to 45%, while life expectancy increased in seven provinces.

Between 1990 and 1995, Gauteng and the North-West experienced the highest average annual growth rates in population (3,36% and 2,51% respectively), both above the national average of 2,32%.

POPULATION TRENDS



Projections by the Centre for Development and Enterprise indicate that KwaZulu-Natal and Gauteng will remain the most populous provinces, but the populations of the North-West and Mpumalanga will increase the most disproportionately between 2001 and 2011.

The two poorest provinces — the Eastern Cape and Northern Province — had the highest proportions of their workforce unemployed in 1994. The Eastern Cape's rate of 45,3% and the Northern Province's 47% compared with the lowest proportion of 17% in the

Western Cape, which is the second richest province. While Gauteng had the highest number of unemployed, these 1-million unemployed represented only 28,7% of its workforce. About 62% of households in the Northern Province and 57% in the Eastern Cape were living in poverty in 1993, above the national average (35%), compared with only 14% of Western Cape and 15% of

Gauteng households. The provinces with the lowest gross geographic product a head, also had the highest unemployment rate, an excess of poor children and an above average fertility rate. But, on the positive side, the populations of these provinces will increase the least between 2001 and 2011.

Cabinet must approve programme

R4,5bn needed to kick-start municipalities

(262)

BO 27/5/96

Robyn Chalmers

CABINET is expected to be asked within six weeks for up to R4,5bn to fast-track the municipal infrastructure programme.

The provincial affairs and constitutional development department is likely to request the sum over a period of two years.

A high-level task team drawn from the departments of housing, finance and constitutional development, along with the Development Bank of Southern Africa, has been established to speed up the programme.

Deputy constitutional development director-general Andrew Boraine said at the weekend that a final estimate of the government funding required had not yet been reached. Stakeholders had to be consulted before the submission — including the funding requirement — was made to Cabinet.

However, government sources said the level of funding could amount to 25% of the estimated R60bn-R90bn needed to fund the municipal infrastructure programme over 10 years.

The infrastructure investment framework was approved by Cabinet last November, but a six-month debate ensued about whether it would be controlled by the housing or the constitutional development department.

Control was shifted from housing to

constitutional development last month, and Boraine said the department was giving the highest priority to the programme, which aims to make up the backlogs in municipal infrastructure, such as roads and sewerage.

The next step was to combine the work done by housing and finance into a single report, he said.

"A range of stakeholders will be consulted on the programme, including organised labour, local government, business and particularly financial institutions, on the way forward for the programme," he said.

The remainder of the funding for the programme — as much as 75% — was expected to come from the private sector via a range of financial mechanisms, which Boraine said still had to be finalised.

It was expected that these mechanisms would take the form of a combination of grants from central government, concessional finance and private finance. Capital grants to local authorities were also under consideration to ensure basic services were delivered.

The Development Bank's role would be in the provision of concessional finance. CE Ian Goldin said the bank was looking into innovative funding mechanisms to boost private sector participation in infrastructure. There were already a number of funding deals between it and the private sector.

Pulling the strings of local councils

HERMANN GILLOMEE questions

Whether what Cape Town's new city council controls is really worth controlling, given the influence being exercised by party elites over local government politics.

HERE is a story doing the rounds that the Wynberg ANC branch invited Welfare Minister Geraldine Fraser-Moleketi to address the elderly on pensions and related issues in the civic centre as part of the party's campaign for the local elections. Considerable enthusiasm existed until the elderly were informed they had to supply their own cake and tea.

The same kind of story could well be told about other parties in this local election campaign for the Cape Town area.

Parties are strapped for cash and voters have become resentful of what they perceive as gray-train politics. If they are not even provided with cake and tea, what is the point of attending the meeting or of turning out on polling days?

The campaign for local elections has been largely a humdrum affair. It is part of a larger pattern voters in SA are showing signs of apathy at a remarkably early stage of our fledgling inclusive democracy.

From an estimated poll of 87% in the "liberation election" of April 1994, the turnout of registered voters dropped to about 60% in 1995. However, the proportion of all adults who voted was considerably lower than half. In Soweto a paltry quarter of adults are estimated to have voted.

PATTERNS OF POLITICS



The argument that local elections throughout the world are characterized by low polls does not really hold water.

Local elections in SA have been billed by the government, and in particular the ANC, as the last stage of the liberation process. It is, in the words of President Mandela, the act of bringing "democracy to our doorsteps".

He issued this ringing call at the local government summit held just over a year ago: "Let us bring democracy and services to our communities, and let us make the RDP work by registering and voting."

There are several reasons why we can expect polls both in local contests and in national and provincial elections to follow the pattern of our democratic politics.

In shaping a new order our leaders have put far too much emphasis on the actual

process of voting and producing a majority at the expense of ensuring fair and free campaigning and devising an electoral system which actually provides a choice in contrast to the closed Proportional List system, which offers a narrow choice between party lists.

The frightening centralisation of our politics has turned every election — national, provincial and local — into a presidential race where a President Mandela or a Mr De Klerk seek endorsement for their moves in the political chess game or seek to score points off their national opponents.

National issues crowd out local politics to the absurd extent of the NP poster in this election exhorting voters to support the party in the local election to save the rand. The party elites control the political process much more strongly than before.

In the Western Cape the NP has made it clear that the days of independent candidates running in the place of the NP are over.

In Gauteng the "caucus" of the ANC party executive is deemed to be much more powerful than the caucus of the party's elected representatives.

Increasingly, party elites choose local representatives with a view to preparing them for provincial politics.

Perhaps the most disturbing trend is that the name of the political game in SA has become controlling rather than providing.

Party elites tend to sacrifice goals like a better provision and distribution of services to the overriding objective of winning, being prepared to engage in gerrymandering of boundaries to achieve that.

The NP in the Western Cape has been accused of that and so has the ANC in the boundary demarcation crises that erupted last year in the Greater Johannesburg Transitional Metropolitan Council (TMC).

In a series of hard-hitting articles the ANC-aligned academic Mark Swilling argued persuasively that in Gauteng ANC MEC Dan Mofekeng put such a premium on devising metropolitan substructures which could all be won by the ANC that he was prepared to sacrifice the redistributive capacity provided by a single-tax base across an integrated urban economy.

But if winning is everything for the party elites, what is in it for the voter to go out and cast his or her vote?

In an important study by Graeme Goetz, issued by the Centre for Policy Studies, the point is made that almost all the posters in our local elections urge the elec-

The election trend of emphasising party interests at central level should be reversed. Unless local governments are allowed more authority they could end up as nothing more than the wooden leg of central government.

torate to vote to ensure "a better life for all".

But as an outside observer pointed out, not a single poster held out gaining an actual say in local decisions as a possible reason for voting. Goetz concludes "From the outset, the local vote was linked to improved service provision, not gaining the right to influence the future of the locality in which one lived."

It is astonishing that in Cape Town no single major party offered to voters the opportunity to decide for themselves about whether Cape Town should stage the Olympics.

There is a danger of city council coming to be perceived as mere managers of service provision within a framework dictated by the higher levels of authority. It is a real question whether what the city councils control is really worth controlling.

All this has serious implications for the future of local government. If it is to overcome the huge backlogs and the crippling rent and service charge boycotts it is imperative that the councils enjoy huge legitimacy and credibility.

Even more important, local governments should not be seen simply as the last point in the chain of delivery but as catalysts to enable joint initiatives in job creation and problem-solving to get off the ground.

Local elections should be a choice between such catalysts.

Unless the function of local government is rethought it could end up as the wooden leg of government.

□ Hermann Gilloomee is president of the SA Institute of Race Relations.

Commission cleared Sigcau, Mbeki says

Wyndham Hartley

20 3/15/96

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CAPE TOWN — In a spirited defence of Public Enterprises Minister Stella Sigcau, Deputy President Thabo Mbeki said yesterday the country would be better served if attention was drawn to new cases rather than to those cleared of offences.

Speaking in a snap debate in the National Assembly on the accusations that Sigcau had received R50 000 of an alleged bribe from gambling interests, Mbeki reaffirmed his belief that Sigcau had been cleared by the Alexander commission.

Allegations that Sigcau had received R50 000 of a R2m bribe paid to former Transkei premier George Matanzima resurfaced recently in testimony by Deputy Environment Affairs Minister Bantu Holomisa before the truth commission.

Quoting extensively from the records of the Alexander commission, Mbeki said the judge had been unable to make any adverse findings concerning Sigcau "on her own evidence". The judge said that Sigcau had been "misguided" for having taken R50 000 from Matanzima for the education of her daughter considering Matanzima's reputation. This had caused her considerable embarrassment, including her removal from office in Transkei. Sigcau was deposed when Holomisa staged a military coup.

Mbeki said "No other evidence has been presented to President Nelson Mandela implicating Sigcau in any corrupt practice. The President therefore considers such calls as have been made that he should take action against his public enterprises minister as, at best, ill-informed, or, at worst, malicious."

Mbeki said Holomisa's remarks to the truth commission were referring to a matter fully investigated by a commission which had cleared Sigcau.

Funding ended to development bodies

Robyn Chalmers

GOVERNMENT has issued a framework for restructuring provincial development corporations to all provincial governments, saying there will be no further fiscal transfers to prop up struggling institutions.

Finance ministry sources said yesterday initial studies had shown that most of SA's estimated 150 provincial development finance corporations would have to be completely restructured or closed down.

A recent study of 17 such organisations showed only the Free State Economic Development Corporation had an operating surplus. The others had medium to large operating shortfalls.

The study said provincial corporations were generally financially vulnerable, dependent on continuous fiscal transfers, and their overall finan-

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cial management was not sustainable.

The framework stated that resources for development must come from provincial government funding, development finance and the private sector, while provincial corporations should not undermine the capital market through pricing distortions.

Finance ministry adviser and University of Cape Town economics professor Iraj Abedian said decisions to be taken on provincial corporations had been handed to provincial governments. No further transfers from the national budget would be made.

"The process is being located closer to the provinces, so that if a provincial corporation undertakes a programme which is in line with provincial government priorities, this can be monitored at provincial level," he said.

Continued on Page 2

Funding

Continued from Page 1

BO 5/6/96
Abedian said it was too early to ascertain the financial state of individual corporations, which was a function of the relevant provincial ministers overseeing the process.

John Dlodlu reports that restructuring of some corporations is taking place. Free State Development Corporation chairman Junior Putloane said the organisation would be guided by four main principles. It had to be self-funding; lean (it would shed about 130 of its 238 staff over two years); focused on small and medium-sized enterprises; and should bolster the province's job-creation initiatives. It was planning to cut recurrent expenses to 35%

(from 54%) of total expenditure.

The Mpumalanga Development Corporation announced this week it would restructure to play a greater role in the RDP. It had embarked on a drive to hire general managers for training, small business development, human resources, housing and agriculture.

Abedian said the restructuring had to be seen in the light of the revamp of national development finance institutions such as the Development Bank of Southern Africa and the Industrial Development Corporation.

The sources said SA's development finance system was fragmented, lacked policy co-ordination and the focus was exposed to undue risk as a result. Innovative partnerships between government and the private sector were being forged to mobilise development finance.

Small towns need creativity to bloom

(262) ~~262~~ 6/6/96

CREATIVE survival strategies are needed to save many of South Africa's neglected 500 small towns, writes Contributing Editor **ANN BERNSTEIN**.

THERE are almost 500 small towns in this country, defined as places with populations of 50 000 or less. They accommodate more than 3,3-million people (around 8% of the total population).

Located in the heartland of the areas of greatest need, small towns can promote and assist rural, indeed national, development. But instead they are merely regarded as administrative entities.

Under apartheid, racial divisions in the control of towns ensured discriminatory service provision between white and black areas, in the former homelands, while towns tended to be unplanned and under-served.

Small towns fall between the "two stools" of government distinctions: urban and rural. Rural-development thinking simplistically sees the key issues in terms of land and agriculture, giving little or no thought to other factors. Urban-development thinking focuses on the metropolitan areas and larger cities. Small towns are defined as neither urban nor rural and are generally ignored.

It is difficult to generalise about small-town geographic and economic trends because of the diversity of South African towns (and because of a lack of reliable national information).

The Centre for Development Enterprise (CDE) has just completed a major research programme looking at small towns in commercial farming areas and former homelands. It found that well over half of the country's small towns are in economic decline, while many are simultaneously having to cope with population increase.

But there are some areas which are buoyant — small towns in the north-

western Free State, the eastern part of the North West and Northern Cape provinces and the tourist and fruit-growing areas of the Western and Eastern Cape. There are more than 60 towns making a meaningful contribution to national economic growth.

Former homeland towns (like Tugela Ferry and Keiskammahoek) are located in the areas of greatest development need. Poverty and unemployment levels are exceptionally high. These towns have few comparative advantages, inadequate communications, public service provision and facilities.

Smaller platteland towns (such as Luckhoff, Van Stadenrus and Riebeeck East) serve as supply and distribution centres in what are generally areas of extensive farming. Drought and farming bankruptcy has led to economic

decline and they have become destinations for displaced farm workers.

The larger towns (for example, Ficksburg and Vryheid) in the commercial farming areas are more prosperous with well-developed infrastructure, facilities and services. They serve important roles as regional centres, meeting the needs of their own and surrounding rural communities in what are often extensive hinterlands. Such towns have considerable and under-utilised investment within them.

A number of far-ranging conclusions have come out of this large study. Small towns need to develop a vision of their own future and bring together a coalition of stakeholders to achieve this vision.

The necessary strategies will need to be devised around four themes:
Reconciliation In many respects the

small towns in the former "white"platteland are still "mini-citadels" of apartheid. Black and white communities need to understand and recognise that their futures are tied in with each other. Racial reconciliation can also be turned into a selling point for a town, as happened in Sutherland.

Economic growth Racial reconciliation will be difficult in a declining economy. Towns need to be creative in devising and implementing new approaches to local job and wealth creation. Possibil-

Small towns fall between the "two stools" of government distinctions: urban and rural. Those defined as neither urban nor rural are generally ignored.

ties will need to be explored in areas such as tourism (such as the domestic black tourist market), small enterprise development and "buy local" campaigns.

Socio-economic development In addition to ensuring that existing facilities are fully utilised and available to all town residents (18 hours a day if necessary), there are other development projects that can be explored. Poor and disadvantaged communities can improve their houses and services with training, small grants and their own contributions of resources and "sweat equity". Residents with skills could run training courses for those without, local businesses could run mentoring/apprentice schemes and local churches could start development programmes.

Linkages Towns need a strategy for linking their town with others. National programmes could be of importance to one town's strategy, other towns nearby might be able to share experience and resources (one public works department, one treasurer, etc). National development organisations, trade unions, churches and business associations may have something to offer a town.

Provincial governments should direct more resources towards small towns and establish task teams to promote and facilitate their development.

The function of these teams would be to assist towns to develop a vision and strategies for their future that has the support of all and to assist under-resourced local authorities to link into national programmes. They would also monitor the towns in terms of their growth and development performance, their effective desegregation and full utilisation of all existing facilities.

It would be undesirable to have a uniform small town development policy executed at national level.

Central government should promote the establishment of a small town institute to support towns with information, training, lobbying and other skills. It should provide local organisational support and advice, undertake research and encourage public policy change.

A small town development fund should be created to promote and reward innovation and excellence. It should identify criteria for the awarding of low interest loans/grants and invite towns to compete. The fund should be run by an independent board of trustees representing public and private sectors, perhaps in conjunction with the small town institute. Both these initiatives should be in the form of partnerships between the government, small towns and civil society.

A number of national sectoral programmes could enhance economic development such as tourism, small-scale agriculture and small, medium and micro-enterprises (commercial and industrial). Interfaces will need to be established between small towns and these national programmes, policies and strategies.

Central and provincial governments concerned about delivery would be well advised to look carefully at South Africa's small towns.

R80 billion⁽²⁶²⁾ backlog crisis faces councils

ARG 11/6/96

IT WILL cost a staggering R60 billion to R80 billion to remove the backlog in municipal facilities over the next 10 years, says Deputy Provincial Affairs and Constitutional Development Minister, Mohammed Valli Moosa

Mr Valli Moosa said municipalities were in financial trouble because they had only small financial bases. This could be attributed to "persistent non-payment for services or payment of only flat rates"

He was referring to payment boycotts and to partial payments of flat amounts which only covered a part of real municipal costs

Mr Valli Moosa, who takes over next month as Minister of Provincial Affairs and Constitutional Development, told the national assembly debate on his department that the government alone would not be able to meet the cost of the projects and was starting to involve the private sector in its efforts

Mr Valli Moosa said pilot projects would be launched this year

"Through these pilot projects we aim to show ways in which government, the private sector and other stakeholders can collaborate to deliver better services"

Municipalities were already benefiting from the R751 million set aside for municipal investment programmes and 552 projects for R669,7 million, had been approved. An extra R700 million had been made available - Sapa



Minerals and Energy Affairs Minister Pik Botha speaking at a sub-Saharan oil and minerals conference yesterday.

Councils use cash from electricity to pay bills

Reinie Booysen

LOCAL authorities and municipalities were adding an estimated R2bn annually to electricity bills to cover budget shortfalls unrelated to electricity production or distribution, Minerals and Energy Affairs Minister Pik Botha said at a sub-Saharan oil and minerals conference in Johannesburg yesterday.

Botha was responding to an International Energy Agency report which recommended distribution of electricity be removed from the control of local authorities.

He said it was unlikely Cabinet would accept this recommendation, but proposed nonetheless that local authorities be forced to make the electricity bills they issued more transparent, setting out separately the true cost of electricity and any additional charges.

"I urge the government to make sure that the electricity consumer knows where his money is going," said Botha, who retires from politics at the end of the month when the NP goes into opposition. This knowledge was a democratic right, as it was effectively related to local authority management of public funds, he said.

DO 11/6/96 (262)
In a recent report, Energy Policies of SA, the agency recommended the finances and operations of the distribution utilities, largely controlled by local authorities in SA, should be "clearly ring-fenced, transparent and at arm's length" if they remained under local authority control.

According to the report, more than 50% of many authorities' revenue came from electricity.

"Many municipal authorities use electricity prices as a way of raising funds for municipal functions generally," the report said.

The International Energy Agency is the energy policy and advisory arm of the Organisation for Economic Co-operation and Development (OECD).

The agency said the electricity distribution sector should be restructured to cater for the possibility of eventual full-blown competition among distributors, as was the case in many OECD countries.

Distribution should be handled by no more than 10, probably fewer, large distribution companies, each covering a substantial area of the country.

See Page 17

ARROGANT PROCEDURE

FM 14/6/96

Members of one of the biggest municipal workers' unions and the Johannesburg Transitional Metropolitan Council are to discuss a report on TMC hiring policy

The result of the talks, to be referred to the Industrial Council, could influence relations among municipal employees, the TMC and its four substructures

The report deals with the process of

filling third-level council vacancies This follows complaints by members of the newly formed Independent Municipal Association of Trade Unions (Imatu) about the way in which the Eastern Metropolitan Substructure appointed six strategic executives to the second level

The union is an amalgamation of the former SA Association of Municipal Employees and the Johannesburg Municipal Employees' Association

The council decision, taken after an executive committee meeting had been sidestepped, led to a walkout by DP councillors Anchen Dreyer, Claire Quail and Mike Moriarty

The appointments are described by DP council leader Dreyer as the same "jobs-for-pals" syndrome which characterised the NP era "Only the recipients have changed"

The six strategic executives (department heads) were appointed after the substructure had given the task of interviewing applicants to the executive committee, which comprises six ANC, one NP and three DP members

Because the committee could not make up a quorum after the DP walkout in protest against the "severely compro-

mised process," the DP objection to the list of candidates was circumvented by a special ANC motion moved by deputy chairman Sol Cowan to sidestep the committee's function The NP sided with the ANC

As a result and after the walkout by the DP and independent member Elizabeth Clogg, the council voted in favour of the names without any of the candidates being interviewed or their CVs being presented to the council

Dreyer says the procedure was against an earlier council decision, which had delegated its powers to the executive committee to advertise the posts, interview and appoint The council would merely ratify the appointments

Dreyer says legal opinion suggests the committee's decision could be reversed in a court action "But we have to be pragmatic Should we win, the ANC would only go through the motions again, this time following the correct procedures, and appoint the same people" The DP did not object to all the applicants but "to the way in which it was done"

Interviews of shortlisted candidates were attended by representatives of Imatu and the SA Municipal Workers'

Union, in an observer capacity

Imatu secretary Ben Kotze, whose union has 10 000 members in greater Johannesburg (80 000 nationally), says the union had received calls from municipal employees upset about the council's procedures The union has not decided whether to declare a dispute

Kotze says future relations between Imatu and the TMC will be determined when the employment document is discussed "We expect internal candidates to be given priority when positions are being filled," says Kotze

Dreyer agrees, adding that some of the six appointees had no experience in local government "The only qualification some of these people have is that they are ANC or SA Communist Party members and it seems they now have to be rewarded for that"

The Eastern Metropolitan Substructure has appointed a consultant for three years to help new CE Canzi Lisa The consultant's fee is about R330 000/year, Lisa's salary is R220 000/year Similarly, in Randburg (Northern Metropolitan Substructure) CE Pascal Molo will be assisted by former town clerk Bart van der Vyver for three years *Eddie Botha*

A

Draft laws will allow govt to bypass provincial govts

Farouk Chothia

(262)

said

BD 19/6/96

DURBAN — New draft local government legislation has proposed that metropolitan councils take over important powers of substructures and that central government bypass provincial governments in dealing with metropolitan councils.

The legislation was unveiled last week at a Minmec (ministers and MECs) meeting — attended by Constitutional Development Minister Chris Fismar, his deputy Valli Moosa, parliamentary committee chairman Pravin Gordhan and relevant provincial MECs.

KwaZulu-Natal local government MEC Peter Miller said yesterday the legislation would strip substructures of their "most powerful tool" — the right to set their own budgets.

"I am satisfied that this is part of a wider conspiracy to emasculate any resistance to the ambitions of metropolitan councils by a substructure council (which is not ANC dominated)," Miller

The draft legislation proposed that metropolitan councils may levy and claim levies or tariffs from any substructure, and an equitable contribution from any substructure based on its gross or rates income.

The legislation proposed that metropolitan councils maintain fiscal uniformity, and formulate uniform rates, levies, fees and tariffs which would apply to all substructures.

Miller said this clause was "the real killer" of the draft legislation.

"The financial power moves absolutely into the hands of the metropolitan council. It can unilaterally claim any contribution," Miller said.

He said the legislation also aimed to make metropolitan councils "equivalent" to provincial governments and for them to emerge as "seats of power in direct competition to (non-ANC-controlled) provincial governments".

The legislation proposed that cen-

Continued on Page 2

Laws

Continued from Page 1

tral government would send intergovernmental grants directly to metropolitan councils, which would be responsible for allocations and distributions to substructures.

Miller said the legislation, in its fourth draft, had been drafted by the Johannesburg metropolitan council's legal advisers in "connivance" with Durban council officials or members.

The fourth draft had been tabled by constitutional development officials at the Minmec meeting, though there had been no debate on the third draft.

Miller said substructures country-wide had no knowledge of the draft, and claims of transparency and co-operative governance were a "mockery".

The legislation stated that metropolitan councils would ensure municipal services to communities in a sustainable manner, and would formulate and implement a metropolitan de-

velopment framework. The councils may also determine metropolitan policy in respect of powers and functions given to them, and these policies would be "binding" on substructures.

The draft legislation stated that council's powers included establishment of a metropolitan police and security service; establishment, operation and control of non-national and international airports; primary health care; bulk water supply; metropolitan land usage; and development of primary local government such as local and rural councils. This would include development of administrative capacity and political leadership to enable newly created councils to accept responsibility for exercising their powers.

Gordhan said Miller was being "unnecessarily destructive", and had had a fair opportunity to present his case. Another draft was still to emerge and all roleplayers would be given further opportunities for inputs. It was hoped the legislation would be presented to the Cabinet by month-end and to the parliamentary committee in August.

Draft laws will allow govt to bypass provincial govts

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ROBBING PETER TO PAY PAUL

Officials in greater Johannesburg are to be paid up to 50% more and the money for this will come from ratepayers

Sandton businesses face a near-treble rates increase and other metro areas will also be hit as the Greater Johannesburg Transitional Metropolitan Council aims to dig into ratepayers' pockets to fund its envisaged executive salary bill

The bill will be 50% higher than that of

executive secretaries be appointed for the strategic executives at a salary of up to R5 152 a month and that another three secretarial posts be created to provide relief services to the strategic advisers

The TMC has also approved a R131 732 overseas trip for the mayor, his wife and secretary to visit a world assembly on local authorities and the UN Habitat and Unesco conferences in Cairo, Istanbul and London

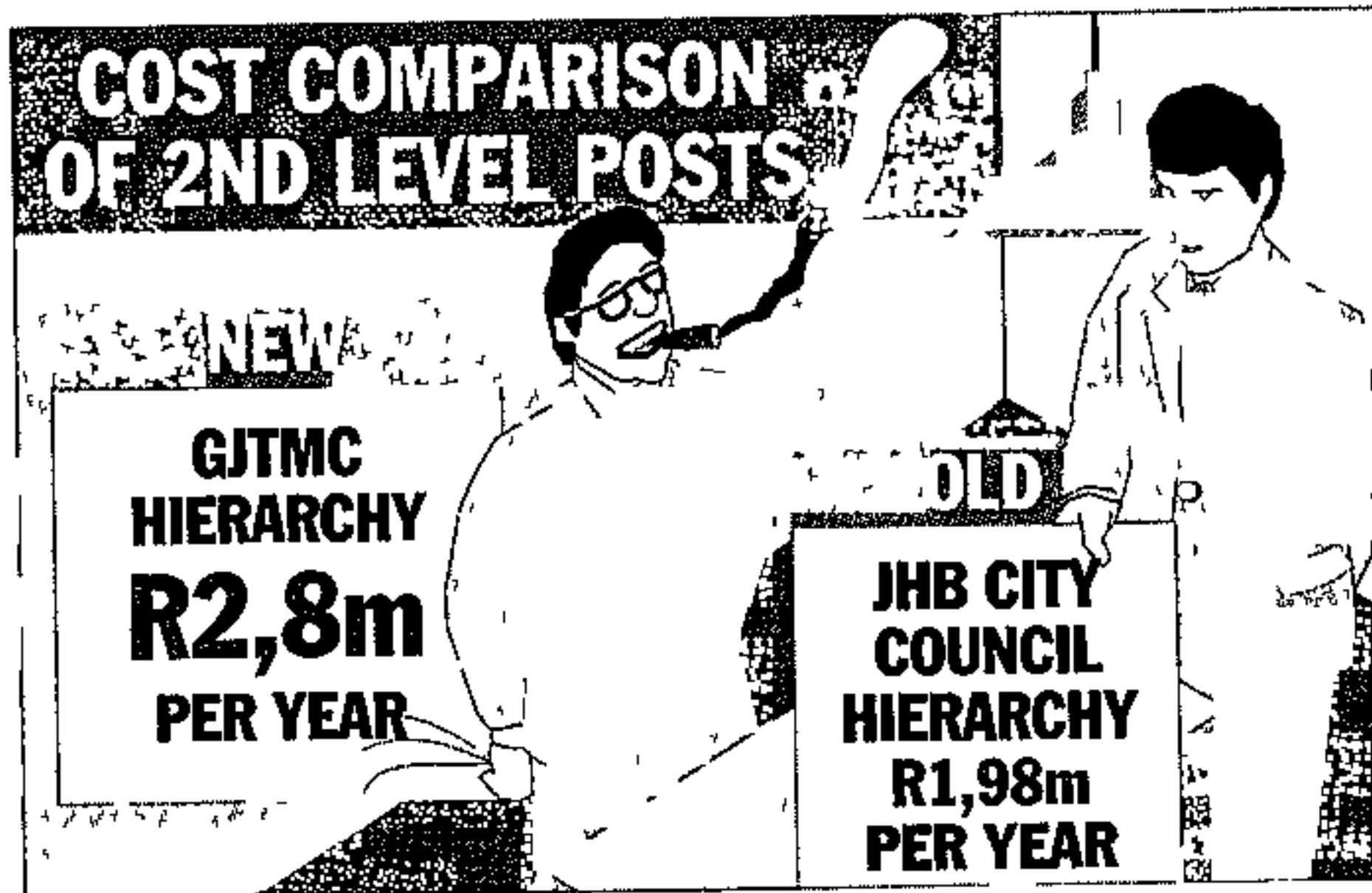
Sandton businesses, meanwhile, face a near-treble rates increase from 2,65c in the rand to 6,45c Randburg business

rates are to go up from 3,97c and Johannesburg's from 6,42c Roodepoort's will fall from 8,33c to the uniform 6,54c to be imposed

The TMC has also recommended that tariffs for water be raised 20% and wastewater 40%

It is also proposed that an assessment rate of 6,45c in the rand, with a 60% re-

bate, be set for single- and double-unit domestic properties This would mean a tax on Sandton residents of 2,58c in the rand (60% rebate included) compared with the 1,11c before Johannesburg and Randburg domestic rates will rise marginally, Roodepoort's will drop from 5,03c in the rand to 2,58c *Eddie Botha*



the former city council hierarchy

An executive-level cost comparison shows that taxpayers are paying R2,8m for the new brass, the former city council executives cost R1,98m (see graphic)

The nine "strategic executives" of the TMC earn R19 432-R21 544 a month "Strategic executive" is the name for former department heads of city councils who have been retained to head "clusters" — the new name for the departments As department heads, they used to get R15 750 a month but now rake in more than the R18 500 which the former Johannesburg town clerk earned

Apart from the "strategic executives," the TMC has approved the appointment of six "special advisers" to TMC CE Nicky Padayachee According to a document, a financial and economic adviser could earn up to R16 836 a month

The upper-scale remuneration levels for other advisers are administrative support service R15 664, performance monitoring R15 332, organisational transformation R13 556, strategic programmes R12 555, and co-ordinator in the mayor's office R8 872

The TMC's human resources department has still not been told of the salary structures for the special advisers

The TMC also recommends that nine

ARG 22/6/96

Bill sparks row over regions

■ From page 1

bill would strip the provincial government of its powers over the CMC and its six local councils and give control to the central government.

"It would mean that CMC could go right over the province's head and negotiate directly with the central government," he said.

Senator Ruth Rabinowitz, IFP, said the KwaZulu-Natal administration opposed the draft in its present form because it stripped the province of some of its powers.

There is also opposition in the Eastern Cape because the administration there felt there was too much emphasis on metro councils and not enough on strong local councils, on which traditional leaders were represented.

Director of local government in the Western Cape, George Oliver, said the Western Cape had been developing its own local government over the past two years.

He said there were agreements in place, such as the Metro Forum Agreement and the agreement on demarcation, which had been extensively negotiated with everyone involved.

"Our view is that what is needed is strong local councils, with a weaker metropolitan council to act mainly as a facilitator and co-ordinator," he said.

"Instead, we are faced with a proposal that the metro council should be able to bind the substructures with regard to policy, tariff, rates and so on.

"There is no mention in the draft of any negotiation on these matters, which gives the

impression that the local people will have no hand in deciding policy for their own area."

Mr Oliver said there had been a great deal of talk about the need for development of rural local government, but the issue had been practically ignored in the draft under discussion.

"Rural local government is a totally different concept from local government in urban areas.

"People have different needs and the same criteria just can't be imposed all over the country," he said.

A further objection which the Western Cape had to the draft was "the national department of local government and the national minister would play too great a role in local government".

Senator Rabinowitz said the interim constitution allowed for the provinces to structure their own form of local government, but the central government, in presenting the draft bill, was trying to override this.

The question of rural local government was of great importance in KwaZulu-Natal because of the role played by traditional leaders in regional councils, she said.

This was a patently unique situation in the province, she said, but "what the government is trying to do is disallow this form of local government".

The Democratic Party's spokesman on local government, Colin Eglin, said in his view the proposed bill was "putting the cart before the horse", because it had obviously been drafted before the final acceptance of the new constitution.

Bill sparks row over regional autonomy

JEAN LE MAY
Staff Reporter

ARG 22/6/96

A ROW is brewing between provincial governments and the Department of Constitutional Development over how much control the central government should have over local authorities, including metro councils.

A draft bill, provisionally entitled the Further Regulation of Local Government Bill, firmly cancels out any tendencies to federalism which could be inherent in the country's nine provincial governments.

The dispute started when copies of the draft bill were distributed for comment by provincial administrations before going to Minmec (council of national and provincial ministers).

The draft bill gives metro councils the right to formulate uniform property rates, levies and other taxes, which would be applicable to all local councils within the metro.

In practice, this would mean the Cape Metro Council (CMC) would be able to formulate uniform rates for all six substructures, taking a prime function away from the local councils. As an example, ratepayers in Simon's Town - which up to now has had its own town council - would have the basis on which they must pay rates and levies decided by the CMC, instead of by their elected representatives in the southern substructure.

The draft bill also removes the allocation of inter-government grants from the provinces and gives this crucial function to the metro councils.

It also lays down provisions for demarcating and delimiting electoral districts.

Western Cape Local Government minister Peter Marais said the draft

■ Turn to page 3

Provinces will have greater powers

CT 2/7/96 (262)

JOHANNESBURG: The new Constitution enhanced the powers of the provinces, Constitutional Assembly legal representative Mr Wim Trengove, SC, said yesterday.

Presenting evidence before the Constitutional Court on whether the new constitution complied with the constitutional principles set out in the 1993 interim constitution, he said provincial powers had been enhanced through the creation of the National Council of Provinces.

Chapter three of the new law of the land forced the provincial and national governments to co-operate from a position of trust. "It is significant in that it creates a new culture," Trengove said.

However, Parliament had to pass legislation to enact co-operation between the different levels of government.

Judge Ismail Mahomed said Chapter 3 was "lacking teeth" and relied on a culture of goodwill, trust and co-operation. Trengove said the Demo-

cratic Party's objections to the constitutional provisions which governed the resolution of conflict between the national and provincial governments, were unfounded.

Justice Mahomed said in the new constitution, national legislation could prevail over provincial legislation or a provincial constitution, if a dispute could not be resolved by a court. The Constitutional Court is expected to hear objections on the matter from the DP, IFP and NP today. — Sapa

Power to intervene in provincial governments is overkill,

Susan Russell

CENTRAL government's power to interfere in the powers conferred concurrently on provinces by the new constitution were "complete overkill", NP counsel Jan Heunis told the Constitutional Court yesterday.

The exclusive powers granted to provinces did no more than pay lip service to the constitutional principle that national and provincial levels of government should have both exclusive and concurrent powers.

"They (exclusive provincial powers) are only there because some such powers need to be there.

"They probably don't add to functions and powers of the province in the greater scheme of things," he said.

The court, which has the job of approving the final draft of the constitution, has spent the past two and a half days considering whether the distribution of powers between central government and provinces in the new constitution complies with constitutional principles agreed on at the Kempton

Park negotiations

The issue is just one of more than a dozen raised by groups objecting to provisions in the new constitution.

Judge Johan Krieger asked Heunis whether he was implying bad faith on the part of the constitutional assembly by using the term "lip service".

"No," Heunis replied. "It does what is required to comply with the constitutional principles and achieves that only by a very small margin."

He asked the court not to approve a constitution which contained provisions that could negate the rights of the country's minorities.

"This court is the ultimate guarantor of the new constitutional text," he said.

George Bizos, representing the Constitutional Assembly, said the compromises which afforded minorities the protection of the Constitutional Court did not mean the majority had abdicated their right to sovereignty

through elected representatives.

It would be fundamentally wrong to judge the constitution on the needs and aspirations of those who had argued for two and a half days for greater provincial powers and to ignore people who had other aspirations and fears.

On minority parties' complaints that the constitution did not give greater powers to the provinces in respect of the police, Bizos said the court could not ignore the violence that had

Continued on Page 2

PROVINCES

Continued from Page 1

occurred in parts of the country where it had been perceived at least that local commissioners were unwilling or unable to enforce the law. It was a legitimate expectation that people should want a united state where the rule of law was enforced and where the central government had the right to appoint regional police commissioners.

the court should be ruled by the will of the majority, but the constitutional principles gave the elected members of the constitutional assembly a wide discretion in drafting the final text.

The court should not interfere in the political judgments made by these elected representatives.

"We are not saying that the court should be ruled by the majority will of the people, but we cannot overemphasise that it is not the function of the court to decide fundamental questions such as how national unity can be achieved," Bizos said.

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(262)

SAYS NP

Was fair — Sinclair

Ingrid Salgado

BD 5/7/96

WITS University deputy vice-chancellor June Sinclair believed that her disciplinary actions at the height of student tensions at the university in 1993 had been "scrupulously fair" but she wanted, however, to dilute the public's image of her as simply the person who had "called in police" when students demonstrated.

Sinclair, who has been nominated to replace outgoing vice-chancellor Robert Charlton, was speaking at a Wits Business School seminar yesterday. Referring to a 1993 Supreme Court interdict she obtained prohibiting students from staging protests on campus, Sinclair said. "It was a hard thing to do and it saddened me."

Students called for Sinclair's resignation as a result of the interdict.

She realised she was unpopular among students she had disciplined, but "popularity is not necessarily crucial for the vice-chancellorship". Even President Mandela had taken a hard line against students who damaged property and resorted to violence.

Sinclair said she had not always agreed with the compromises that the university struck with students, such as when the administration relented in its decision to expel certain students and dismiss workers. "Protest action degenerated into unacceptable behaviour. We must either condone that kind of behaviour or not," she said.

Her vision of a transformed institution would see Wits becoming a modern city university that ensured "multiple interactions" with its students. It should discharge its responsibilities as a publicly funded institution in order to make a contribution to reconstruction and development through quality education.

Sinclair said government's financial aid allocations to students was crippling tertiary education. Research and instruction budgets had dropped substantially, with good academics leaving the sector due to poor salaries. Yet these problems did not suggest that Wits should not do "whatever it can" to undo the ravages of apartheid.

'Powers of traditional leaders being eroded'

Susan Russell

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BD 5/7/96

THE role of traditional leaders should not only be recognised but also explicitly protected in the new constitution, counsel for the IFP David Unterhalter told the Constitutional Court yesterday.

He said the new text contained no entrenched protection of the role of traditional leaders in local government at all. Failure to do so amounted to non-compliance with the constitutional principles agreed on during the Kempton Park negotiations, he said, since these had provided for both recognition and protection of the institution, status and role of traditional leadership.

The IFP was one of a number of groups, including the CP, Volksstaat Council and the Congress of Traditional Leaders of SA (Contraleasa) which submitted objections to what they contend is the new constitution's non-compliance with principles providing for self-determination and the role of traditional leaders.

George Bizos said on behalf of the Constitutional Assembly that the constitutional principle setting out the conditions for self-determination did not place a strong obligation on the CA to give effect to it. The principle contained conditions for self-determination which might be met in the future and was kept alive as part of the "solemn pact" between the negotiating parties at Kempton Park.

Hercules Booysse for the Volksstaat Raad said that to comply with the constitutional principles, some form of self-determination for Afrikaners had to be written into the new constitution. Self-determination did not mean secession.

Traditional leaders Chiefs Mwele Nonkonyana and Phathekile Holomusa, accompanied to court by Contraleasa treasurer

Winnie Madikizela Mandela, submitted that the new constitution failed to comply with the constitutional principles because it provided no role for traditional leaders in government at any level.

"The constitutional principles are very clear and unambiguous," Nonkonyana said. "I could have been fooled," Judge Ishmael Mohamed retorted.

Nonkonyana told the court Contraleasa also objected to the provision for the horizontal application of the Bill of Rights instead of restricting its application to relationships between the state and citizens. Horizontal application would have a negative effect on traditional values and norms, he said.

He submitted that while the constitutional principles entrenched the role of traditional leaders in all tiers of government the constitution provided absolutely no role for them in this respect.

Nonkonyana said this was an attempt to render traditional structures irrelevant, so that they died a natural death.

Holomusa said that while the new constitution recognised the authority of other courts in the country, including the Supreme Court and magistrate's courts, the same recognition was not afforded to those presided over by traditional leaders. The traditional courts should have been expressly mentioned, he said.

He said the constitution made it permissible and not obligatory for future governments to provide a role for traditional leaders in government.

In reply, Murrmo Moerane for the Constitutional Assembly said the assembly had attempted to solve the problem by formulating the provisions contained in the constitution, which he submitted complied with the required constitutional principles.

Bridging the divide to make

new local governments work

Nov 13/79 9b

(262)

Discredited democracy is a looming but easily avoidable problem, Mathole Motshekga tells JACQUI REEVES

Town and city councils are in danger of being discredited unless they are given more power to deliver the goods

While recently appointed local government officials have formulated creative visions, the old apartheid structures within which they operate appear to be lagging

Speaking with a tone of cautious optimism, Mathole Motshekga reserves the right to observe and criticise local government, keeping an eye on its effectiveness

From mauspicious beginnings as a laboratory assistant and tax collector, Motshekga now chairs Gauteng's standing committee on local government, is the deputy director of the African National Congress in the province and heads numerous legal associations

Solution

Focusing on constitutional and criminal law, Motshekga is part of a private law firm in Halfway House, something he prefers to do "for love, rather than money"

Discredited democracy, Motshekga says, is a looming but easily avoidable problem in South Africa

The solution, he says, is centred on community involvement "In the past, local governments were seen as Father Christmas, simply handing out

gifts from unseen structures

"This new government has got to represent the people it serves, a local government with a human face

"The community needs to be consulted with so that adequate and effective services can be offered - services that will have a genuine and positive impact on the people"

To many, Motshekga's words might appear somewhat out of line with recent developments

Many communities have elected various people to represent their interests in local government. However, the capacity of their representatives to deliver is where Motshekga focuses his attention

"Many people became politically mature in the struggle against apartheid, but it was also these people who did not have the resources to educate themselves formally

"What is needed is a body that can supply this education, creating more effective community representation," he says

Unless local government officials are given the tools with which to operate, the needs of the people they represent may not be met, resulting in an overall suspicion of the democracy they fought to establish

With this need in mind, Motshekga has established the National Institute for Public Administration Management (Nipam), in association with the University of South Africa

Nipam is offering a one-year certificate course in local government administration and management, focusing on understanding local government, technical expertise in municipal and metropolitan management, and rural needs

Town planning, tendering procedures, administrative law and committee systems are also covered in the course

With the backing of the Gauteng government and its premier, Tokyo Sexwale, Motshekga hopes local government will not be left entirely in the hands of politicians

"The course aims to get civil society and tertiary institutions involved to complement government and to encourage consultation

"Partnerships need to be formed between community bodies and government institutions, but without grassroots input, the partnerships will be ineffective"

As a fledgling democracy, extending support to the freedom fighters of the past is something close to this Fulbright scholar's heart

Battling to work as a black lawyer in the Pretoria of 1980, Motshekga left South Africa to pursue his studies in Germany

It was there that he met anti-apartheid groups and began working for the ANC

On his return to South Africa in 1984, he took up an academic post at Unisa. It was at the time

that the United Nations declared South Africa's constitution null and void

"As an academic I was able to use my position as a platform to agitate for change, which led to my being called to Lusaka for a briefing by the ANC," Motshekga says

From 1988 he helped the ANC to formulate local government policies, and when the organisation was unbanned, he brought political organisations and civic groups together

While he agrees that provincial governments have made huge strides in their local structures, he believes there is still a long road ahead

"To a large extent we have changed the labels and tinkered with existing apartheid structures, hoping something good would come of that approach," he says

"The divisions apartheid caused meant that this was the only route to take, but we have to now enter the process of ushering in bridging legislation"

Informed

The bridging legislation on local government is intended to help develop a system of cooperative governance between provincial metropolitan governments and their substructures so that provincial governments can make informed contributions on a national level

"The key phrase for successful local government is capacity-building. Once we have given South Africans the tools with which to build their provinces, the Government will finally be made accessible to all," Motshekga says



AT THE HELM

ENGINEERING CHANGE: We have tinkered with apartheid structures and hoped something good would come of that. Now we have to usher in bridging legislation, says Mathole Motshekga

Bill to grant local govt powers okayed

(262) Star 17/7/96

BY JOVIAL RANTAO
Political Correspondent

The Government is to publish draft legislation which will grant and define powers of local government structures, Constitutional and Development Minister Mohammed Valli Moosa has announced.

Moosa secured the support for the draft bill on further regulation of local government or "the bridging legislation" from the nine MECs in a meeting he held with them yesterday.

Once the bill is published, the public will be given 21 days to comment before it is tabled before the Cabinet for approval, and then in Parliament.

The "bridging legislation" covers the powers and functions of metropolitan councils and local councils, district councils, stand-alone local councils, rural councils and representative councils. It also deals with the alteration, re-demarcation and re-delimitation of municipal areas, and creation of a municipal demarcation board.

RURAL WRANGLES

(262)
FM 12/7/96

Using somewhat florid language, new Provincial Affairs & Constitutional Development Minister Mohammed Valli Moosa recently stressed the significance of the final round of local authority elections to parliament "The country will be covered from the Limpopo to Cape Agulhas, from Namaqualand to Kosi Bay with nonracial, democratic municipalities. This patchwork quilt is designed to give warmth and comfort to communities left destitute by the ravishes of apartheid.

"The developments in the local sphere stand out as a monument to the commitment of our nation to grass-roots empowerment and local development."

Part of that empowerment has to be economic — for quite some time, government has been stressing that only with credible local authorities in place could proper delivery of RDP benefits begin. Despite the housing of the RDP fund within the Ministry of Finance, the principle remains. Projects are under way.

Indeed, should the Constitution be certified, its Bill of Rights promises "access" to certain basic elements of life, such as

clean water, education and health care. At local level, the battle for public resources will intensify.

While the local elections in the Western Cape and KwaZulu-Natal have been judged reasonably free and fair, it's already apparent that Moosa's vision has been compromised — particularly in certain Cape rural areas — by party political squabbling over who deserves nominated representation on the transitional representative (district) councils.

A new report on the Western Cape elections co-ordinated by Stellenbosch-based Centre for Rural Legal Studies indicates that there were worrying elements in the poll — not least a lack of voter education. This appears to have been a factor — amounting to ill-preparedness — in the post-election malaise affecting some rural areas.

The extent of the problem is difficult to judge. But it has impeded the creation of district councils in these rural areas: Winelands, Overberg, Klein Karoo, Suid-Kaap, West Coast and Sentrale Karoo. According to the "rural model" devised by the dominant NP, 80% of the councillors were to have been voted into office, while the remaining 20% would be nominated by various interest groups, such as farmworkers and farm owners.

In the event, various associations and farmworkers' unions in the affected districts were unable to agree on their nominations. The provincial administration has accordingly made the appointments by proclamation — and the ANC is threatening legal action, because it feels the selection procedure favoured the NP.

According to a senior Western Cape Department of Local Government official, the wrangling had seriously delayed the setting up of district councils and the proclamation — by the provincial premier — was designed to break the deadlock since, the official says of the competing associations "You have to bring them together."

The ANC and NP are also at loggerheads at metropolitan level — with the NP, in alliance with the DP, appointing their own people to key positions. Since the NP-dominated Western Cape has opted to retain the unity principle in government, the snub does not augur well

for future multiparty co-operation.

The Stellenbosch report recommends that in future:

- Registration of voters should not be left to rural employers, since one consequence is political manipulation,
- Polling stations should be located nearer to where workers actually live, reducing their dependence on employers for transport,
- Party agents should be present at polling stations — they often were not — to ensure a free and fair poll,
- Political parties should train their representatives adequately, "explaining clearly their rights, powers and duties",
- Political parties denied access to private property to canvass — and to explain the nature and procedures of an election — should improve their complaints procedure in such cases, otherwise voter apathy increases, and
- In terms of voter education, "there was too much reliance on voluntary rural organisations, rather than on a provincial government-driven campaign."

In general, it was felt that "all political parties need to develop a presence in rural areas and ensure that rural civil society impacts on the creation of participative rural local government."

Moosa himself appears to have drawn similar conclusions. Speaking in Pretoria last week, he said preparations for the 1999 general election should begin now with the establishment of the Electoral Commission mandated by Section 190 of

the Constitution. He felt, too, that national, provincial and local elections should not be held concurrently.

Whether at district or urban level, RDP delivery depends, as it always has, on some kind of success for the Masakhane campaign. The SA Civics Organisation (Sanco), after a meeting with Housing Minister Sankie Mthembu-Mahanyele, agreed not to protect mortgage defaulters who were able — but unwilling — to pay. However, Sanco's Soweto branch has since demanded that new rates be frozen for a year pending consultation — or it will resume payment boycotts.

As matters stand, Moosa's "patchwork quilt" of democratic and responsible representation across SA still needs a lot of stitching. ■



Valli Moosa

Cities should be focus for growth

By ANN BERNSTEIN

Demographic and income realities are the context for South Africa's policy choices. But South Africans are notoriously loose in the way they use statistics and factual information. It is a dangerous habit.

Towards the end of 1995 the Centre for Development and Enterprise (CDE) completed a major study of the country's demographic and income trends, based on the Urban Foundation's earlier demographic and income distribution models. This study is the only integrated and comprehensive analysis of recent population and income trends.

Some important findings emerge from the study. A new South African geography is emerging in terms of which metropolitan areas (places of more than 500 000 people, of which there are eight in the country), cities/large towns (50 000-500 000 people in 45 places); small towns (1 000-50 000 citizens in about 500 different towns); and rural areas can be thought about in more rational terms than has been possible for almost half a century.

Although it is useful to impose this rational classification on South Africa's apartheid landscape, there are still important legacies from apartheid that must not be ignored.

Population projections for the country as a whole are lower than those current before 1992. The earlier estimates for the population size in 2010 was 59,7 million. Now CDE estimates the population will be 53,4 million. According to Prof Charles Simkins, who built a demographic model for CDE, "one of the reasons for the lower projections is that black fertility

has dropped more rapidly than was expected - an equivalent decline in fertility in a shorter period than it previously took whites"

The notion that black people have some permanent "cultural" predisposition towards large families is patently wrong.

All CDE figures come with an important warning attached. There are large and important areas of ignorance and uncertainty concerning South African statistics. These include the scale of illegal immigration and refugees and the pattern and rate of internal migration. In addition, the base of all our models is the 1991 census.

Although this census was better in some respects than earlier surveys, insufficient resources were devoted to capturing new and complex dynamics of an expanded population. These gaps and questions could have enormous significance for the numbers.

According to available projections there will be 5 million fewer South Africans in the metropolitan areas by the year 2000 than previously expected. However, the greatest share of South Africa's population increase is still expected to occur in the metropolitan areas.

CDE research forecasts that there will be 7 million more people in all the metropolitan areas in 15 years time. This will have enormous consequences for how we

plan, manage and govern our cities

Metropolitan areas are growing more slowly than expected. This raises questions regarding the accuracy of the 1991 census, particularly for the larger cities and the rate and pattern of internal migration. There is, however, still natural growth of urban populations and the scale of this growth must be planned for. Scale is the key criterion against which to assess the viability of policies.

Between 1985 and 1995, average income per capita rose for all

population groups except whites, who suffered a small decline. This translates into a gradual and widely diffused improvement in black living standards, despite a drop in real per capita income for the country as a whole.

The proportion of households in poverty dropped between 1985 and 1990 but rose slightly between 1990 and 1995 because of very poor economic performance between 1989 and 1993. It is clear that economic growth is the key ingredient in tackling national poverty.

In 1995, 43% of the South African population (17,8 million people) were still in rural areas. The pattern of poverty was much the same in 1995 as in 1985: 94% of all poor households were black, and 64% lived in small towns or remote rural areas. This does not mean that poverty in urban areas

should be ignored. There is substantial urban poverty which is potentially explosive.

There is no doubt that the metropolitan areas must be the focus for the country's economic growth. Why? All over the world, cities are the centres of innovation, growth, dynamism and ultimately the lynchpins for pervasive modernisation and development.

The vast majority of the country's current and future economic growth will take place in the cities and towns.

The more revenue generated in the cities, the more resources there are to "kickstart" development in rural areas and regions and ensure that every South African gets equal access to basic health care and education.

If South Africa is to attract new foreign and domestic investment the cities will have to be internationally competitive arenas for economic growth. The "high road" sees South Africa's cities harnessing the energy and talents of all citizens to create vibrant, livable environments and attractive arenas for economic growth.

We should aim to have the leading cities in Africa, competing with the best in the developing world.

National government's urban development strategy, the first of its kind, is an important document. The analysis and conceptualisation of South Africa's development challenges is, on the whole, well founded. But the document is not yet a strategy document.

■ Ann Bernstein is executive director of the Centre for Development and Enterprise.



SA 2000 THE ROAD AHEAD

<http://www.inc.co.za/online/star/sa2000>

New forum to link local and provincial government

By JACQUI REEVES (262)

Straw 27/7/96
essential services and create jobs

When things go wrong, politicians have a notorious reputation for passing the buck. Yesterday, the Gauteng provincial government announced steps to make politicians liable for their own mistakes.

The intergovernmental forum, launched by Sicele Shiceka, MEC for Development Planning and Local Government, will act as a link between Gauteng's local and provincial government.

The forum will comprise Gauteng cabinet members, mayors, chairs of the executive committees and chief executive officers. Officials were still debating the final structure of the forum yesterday afternoon, but had reached agreement on the general goals of the new body.

Shiceka said the forum planned to promote effective and developmental government that could rectify historical imbalances, provide access to es-

"The forum must foster coherent policymaking that will be coupled with ordered programme management," he said.

The forum plans to put in place a system of policy and resource allocation that will ensure the even development of the province.

"There has to be co-operation between the different tiers of government, so that we can deliver effective services."

"What we have now are people spending hours in queues, or being sent home, because no proper billing system exists."

"When these activities are co-ordinated it will lead to better service delivery and a better quality of life for communities," Shiceka said.

Shiceka warned that one of the greatest stumbling blocks for local and provincial government was competition between structures that should be co-operating.

PUBLIC SECTOR - LOCAL AUTH. - GENERAL

1996 - 1997

Table - Data

FORMULA AIMS AT PARITY IN EDUCATION AND HEALTH CARE

FM 9/8/96

(262)

Tough, testing time lies ahead

The Financial and Fiscal Commission has produced its recommendations for a new basis for allocating revenue to the provincial administrations. The plan will take five years to complete, but it could start in fiscal 1997-1998.

At the end of the process, money will be allocated to the provinces according to a mathematical formula, which will have, notably, the effect of substantially reducing existing direct allocations by the national government to two provinces — the Western Cape and the Northern Cape.

If the overall plan is implemented as proposed, the losses would be made up in the form of provincial tax surcharges, particularly in the richer provinces, without an increase in the aggregate tax burden. For the new arrangement to work well, many optimistic assumptions have to be fulfilled. If the *FM* warns of pitfalls, is that negative criticism?

The basis of the proposals is the final Constitution — which describes SA as a unitary State. Consistent with this, it awards the provinces only limited autonomous taxing powers.

Within the unitary framework, the principle of decentralisation of revenue collection and expenditure remains desirable, on the principle of diffusion of power. Ironically, there might

be benefit in SA's straitened circumstances in not having a fully fledged federation. The control of aggregate spending by the first and second tier levels of government is firmly in the hands of one authority only. To impose aggregate spending constraints could have proved far more difficult in a federation.

It will also be a procedural improvement that provinces will, upon implementation, be awarded an allocation based on objective criteria instead of queuing at the door of the director-general of State Expenditure, as in the past,

to await a discretionary allocation. (The decisions are, for the moment, in the hands of the Minister of Finance.) Perhaps of greater importance, the provinces will be able to set their own priorities between portfolios.

The commission has addressed itself earnestly as to how revenue should best be allocated, arriving at a seemingly equitable if complex formula based on a number of factors, of which the most important is population, adjusted for a poverty factor.

For a number of reasons, these proposals were not incorporated into the last Budget process, so the earlier proposals for 1996-1997 became a dead letter.

Those now published take into account a wide range of submissions, both from official bodies and from members of the public, plus the results of additional research by the commission itself, which emphasises that the underlying process is as important as the substance.

What remains unresolved is when and how parliament will address the issues. The proposals will also be put to the provincial legislatures.

Commission chairman Murphy Morobe notes that the present Constitution stipulates that provinces are entitled to "an equitable share" of revenues collected nationally. The latest proposals are based on ideas that the commission had submitted in 1995. It considered an objective for-

INTO THE FORMULA

Province	1997/98	1999/00	2001/02
Western Cape	8,064	7,393	6,529
Eastern Cape	14,006	14,215	14,267
Northern Cape	1,702	1,559	1,381
KwaZulu-Natal	13,992	15,861	16,529
Free State	5,226	5,286	5,267
North-West	6,578	6,838	7,025
Gauteng	11,270	11,576	11,537
Mpumalanga	4,715	4,925	5,058
Northern Province	9,663	10,358	10,969
Provincial government	76,216	78,010	78,563
National government	71,269	74,002	76,847

Province	1997/98	1999/00	2001/02
Western Cape	8,722	8,721	8,773
Eastern Cape	14,386	14,936	15,455
Northern Cape	1,810	1,761	1,712
KwaZulu-Natal	16,030	17,645	19,327
Free State	5,634	5,981	6,353
North-West	7,041	7,544	8,059
Gauteng	12,958	15,162	17,722
Mpumalanga	4,960	5,474	6,023
Northern Province	10,244	11,129	11,992
Provincial government	81,786	88,353	95,418

SOURCE: FINANCIAL & FISCAL COMMISSION

formula was appropriate, directed at the objectives of effective resource allocation, fiscal equity and the development of fiscally sound and democratically responsive provincial governments

The merit of an objective formula is the minimisation of subjective decisions and of undue manipulation

The formula provides for tax equalisation to compensate for fiscal disparities between the provinces ("horizontal disparities"), as well as unconditional grants based largely on weighted population figures to overcome vertical fiscal imbalances and differences in need. There should also be conditional grants to ensure minimum levels of certain services. The vertical division is based on the constitutional allocation of functions, according to which the delivery of some major services, such as education and health care, is the provincial responsibility. But both levels of government have existing commitments which must be honoured in the short run.

The commission emphasises that the services of only a limited number of national departments are related to population increase and some could even decrease over a five-year period. Hence, it should be reasonable to assume that allocations to the national government will increase more slowly than those to the provinces. This should enable the present extremely unequal provision of public services at provincial level to be corrected over five years.

The provincial grants formula should contain several distinct components

□ A minimum national standards grant, to enable the provinces to provide primary and secondary education and primary and district health care,

□ A "spillover grant," to provide for the financing of those services which have interprovincial spillover effects. This provides for the fact that not all provinces have academic hospitals, so residents of some provinces will rely on this function located in another,

□ A fiscal capacity equalisation grant to ensure that provincial functions are financed from an equitable provincial taxing capacity and "to encourage accountability and democratic institutions associated with the foundation of provincial legislatures." This will rise from 0,5% to 3,5% of the provinces' estimated personal income tax base over the introductory period),

□ An institutional grant to provide funds for each province to finance the core of

its legislature, as required by the Constitution, and

□ A basic grant to enable provinces to establish and maintain the institutions necessary for the fulfilment of their constitutional obligations according to their own priorities

The basic grant is based on weighted population. A weight of 25% is given to rural populations. The commission regards "ruralness" as a good proxy for differences in wealth, hence a good, easily calculated indicator of deprivation.

Table 1 shows the formula allocation per province over the relevant period. Table 2 shows projections of total revenue per province if government creates tax room and the richer provinces in particular raise substantial extra amounts through their own taxes, especially tax surcharges — with the necessary approval of government.

The intention behind the formula allocation is to achieve rough parity per capita in the provision of the two most important provincial services — education and health — over five years.

The commission proposes that central government should allow provinces to gradually develop provincial surcharges on income taxes. In order to make fiscal room, government would have to reduce its own individual income tax rates by seven percentage points. This would take four years, starting with fiscal 1997-1998. Until the necessary legislation has been passed for 1997-1998, the commission has proposed a grant in the formula called the "transitionally assigned surcharge."

Yet another problem is those provinces with a backlog in basic infrastructure. The commission suggests that remedial payments should not be incorporated in the basic formula. Rather, central government should make ad hoc grants where it considers this justified — as with natural disasters, such as drought.

The commission, we should realise, is simply doing its constitutional duty in making these proposals. It's the Constitution itself which has set ambitious objectives. That said, we still have to evaluate their practicality, especially in the macro-economic context. There will also be tension between the various constitutional obligations governing provincial finances and the constraints of fiscal reality, especially affecting speed of implementation. If these become critical, the issue might be thrown into the Constitutional Court.

The crux of the difficulties, the Constitution aside, are economic constraints.

Of equal importance is the issue of capacity. Will the new (and mostly weaker) provinces build administrative structures able to spend additional revenue effectively as and when it's allocated? We need a contingency plan to avoid another, unaffordable RDP-type fiasco. Some of the new provincial administrations hardly exist as yet, except on paper.

The administration of the Eastern Cape is in particularly serious disarray. Commonsense suggests current estimates of the time required to achieve effective administration will prove too optimistic.

The projections of population growth are also critical. The forthcoming census will plausibly disclose far more blacks than predicted. If so, all population-related parts of the formula will have to be recalculated, especially figures for the rural population weighted upwards by the 25% poverty index. The commission has allowed for this contingency, but arguably not enough.

A further reservation concerns the use of rural population as a proxy for a "poverty index." This does not take account of rural people who have recently migrated to urban areas, so under-reflecting the needs, notably, of Gauteng and the Western Cape.

What is supposed to happen is the creation of fiscal space by the shifting of a portion of the tax base to the provinces in the form of tax surcharges — to decentralise some decisions on revenue and expenditure and to make for greater accountability at the second tier of government. Sadly, this desirable process could increase the pressures on government to exceed the agreed tax ceiling of 25% of GDP. Any such emerging tendency must be opposed.

Further, has the commission been too optimistic in supposing that GDP will grow at a moderately increasing rate from the figure of 3% in 1996 and that the Budget deficit will be reduced?

Dangerous tensions could emerge as the provinces and government struggle to meet their respective commitments. The solvent is faster growth, for which the ANC alliance must resolve its internal tensions about economic policy.

Also essential the new SA Revenue Service must make rapid progress in rehabilitating the collapsing departments of Inland Revenue and Customs & Excise to achieve the collection of more tax at current rates ■

Provinces

Continued from Page 1

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government would have to decide how its portion would be divided among its departments. This would, for the first time, be done without an expenditure estimate from central government, with the provinces moving "a step closer to full autonomy", Smit said. The split between national and provincial government was determined partly by using the Financial and Fiscal Commission's draft formula and partly by extrapolating from existing expenditure, he said.

As central government intended to

cut the deficit from 5,1% to 4% of GDP, there would be a real decline in the budgets of national and provincial governments. However, the average decrease in provincial government budgets would be less than the drop in the central government budget.

The budgeted expenditure of certain provinces would be greater than those of other provinces.

No changes were likely this year in the timetable for the presentation of the Budget, despite discussion last year about presenting the Budget earlier in order to allow Parliament time to recommend adjustments.

Smit expected a three-year expenditure plan to be presented to Parliament for discussion early next year.

Bid for uniform rates across local authorities

Arav 19/8/96 (262)

BY SELLO MOTLHABAKWE
Soweto Bureau

All former black townships and informal settlements under the Greater Johannesburg Transitional Metropolitan Council (GJTMC) will henceforth pay rates and service levies similar to former white areas, in terms of a uniform valuation roll for Gauteng.

The measures, announced in terms of the draft Local Authorities Bill due to be tabled before Cabinet next week, aim at instituting uniform rates across all local authorities.

The rates came into effect on July 1.

Gauteng residents will receive statements with the new rates and services charges from the end of this month.

The office of Johannesburg Administration City Valuer George Nel said informal settlements had been placed on the val-

uation roll under the registered description of the property.

For instance, informal settlements such as Fred Clarke, in Soweto, will either be the registered property of the areas sub-structure, the GJTMC, or the Gauteng government.

Nel's office said, in cases where no individual stand numbers existed, the area would have a single entry. If the property had officially been laid out into different stands, there would be a separate entry for each.

Site values are determined in terms of the market prices of a property. The top structure and improvements to the property are also considered in determining the rates payable. If no sale prices are available, the cost of servicing the site in terms of infrastructure provision is taken into account.

Nel's office said impermanent top structures, such as shacks, would not be valued. However,

the legal owner of the property would be liable for the payment of rates.

The valuation roll for the GJTMC will include 200 000 to 240 000 properties that have never been valued for rating purposes before. The area has an estimated 500 000 properties and includes Soweto, Dobsonville, Diepmeadow, Alexandra and areas south of the Kliprivier.

The valuation rolls reflect the market values of properties within the GJTMC as of January 2 this year.

The interim constitution obliges local authorities to carry out a general valuation of all rateable properties at least once every four years.

Valuation rolls for all areas have been open for inspection from June 26 to August 26. Property owners may lodge objections against the valuation of their properties at various council offices.

Infrastructure plan on track

Robyn Chalmers

BO 15/8/96 (262)

GOVERNMENT'S municipal infrastructure programme, valued at between R60bn and R90bn over 10 years, was being discussed by stakeholders and a request for funding should be before Cabinet soon.

A provincial affairs and constitutional development ministry spokesman said yesterday that the programme was given priority at a meeting this week between the minister and provincial MECs.

Spokesman Mpho Mosimane said no decision had been taken on the programme, as it was under discussion by the various stakeholders. These included provincial government, local authorities, business, financial institutions and labour.

"There should be some movement on the programme before the end of the month, but no decision will be taken on the amount of funding required for the

scheme before it has been fully discussed," he said.

Government sources estimated recently that up to R4,5bn over two years could be requested to fast-track the programme, with the remainder of the funding expected to come from local and foreign private sector entities.

The programme aimed to make up the backlogs in municipal infrastructure such as roads, sewerage and water provision, with a strong focus on disadvantaged and rural areas.

It was expected that a range of financial mechanisms would be set up after discussions with the private sector. These were likely to take the form of a combination of grants from central government, concessional finance and private finance. Capital grants to local authorities were also under consideration to ensure basic services.

The Development Bank of Southern Africa was expected to play an important role in the programme.

from complete

Though the staffing and capacity-building of the Greater Johannesburg Transitional Metropolitan Council (TMC) is more or less on schedule, the empowering of its four subordinate metropolitan substructures (MSS) is lagging two months behind time

Delays are caused by the difficulty in advertising, screening and appointing staff to fill the newly created municipal posts. But officials expect the whole process to be completed by December 31.

The first step was taken in December 1994 with the creation of the TMC, the simultaneous dissolution of the previous local authorities and the creation of temporary "administrations" under the TMC's jurisdiction

All 35 000 municipal staff members are currently employed by the TMC where they have been acting as "agents" for the TMC and the various metropolitan substructures pending their transfer to the new administrations in terms of the staffing programme

The Gauteng premier's proclamation 24 of December 1994 originally delineated seven metropolitan substructures for greater Johannesburg, and designated the TMC the "authorised local authority" in terms of the Town Planning & Townships Ordinance of 1986

After the local elections last November, four metropolitan substructures were created in terms of the premier's proclamation 42 of September 1995

That caused confusion over whether the TMC or the substructures were the "authorised" local authorities

This gave rise to the premier's proclamation 14 of March 1996, designating the substructures as the effective adjudicator in matters related to the Town Planning, Townships and the Division of Land Ordinances

LONG DELAY

Tribunal hearings on opposed town planning matters were resumed in April. But the five-month delay in sorting out legalities caused a worrying backlog in application hearings, which is still hampering progress on some new developments. At the same time, premier's proclamation 15 of March 31 increased the powers and functions of the metro councils — especially in relation to macro planning and development

A new CEO for the TMC had been appointed in December 1995 (see graphic). This was followed by the appointment of CEOs for the four substructures in January and February. Most were internal appointments

Posts were advertised for the second reporting level, strategic executive, for both the TMC and the substructures earlier this year, and the first appointments (from existing staff) were made in May, followed by outside appointments in June and July. About half the strategic executives were internal appointments

Posts are being advertised for TMC and substructure executive officers to head the third reporting level. Internal appointments to these jobs are expected next month and external ones in October

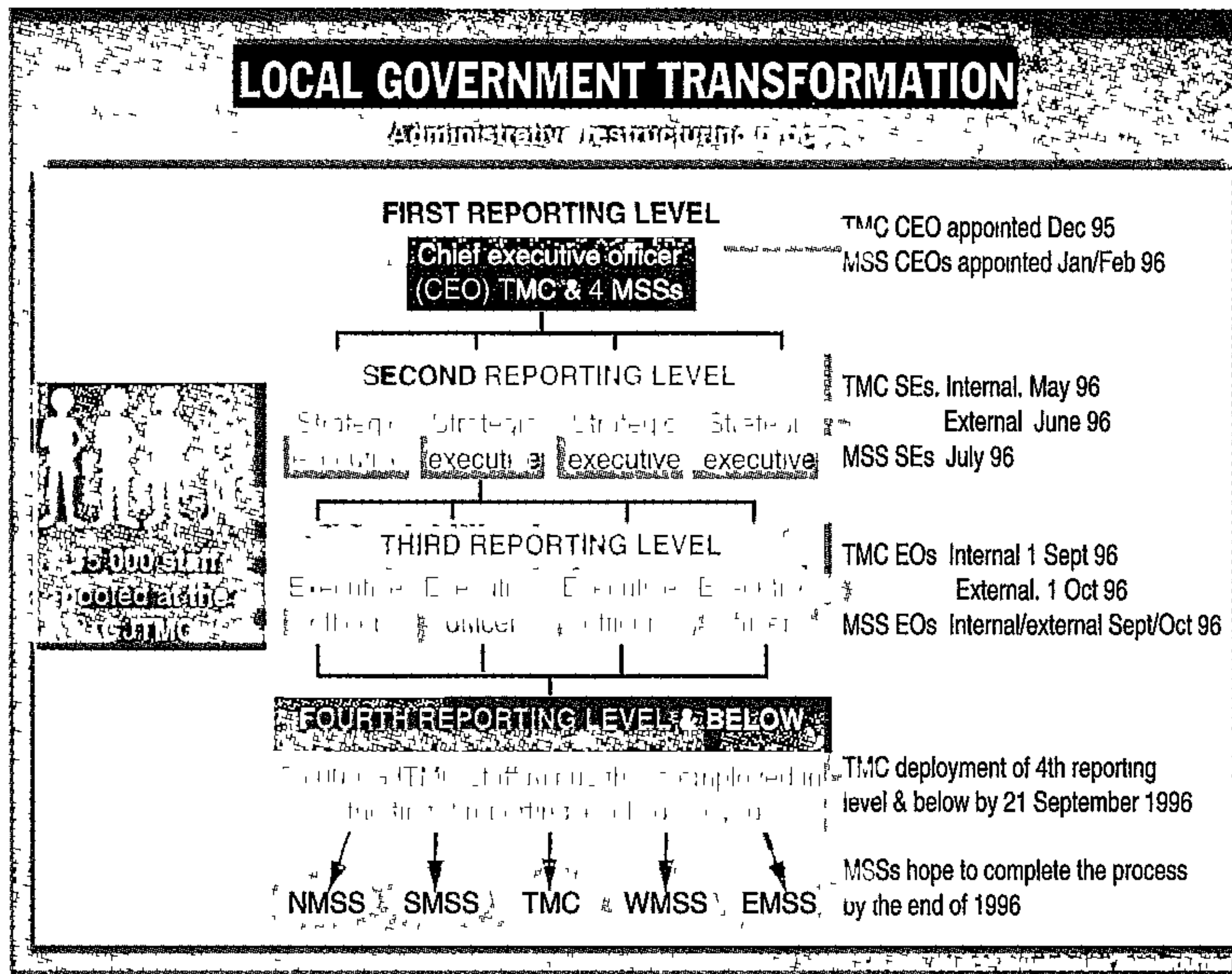
From the middle of next month deployment of the remaining 35 000 staffers to the fourth reporting level — the substructures themselves — will commence, and the whole process is expected to be completed by the end of the year

LOCAL GOVERNMENT

GAUTENG GEARS UP

Transforming local government structures in Greater Johannesburg has taken about 20 months — and the process is far

(262)
FM 23/8/96



Final local govt draft on the way

BD 29/8/96 (262)

Greta Steyn

THE department of constitutional development aimed to finalise changes to draft legislation on local government in about a week's time, director-general Andrew Boraine said.

The closing date for submissions on the draft Bill was August 22, and Boraine said "constructive improvements" had been suggested. The main areas on which comment had been received related to financial arrangements and political powers and functions of the local government structures.

Boraine confirmed the Katz commission on taxation had drawn attention to farmers' objections to the draft legislation, which they said paved the way for a land tax.

An SA Agricultural Union spokesman said the Bill empow-

ered rural councils to levy property rates, which boiled down to a land tax. "We find this extraordinary, as the Katz commission is still investigating the feasibility of implementing a land tax at the local level." The commission has decided against recommending the tax be implemented at a central government level. "We believe the same practical problems encountered at a national level will emerge at a local level."

Boraine said the draft legislation recognised the Constitution's acceptance in principle that property was a source of local government revenue. "The principle is that everyone with property is subject to a tax. But there are some practical problems," he said. The inclusion of the constitutional principle did not imply that government wanted to rush into a land tax.

Call for restructure of apartheid areas

CAPE TOWN — The apartheid geography of SA's cities, towns and rural areas should be restructured, a document tabled in Parliament proposed yesterday.

The proposal is one of the principles which could underpin a wide-ranging white paper on local government earmarked for completion in April next year.

Other principles tabled in an initial document at the National Assembly's constitutional affairs portfolio committee are:

□ The number of municipalities and councillors should be rationalised where necessary,

□ The transformation of local government institutional and administrative structures should be more effective, representative and accountable, and

□ Social and economic inequalities should be reduced.

Deputy director-general of the provincial affairs and constitutional development department Andrew Boraine said the aim was to prepare a discussion document for the local government summit in November, and to have a formal white paper approved by the Government in April next year.

Apart from Parliament and the

involvement of organised local government structures, an external advisory panel would be set up in the drawing up process.

The summit, in Durban from November 21 to 23, will be attended by about 3 000 delegates representing local government.

It will be addressed by President Nelson Mandela, with "some international in-puts as well", Boraine said. After the summit, the actual drafting of the white paper would start.

The National Assembly committee is to start discussing the principles next week. — Sapa

60 29/8/96

(262)

Local govt warned on salary bills

(262)

BD 11/9/96

Greta Steyn

THE finance department has warned local authorities that government will pull the financial plug on them if their wage and salary bills rise excessively

It is concerned that local authorities facing shortfalls will come knocking at its door for more money. Financial resources at local level are under extreme pressure and councils need to improve service delivery dramatically. The local authorities have a combined budget of about R45bn.

In a memorandum on local government wage and salary negotiations for this fiscal year, the chief director of intergovernmental relations, Ismail Momoniat, warned: "Local governments showing huge increases in their recurrent expenditure levels risk disqualifying themselves from both capital and recurrent grants and weaken their ability to secure loan and equity funding from public entities like the Development Bank of Southern Africa and the private sector."

Momoniat warned local authorities they would be expected to pay for all their recurrent expenditure — including the wage and salary bill — from their own revenue collected. A failure to recognise that wage and salary levels had to be affordable "could lead to the collapse of many local authorities"

Momoniat said yesterday the department was looking into the fact that some local authorities had set the salaries, inclusive of all benefits, of their senior officials at higher levels than those of a director-general in a national government department. The finance department also expressed con-

cern about the wisdom of permanent appointments for highly paid management staff. "We believe the appointments should have been done on a contract basis, rather than permanently." He feared that councils were sending out the wrong signals on salaries.

However, central government did not have the power to intervene on local government employment decisions. "There is a limit to what we are allowed to do in terms of the constitution, but our grants are conditional and we have pointed out that they can be withdrawn. We do not want local authority employment decisions squeezing out our ability to deliver on RDP infrastructure commitments."

His memorandum pointed out to local government that capital and recurrent expenditure this fiscal year could not increase by more than 10% respectively. In the most optimistic scenario, a 10% rise in the average salary and wages bill for a council would require a rise in total revenue of at least 0%. That assumed that personnel expenditure made up about 30% of the total budget and that other expenditure would not rise by more than the estimated 8,5% inflation rate. However, the share of personnel expenditure in some local authorities was closer to 70% rather than the 30% average. If local authorities failed to ensure salary bills were affordable, there would be serious implications for the RDP. Delivery would need real increases in rates and service charges which would probably be politically acceptable only if other costs were curbed.

Continued on Page 2

Local govt

BD 11/9/96

Continued from Page 1

(262) (56)
Momoniat said government had retained the control measures over local government finances of the previous government, but was working on refining them. A decision had been reached in principle on creating one fund for municipal infrastructure grants, but this would not affect a range of transfers that occurred via national line departments. At least R4bn in subsidies went to local authorities for implementing functions on an agency basis, such as in the health sector. "The system is opaque, and we have been con-

centrating on identifying the flows to be able to target the poorest and provide effective oversight."

Momoniat said government wanted to focus on shifting grants towards capital spending, although the R800m intergovernmental grant was still being provided for recurrent spending. The department was looking at ways of using such recurrent grants towards government's poverty alleviation strategy.

"The biggest problem facing the local authorities is that their customer base has grown but their revenue base is still the same. Adjustments will have to be made."

Government was encouraging local authorities to seek partnerships with the private sector.

Local authorities must resist temptation to work in isolation

(242) 00 17/9/96

LOCAL economic development is a priority for local government in SA. It offers a way of boosting jobs and incomes, and starting to redress the socioeconomic disparities within towns and cities. Despite big differences in national contexts, there are lessons to be learnt from more than two decades of local development experience in Britain. They may help to address some of the obstacles to delivery and to maximise the effect of public expenditure.

The principle of partnership is a strong theme in the UK. In many of Britain's deprived inner cities and peripheral housing estates, it has helped to reduce mistrust between communities and government bodies, and to promote dialogue around concrete programmes of action. Equally important, it has helped to engage the efforts of the private sector for public benefit by 'levering in' investment.

Co-operation between public and private institutions is bound to be important in SA in view of the direction of macroeconomic policy and the constraints on public resources and institutional capacity. Yet there is little understanding of the development industry or experience of public-private partnerships in local government in

SA, because of the traditional top-down, regulatory style of planning. There are many kinds of development partnerships, with different objectives and operating at different spatial scales.

Some are concerned with large property-based projects on specific sites. They aim to increase the economic effects of physical development and to attract investment, jobs and incomes to neglected areas. Local authorities play a key role in acquiring and assembling appropriate parcels of land. Over time they have learnt to negotiate agreements with private developers that mean sharing the financial risks and participating in the rewards.

This gives them greater control over the character and timing of development, and encourages bolder proposals. Land is not simply sold off to the highest bidder. Instead councils have tried to secure higher value-added activities and better quality jobs, as well as public amenities such as leisure facilities and housing as the "planning gain" from commercial development. Improved understanding of the property

industry has meant councils have learnt to influence investors' location decisions and target jobs more closely to areas of need. Preparatory investment in landscaping and security are sometimes necessary to bring vital industrial development to unattractive 'brownfield' locations. Useful efforts have also been made to persuade relocating firms to train unemployed local labour.

A second type of partnership is focused on larger run-down districts within cities. The object is to regenerate the locality as a whole by improving employment prospects and the quality of life for residents. Partnership structures involve representatives of the community, local government, major utilities and the private sector. Their purpose is to mobilise the contribution of each sector to local development and to co-ordinate and integrate their efforts.

Constructive interaction between different interests can also reduce mutual suspicions and tensions. Each partner is accountable to the collective, which can generate unstoppable momentum for action.

Community representatives provide a

The British example could inform the process of local economic development, writes Ivan Turok

crucial impetus for change. They understand and articulate local needs, and afford legitimacy among residents. Private sector representatives provide a link to the requirements and procedures of investors and employers. Public bodies afford access to their decision-making procedures and the means to improve basic services and infrastructure. Experience shows that the individual representatives on the partnership need to be senior personnel with authority to take decisions and exercise influence within their organisations. Flexibility and pragmatism are key ingredients of success.

Such partnerships usually require the establishment of special purpose regeneration agencies to act as catalysts for local development. Their function is to initiate projects and deliver services beyond the scope of the principal partners, including advisory services for small businesses, training for the unemployed and technical support for community enterprises and self-help initiatives. Many are time-limited rather than permanent structures.

They operate within a policy framework

established by the broader partnership, with specific targets and deadlines. They provide crucial organisational capacity to get things done and discretion to tailor programmes to local conditions.

They may take the legal form of local trusts or non-profit companies. Their independent status allows fund-raising from a range of sources and a proactive rather than bureaucratic style of operation. The most dynamic are headed by go-ahead "social entrepreneurs" with vision and commitment to their communities.

In recognition of the limits of isolated local initiatives, there has been increased emphasis recently on a third type of city or regionwide partnership. They provide a strategic context and overall direction for local initiatives, to ensure consistency with broader policies and processes. This is particularly important where public and private investment trends need reorientation towards neglected areas, through for example strong spatial planning frameworks.

Such partnerships also aim to avoid unnecessary duplication of effort and wasteful

competition between localities. They may involve a group of neighbouring local authorities and other public agencies collaborating on aspects of economic development such as inward investment promotion. Competition would be divisive and mean bidding up the level of incentives offered to companies with no net gain to the region.

Local authorities also co-operate on specific projects and services where there are significant economies of scale and administrative savings to be gained, such as investment funds for small firms, technology and export programmes, and measures targeted at specific industrial sectors or firms with growth potential. Some of the most effective initiatives work closely with banks and venture capital institutions to lever in additional funds, through for example sharing part of the risk of small business loans.

As local authorities in SA formulate their economic development policies and programmes they should resist the temptation to act in isolation and consider closer collaboration with local communities, private sector and neighbouring authorities.

□ Turok is professor of urban economic development at the University of Glasgow

'Most of the work, but little power' for the provinces

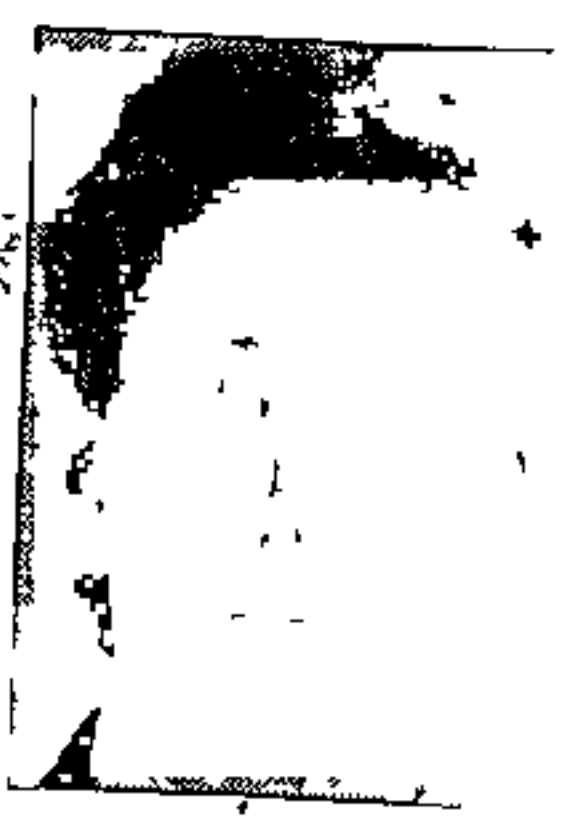
Cape Town - Within 10 years, provinces could be doing the bulk of the work of government. But it is unlikely they will have gained significant increases in their powers, rather, they will be acting as the agents of central government.

This is the prediction of Valli Moosa, Minister of Provincial Affairs and Constitutional Development.

With the Constitutional Court having sent back the new constitution to the drawing board because of the new text's diminution of provincial powers, hopes flourished in the hearts of federalists that this would herald gains for provincial governments.

The reality is that the flaw in the draft could be corrected by doing little more than reverting to the status quo of provincial power laid out in the 1993 interim constitution.

The court had to rule whether the new constitution was in accord with principles entrenched in the interim constitution. Among these principles was one stating that the powers



VALLI MOOSA

of provincial government were not permitted to be diminished substantially by the new text. But, in certain areas, including provincial control of policing, provincial powers were reduced.

The solution, Moosa said, was to ensure that the revised version of the new constitution would give as much power to the provinces as they had in the interim constitution.

The court's judgment had pointed to a number of areas where provincial powers were increased, and to instances where they had been decreased. On balance, this amounted to a diminution of powers, although not a substantial one.

The fatal flaw was that negotiators had agreed to increase significantly the overrides which central government would have over the authority and decisions of provincial government. Solving the problem of these overrides would be a key to ensuring the new constitution was compatible with the entrenched principles.

(262)

Star 21/9/96

Provinces to have powers over local finances

(262) BD 23/9/98

Linda Ensor
CAPE TOWN — A shift in central government thinking on provincial powers over local authorities' finances had occurred, which would be incorporated into draft legislation, Western Cape local government MEC Peter Marais said.

MECs, who would be able to monitor permanently the finances of local authorities MECs would be empowered to sanction those which strayed from municipal ordinances. Sanctions would include withholding transfer of inter-governmental grants and other administrative measures.

MECs would also be able to issue proclamations on the division of powers between metropolitan and local councils. The power to amend existing proclamations would revert back to provincial governments from central government which would, however, have to be consulted on these changes.

Marais said the agreements reached at Minnec would be incorporated into the Further Regulation of Local Government Bill, scheduled for submission to parliament early next year.

"There is now greater awareness that central government cannot possibly control more than 800 local authorities from Gauteng," Marais said. He believed that a "somersault" had taken place in the trend towards centralisation — and some "backpeddling".

Provincial MECs argued that they needed the power to make timely interventions in the finances of local authorities and to prevent them taking decisions which had a negative impact on ratepayers.

'Unified leadership to strengthen Western Cape NP'

Linda Ensor

BD 23/9/98

CAPE TOWN — The combination of political and executive leadership in Western Cape by premier Hennis Kriel would add dynamic impetus to the growth of the NP in the province, local government MEC Peter Marais said at the weekend.

Kriel was expected to be elected this week as provincial leader of the party at the congress in George to replace the outgoing Dawie de Villiers, the former environment and tourism minister, who announced his departure last week.

The premier has been prevented from doing anything really decisive as he was not yet political leader. His election would mean we would have executive action with political leadership. This would create an entirely new NP, Marais said.

As a "hard-core federalist", Kriel would also place greater emphasis on issues affecting the Western Cape, and on a system of concurrent powers between provincial and central government.

While supportive of De Villiers, Marais said that having a provincial leader who was a national MP and Cabinet minister had meant that there was a greater focus on national, rather than provincial, issues.

The party also suffered from a lack of accessibility of the leader," he said.

As the NP in the Western Cape formed the backbone of the NP nationally, Marais

The congress was expected to elect Marais as one of the three deputy chairmen in place of Kriel, the other two positions possibly being filled by MP Maretha Badenhorst and police MEC Gerald Morkel. Other candidates included NP MP Erik van Deventer and MP Patrick McKenzie



run

Laws aim to put councils in step with market trends

CLIVE SAWYER
POLITICAL CORRESPONDENT

(262) ARG 25/9/96

The government has proposed legislation which will give city and town councils a much freer hand in choosing their chief executives.

Instead of being bound by complex laws, the pay of top municipal officials can be negotiated in line with market trends.

Also to be abolished is the controversial system of grading municipalities, used as a basis for determining the pay of town clerks and other employees.

Minister for Provincial Affairs and Constitutional Development Valli

Moosa has tabled bills to repeal the Remuneration of Town Clerks Act and Profession of Town Clerks Act.

The Profession of Town Clerks Act, passed in 1988 and amended in 1992, provides for a national register of town clerks, administered by a board appointed by the minister.

To be registered, prospective town clerks have to be older than 21, be "fit and proper people", and have appropriate educational qualifications and practical experience.

The Remuneration of Town Clerks Act Repeal Bill will do away with the controversial legislation by which municipalities have been graded since the act was first passed in 1984.

Rescue plan to ward off crisis in local govt

Drew Forrest

GOVERNMENT has formulated a rescue plan to head off an impending crisis in the finances of many newly elected local authorities

The first to be targeted for help, officials said yesterday, were 95 councils identified as lacking sufficient resources to cover payment of a month's wages to staff

The plan, which provides for the constant monitoring of council finances and provincial crisis intervention, is seen as complementing the Masakhane campaign.

It was unveiled in Pretoria yesterday by Constitutional Development Minister Valli Moosa after being endorsed on September 19 at a joint meeting between Moosa, Finance Minister Trevor Manuel and provincial finance and local government MECs

The plan flows from "Project Liquidity", launched late last year to monitor the deteriorating cash-flow positions of municipalities. Just over half the 800 councils in SA, accounting for 90% of local government revenue and expenditure, were surveyed

The research, officials said, high-

lighted a looming crisis in many local authorities. It showed that in June this year 95 councils had insufficient cash to cover one month's wage bill, and that since June last year unpaid rates and service charges had climbed from R5,2bn to R5,6bn. As a percentage of rates and services income, debts had risen from 25,1% to 27,2%. Between R2,4bn and R3,2bn was "unnecessarily" tied up in debts

Other findings were:

□ Council debts to Eskom had risen 22% over the past year, to R938m, while 48 councils had insufficient cash reserves to pay the corporation. Sources said some councils were withholding payment from major creditors, like Eskom, in order to pay salaries and other debts,

□ Grade 10 to 15 authorities — metropolitan councils, their substructures and large transitional local councils — were able to bill only 74% of residents for services, while only 69% of all accounts rendered were paid on a regular basis,

□ Nearly half the local authorities had a "restricted or non-existent" ability to apply credit control, and

□ There were consistently more elec-

tricity disconnections than reconnections, which suggested that illegal reconnections were taking place on a large scale

Moosa stressed that local government transition had started from a state of inherited crisis

Black councils were bankrupt, in a state of administrative collapse and politically discredited. There were vast service backlogs and residents did not pay rates or service charges.

Transition had also entailed certain costs, including additional election expenses and urgent interventions to clear service backlogs

The rescue plan involves constant monitoring of the finances of all municipalities by the constitutional development department

It is proposed that the councils' treasurers will be placed under a legal obligation to report key financial indicators.

Crisis intervention, however, is to be the responsibility of the provincial MECs assisted by provincial task teams

The Further Regulation of Local

Continued on Page 2

Finances

Continued from Page 1

Government Bill, earmarked for enactment this year, will strengthen the powers of MECs to intervene.

Councils will be investigated to establish "core reasons for non-performance". Those diagnosed as terminally ill will be required to commit themselves to a financial management sup-

port programme as a condition for receiving further grant or loan finance.

Officials said a key element of the plan was to create provincial capacity for effective intervention.

This might mean the expansion of provincial staff complements and the appointment of private auditing firms.

The government would also meet the Interim Consultative Body for Organised Local Government to discuss the possibility of redeploying municipal manpower

Cash-strapped local councils owe millions

Star 1/10/96 (262)

About R5,6-billion is outstanding on rates and service charges, and Eskom is owed nearly R1-billion

By JOVIAL RANTAO
Political Correspondent

The non-payment of rates and service charges by many residents now stands at R5,6-billion while local authorities owe R938-million to Eskom for electricity supplies, according to new statistics released by the Government.

The figures also show that 48 local councils have insufficient cash reserves from their revenues to pay Eskom and 95 councils did not have the money to cover one month's wages to their employees.

Provincial Affairs and Constitutional Development Minister Mohammed Valli Moosa said yesterday the figures were the results of a survey - Project Liquidity - conducted for the Government by the Institute of Municipal Treasurers

and Accountants as well as officials of his own department.

Dr Chuppy Olver, a chief director in the department, said the total value of outstanding debts for rates and service charges represented a deterioration of 25,1% to 27,2% for the 12 months from June 1995 to June 1996.

He said of particular concern to the Government was the inability of large local authorities to deliver accounts to 74% of residents and the fact that only 69% of all accounts rendered by local authorities were paid on a regular basis.

He said 47% of the local authorities surveyed had a restricted or non-existent ability to apply credit control measures.

The ministry yesterday also released a programme of action and a framework for intervention which has the approval of the

Finance Ministry and the relevant provincial MECs.

Moosa said a transitional financial strategy was being put in place to match the constitutional, legal and political transition process taking place at local level.

"(This) will include better targeting of intergovernmental grants, further clarification of municipal financial powers in bridging legislation, and a comprehensive review of the local government tax base and intergovernmental financial arrangements.

"The primary responsibility of elected councillors in building a sound local revenue base must be emphasised," Moosa said.

He said the Further Regulation of Local Government Amendment Bill, which will legislate, among others, improved financial management, will be presented in Parliament soon.

CT 1/10/96

Municipal debt stands at R5,6bn

□ From Page 1

(262)

cial strategy has to be put in place to match the constitutional, legal and political transition process taking place at the local level

"Work on this process has begun in conjunction with the Department of Finance and will include better targeting of inter-governmental grants, further clarification of municipal financial powers in bridging legislation and a comprehensive review of the local government tax base and intergovernmental financial arrangements.

"The primary responsibility of elected councillors in building a sound local revenue base must be emphasised," Moosa said.

He said the Further Regulation of Local Government Amendment Bill, which will legislate among other items, improved financial management, would be presented in Parliament soon.

Moosa said other parts of the programme of action included an on-going process to monitor and collect data through Project Liquidity and the urgent establishment of sound revenue collection procedures

"For Project Liquidity to be successful, it is essential that it's directly linked to the Masakhane campaign," Moosa said.

"The political support of councillors for both Project Liquidity and Masakhane will be of cardinal importance

"Only by supporting both these projects will elected councillors be fully involved in building their communities," Moosa said

New initiatives to revitalise Masakhane were being undertaken by all relevant role players, he said

Moosa said both his ministry and the Finance ministry had adopted a comprehensive programme of capacity-building to deal with the financial crisis

This included building administrative infrastructure in rural municipalities, training councillors in these communities, comprehensive restructuring of the system of local government training boards and introducing a "mentoring" programme for municipal treasurers — Own Correspondent

Councils too broke to cover salaries

3 Municipal debts soar to R5,6bn.

Debts soar to R5,6bn

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According to the care givers who look after him, will probably continue his life

PICTURE: BENNY GOOL

PRETORIA: The training of municipal officials to better administer their affairs and to send out bills and collect debt more efficiently are among measures to be taken to fill municipal coffers.

OUTSTANDING debts due to the non-payment of rates and service charges stand at R5,6 billion and local authorities owe Eskom, the national electricity provider, a whopping R938 million, according to statistics released by the government yesterday

The statistics reveal that 48 local councils have insufficient cash reserves to pay what they owe Eskom, while 95 councils haven't enough money to cover one month's salaries to employees

According to figures released by Eskom in July, Cape Town owes R5,6m for electricity provided to local authorities

The debt was inherited from the iKapa council and iKapa was third on an Eskom list of former transitional local councils that had amassed debts. In August the Western Cape owed R275,2m according to the department of Provincial Affairs

Provincial Affairs and Constitutional Development Minister Mr Valli Moosa said the figures were taken from a survey titled Project Liquidity conducted on behalf of the government by the Institute of Municipal Treasurers and Accountants and his department

"Project liquidity was launched to monitor municipal finances and cash flow," he said

Dr Chippy Olver, a chief director in the department, said the total value of outstanding debts for rates and service charges represented a deterioration of 25,1% to 27,2% for the 12 months from

June 1995 to June 1996

Olver said that of particular concern to the government was the inability of large local authorities to deliver accounts to 74% of residents and the fact that only 69% of all accounts rendered by local authorities were paid regularly

He said 47% of the local authorities surveyed had a restricted or non-existent ability to apply credit control measures

"While this shows an improvement from 56% in June 1995, it's nevertheless unacceptable

"You cannot speak of a boycott when you cannot deliver accounts and institute proper credit control measures. The issue of non-payment of service charges will not be resolved if this situation does not improve," Olver said

Reasons for the unhealthy state of affairs were given as financial management problems, which include lack of credit control because of institutional and political constraints, and poor short-term cash management, including the management of assets and liabilities

There were also institutional management problems, which included the lack of administrative and technical rationalisation and the lack of right-sizing of municipal services and service levels, tariffs and mechanisms dealing with the poor

The ministry yesterday released a plan of action and a framework for intervention which has the approval of the Finance ministry and the relevant provincial MECs

Moosa said a transitional finan-
Turn to Page 3

Study urges a city priority rethink

Robyn Chalmers

GOVERNMENT needed to rethink the way in which SA's large cities were governed if they were to become globally competitive, Centre for Development and Enterprise executive director Ann Bernstein said yesterday.

Launching the first in a series of six reports on SA's largest cities, she said the national economic growth strategy should have the role of cities as a priority.

"To neglect cities is to jeopardise national development. Only by becoming globally competitive can SA

cities generate resources to cope with basic needs, reconstruction and racial reconciliation," she said.

The bulk of SA's GDP was generated in its cities and towns, and government's macroeconomic programme depended on a successful approach to the big cities.

At present, government is not geared to deal adequately with this challenge. We need to know that urban strategy is being given sufficient attention by Cabinet.

The report found that the present focus on issues in SA cities was lopsided, with too much attention being paid to dealing with the services and

other backlogs inherited from apartheid — although this was an important issue.

Economic development issues — the only way in which resources would be found to meet the backlogs — were being neglected. To date, the debate on urban policy had mainly focused on integrating local government and providing housing.

The report said within a new global economic framework SA's development priorities had to be reassessed. The nature of modern economic development had to lead cities towards focusing on three areas: the provision of infrastructure

for economic growth, the central importance of education issues and the need for adequate health care.

The current focus on the need for powers at provincial government level had eclipsed any discussion of the power of the large cities. SA's large cities did not have many of the powers required to compete effectively with other cities in the world.

These could range from the power to offer tax incentives to new investors to the right to build an international airport or improve the quality of education.

See Page 13

Court stenographers return to work pending meeting

Deborah Fine

ALL Rand Supreme Court stenographers resumed their duties yesterday after refusing to record legal proceedings on Monday to back their demands for higher salaries and better working conditions.

They have agreed to remain in court and operate the machines which record proceedings pending the outcome of a meeting tomorrow afternoon. The meeting will be between the management of Data Vyf — the private company which em-

plains them — Transvaal Judge President CF Eloff, Deputy Judge President HCJ Fleming and representatives from the Media Workers' Association of SA, to which most of the stenographers belong.

Data Vyf has a contract with the justice department to provide stenographic services. Most criminal and civil cases were stood down on Monday after the stenographers locked the machines and left the court rooms in support of their demands for a minimum salary of R1 800 a month, a

thirteenth cheque, pension and medical aid benefits. They claimed to be earning between R1 200 and R1 400 a month with no set bonuses or other benefits, and alleged Data Vyf had refused to acknowledge their demands despite several months of negotiation.

The Witwatersrand attorney-general's office issued instructions during the protest that courts should not attempt to unlock the machines or make use of them as it was not the duty of court officials to intervene in labour disputes or the private contract between Data Vyf and the justice department.

It is understood that Eloff sent a letter to Data Vyf in which he acknowledged the stenographers' "needs and aspirations" and urged the company to give the demands "serious consideration".

Data Vyf MD Marais Nel said yesterday he had not yet received the letter. The company has denied refusing to consider the demands, claiming salaries are dependent on the contract negotiated with the justice department.

SA's cities must think globally to prosper

In the future, success will come to those companies large and small that can meet global standards and tap into global networks. And it will come to those cities, states and regions that do the best job of linking the businesses that operate within them to the global economy
 — Rosabeth Moss Kanter, Harvard University

SA's attempts to transform unequal and segregated cities and provide adequate services and infrastructure must be made with a changing world economy and the demands of a tough global marketplace in mind.

The liberalisation of world trade and the influence of regional trading groups (such as Nafta or the EU) will start to reduce the competitive advantages of countries while leaving those of cities untouched. Increasingly the sites of global competition — places from which companies will compete — will be cities.

Cities can no longer be seen only as places where people live and governments deliver services, but rather as arenas for economic, social and cultural development.

With greater mobility for people and economic activities, within and between countries, cities are increasingly competing with one another for investment.

The roles of cities are being defined in terms of other cities within the "borderless" global economy, rather than as local entities within closed national economies.

Cities act as barometers of pressures in the wider global economy. As a city becomes integrated with the international economy, it is disciplined by the importance of its external markets and by the activities of competing cities.

In the global economy, cities must link flows of products,

people, information and finance between often distant sources and destinations. Managing these flows as well as retaining fixed sources of production has become the essence of the city's function.

Cities are the new arenas for economic competition in the global marketplace. Not all cities will share the same fate. There will be winners and losers. The new global era has sharpened urban differences and created multiple networks that carry out different economic functions.

For example, when American Airlines reorganised its flight

information processing system, it started Caribbean Data Services in Bridgetown, Bogota, Columbia, is now the world's second largest exporter of cut flowers. Sialkhot, Pakistan, produces most of the world's footballs and Scottish bagpipes. No city should assume that the future will be like the past and rest on its laurels.

Globalisation poses a real threat to "business as usual" for cities all over the world — while simultaneously providing exciting new opportunities for their growth and prosperity.

Large cities that do not find ar-

(262) 20 9/10/96

Cities are becoming sites of competition, and Ann Bernstein writes that SA should review its priorities on the development of large urban areas

gets in this area?

We must fundamentally rethink the way in which our large cities are governed. It is time to stop thinking of "local government", and concentrate on big city management and government.

The demands of a small town and a metropolitan area are fundamentally different.

The image and status of city politicians need to be changed if high-calibre people are to be involved in leading the country's cities. Do we need executive mayors, for example?

The focus in SA cities is lopsided. Urban priorities will have to be chosen through an economic lens. Only by becoming globally competitive will our cities be able to generate resources necessary to cope with historic backlogs, new needs and racial reconciliation.

The nature of modern economic development makes it essential for cities to focus on three new areas: infrastructure for economic growth (communications and transport), education and training, and health.

In all three areas the focus has to be on creating both centres of excellence and mass access to opportunities. These crucial issues are too far removed from the present priorities and influences of SA's cities.

Large cities in SA do not have many of the powers required to compete effectively with other cities in the world economy. They do not have the authority to become entrepreneurial and flexible global players.

The future of the country depends on SA's cities becoming globally competitive.

Macroeconomic policy makers in government, business and trade unions need to start taking the "where" of production and trade very seriously indeed.

With the vast majority of the country's gross domestic product generated in the cities, the future of large cities is their business.

Government's macroeconomic programme must link up with — and indeed depends on — a successful approach to the big cities. To neglect the cities will be to jeopardise national development.

At present, urban issues are dealt with in many central government ministries. Is urban policy being given sufficient attention by Cabinet? Is urban strategy a top priority for government? What are the objectives, timetables and tar-

The future of cities is not incidental to business interests, but absolutely central to them. Business leaders need to link urban strategy to their macroeconomic vision. Cities must move up the list of priorities for SA business.

World-class companies need to operate in world-class cities and world-class regions.

Every city needs a vision of its future. This vision must define a place for the city in the global or the regional economy, it must be "owned" by all key stakeholders in that city, and it must identify competing cities for its niche in the globaleconomy.

With such a vision, the city's leaders (public and private) can determine priorities and make the trade-offs that will inevitably be required. And then the vision must be marketed nationally and internationally.

SA must focus much more attention on its largest cities and what is required to help them become globally competitive places in which to live and invest.

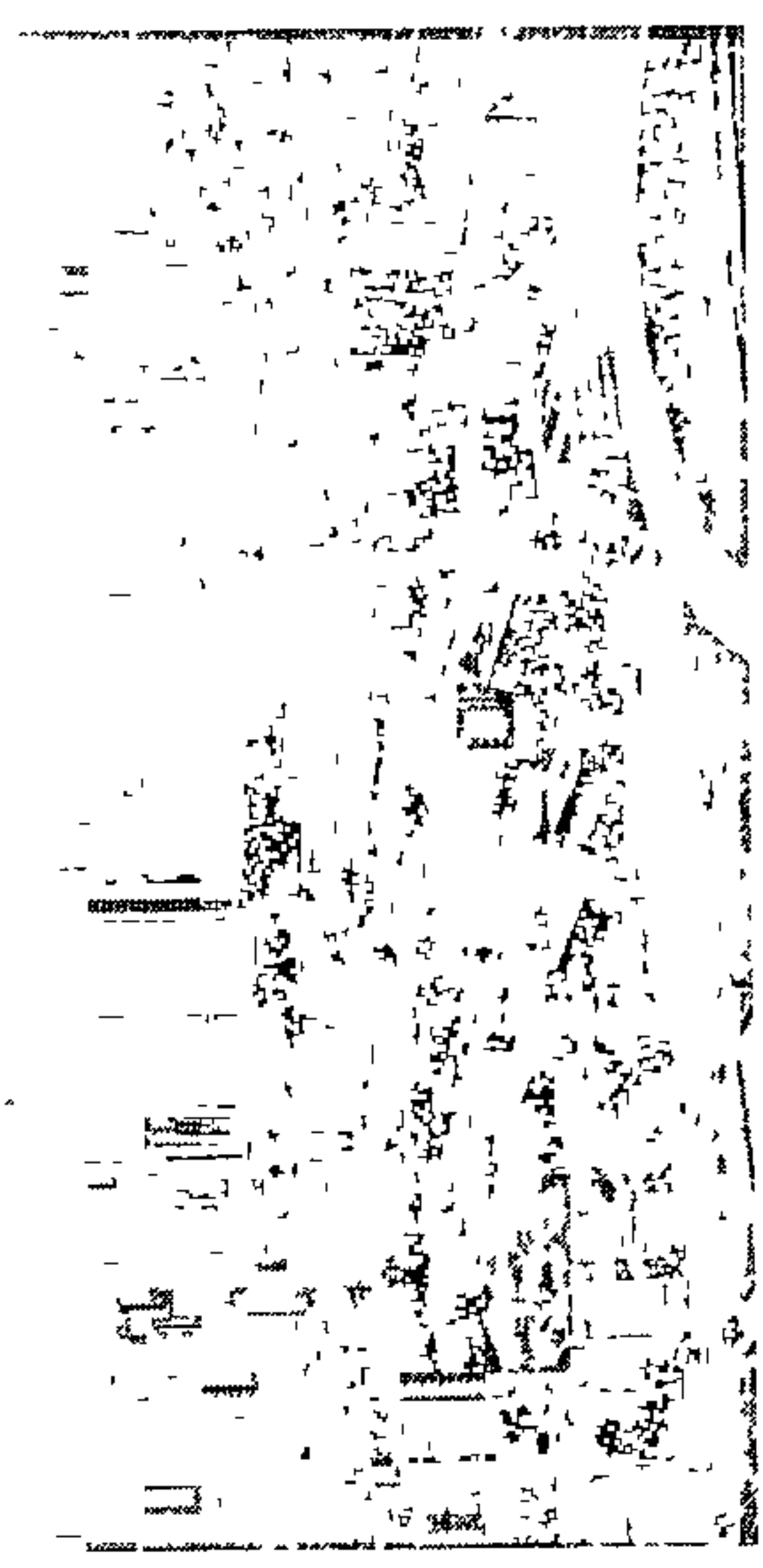
This priority for large cities cannot be achieved in isolation and the Centre for Development and Enterprise's position should not be misunderstood.

It is essential that a focus on the largest cities must be complemented by a sound urbanisation and migration strategy (domestic and international) informed by facts (rather than wild speculation in the absence of hard data).

It must also be accompanied by a growth strategy for secondary cities and small towns and an effective policy for the development of rural areas.

□ Bernstein is executive director of the Centre for Development and Enterprise. This article is based on a new publication by CDE called *Cities and the Global Economy* which was released yesterday.

Johannesburg SA's largest city, but is it globally competitive?



Cities need development

(262) Bernstein, 9/10/96

By Shadrack Mashalaba

THE development of major cities as new forums for economic activity and competition is vital for their long-term survival

In her address at the launch of the first in a series of six reports on South Africa's big cities in Johannesburg yesterday, Centre for Development Enterprise's (CDE) executive director Ann Bernstein said cities were in a new era where economic focus was the key to economic growth

The first report of CDE is entitled *Cities and the Global Economy new challenges for South Africa*. It is based on a study conducted over the past two years on South Africa's largest cities

and the role they could play in the unfolding economic development

"South Africa's future will be determined by its largest cities. To neglect cities will jeopardise national development and the base of our economy," said Bernstein

Detailed studies

CDE's first report focused on implications of an increasingly integrated and global economy for South Africa's major cities

It will be followed by detailed case studies of four of the country's major metropolitan areas: Durban, East Rand, Pretoria and Johannesburg

The report says South Africa is faced with challenges that, among oth-

ers, include the important role to be played by the cities in future, the national attention needed by cities, priorities faced by big cities, their powers, the role to be played by business and competitive interdependence among cities

"A new paradigm shift has evolved in which cities need vision to participate in a global context. This vision should include all the stakeholders to ensure effective 'foreign policy' for the city," she said

"There are dangers and opportunities associated with cities," said Bernstein, adding that changes in technology and communications mean that elements of production processes can be split between different locations

SA cities 'must become more globally competitive'

(262) Nov 10/10/96

Government not geared for challenge ahead, says report

By **KARIN SCHIMKE**
City Editor

The future of South Africa depended on its cities becoming globally and regionally competitive, but the Government was not geared to deal with this challenge, Ann Bernstein of the Centre for Development and Enterprise (CDE) said.

Bernstein spoke at this week's launch of the Big Cities Series of reports which are a culmination of two years' study and which includes in-depth reports on Johannesburg, the East Rand, Durban and Pretoria.

"Cities that do not find their new local, regional or global niche will decline. There will be winners and losers among the world's cities and towns," Bernstein said.

The reports argue that the

country's attempts to transform unequal and previously segregated cities and to provide adequate services and an infrastructure have to be seen in the light of a changing world economy and South Africa's role in a tough global marketplace.

It is within this context that city leaders and policymakers have to make their choices about meeting basic service delivery needs, the reports say.

"That does not mean that you ignore the needs of millions, but unless you get cities to grow economically, you will not be able to provide those anyway.

"There will be trade-offs, but if (a city) has a central vision, you can find a balance between the enormous neglects of the past and the demands of the future," Bernstein said.

The Big Cities Series was

launched only days before the Greater Johannesburg Metro Council, the Gauteng provincial government and the business community met to formulate a joint vision for Johannesburg.

A city vision is an idea of how a city can place itself in a global and regional market, using strategies based on its existing strengths.

Bernstein said all successful cities and regions had a person or group of people with a vision for their city.

She warned that CDE findings showed there was a lack of leadership in some cities, which could affect their success "in a tough, competitive world".

"South Africa's large cities do not have the power, authority and influence to become global players. This must be reassessed," Bernstein said.

See how it fits into your hand? Feel how comfortable it is against your face? Test how light and neat it seems in your pocket? That's exactly how Nokia designed it. The new 8110, shaped the

NOKIA 8110

De Kock a common SA male, court hears

Deutsche Telekom has poured



ANC proposes role for traditional leaders in local government

David Greybe

CAPE TOWN — The ANC made a surprise "concession" to the IFP on traditional leaders last night as negotiators worked out last-minute constitutional hitches before today's vote on the reworked text in the Constitutional Assembly.

Parties were confident the text would win the necessary two-thirds majority in the assembly for it to be returned to the Constitutional Court for final certification.

The ANC proposed unexpectedly, in a meeting of the constitutional committee last night, the insertion of a clause under the section dealing with transitional arrangements, which gave traditional authorities a role in local government as demanded by the IFP.

ANC chief negotiator and Provincial Affairs and Constitutional Development Minister Vuthi Moosa said the ANC proposed "ex-officio representation for traditional leaders at primary local government level as a

gesture to the IFP".

Moosa said the court had not required the insertion, but the ANC "concession" was made in light of concerns raised by the IFP during private meetings over the past week.

IFP senior negotiator Walter Felgate said "The IFP welcomes the flexibility introduced by the ANC's willingness to amend the constitution to give amathosi an ex-officio status in local government structures." Another IFP official said it could herald the "beginning of a new

chapter in ANC-IFP relations".

However, Felgate said there was no chance the IFP would end its boycott of the assembly and return today to vote on the reworked text.

ANC and IFP negotiators agreed yesterday, after they met privately in Cape Town, to continue their discussions. The IFP said afterwards the talks "were conducted in a constructive and amicable climate" and that the IFP was "committed to continue negotiations to seek an all-inclusive settlement".

ANC negotiator senator Butleani Ngwenja said the new constitution provided for the establishment of a constitutional review committee to handle any agreements which might be concluded outside the process at their completion.

Meanwhile inside the assembly, legal experts from the assembly and political parties spent most of yesterday making last-minute technical amendments to the text after the assembly's legal counsel found parts might still be found unconstitutional

by the court. Negotiators stressed, however, the changes were not of a substantial nature and did not impinge on the political "deal" cut last week between parties.

The main problem was in the labour relations clause on collective bargaining, which stated: "National legislation may be enacted to regulate collective bargaining." In the end it was proposed to make "national legislation" subject to the limitation clause in the Bill of Rights.

On the outstanding issue of the implementation date of the new constitution, Moosa said it was agreed to shift it to July 1 next year "at the latest".

Assembly chairman Cyril Ramaphosa said last night the process "had been completed in record time and under budget again".

Other sections which needed refinement included the provincial executive commission, constitutional amendments, executive written decisions, the armed forces, acts of Parliament and local government.

Census effort to be protected by joint security network (235)



Ernst & Young called in to help

Think global - act local

SOUTH AFRICA'S CITIES should be developed to make them more globally competitive, states a new study Research by the Johannesburg-based Centre for Development and Enterprise suggests that more attention be paid to the competence of cities as areas of future growth and prosperity

While much emphasis has been placed on redressing the ills of past segregation, future development must take into account the world economy and the demands of the global marketplace, states the report

South Africa's future will be determined in its big cities but the country's leaders and policy-makers have too little knowledge of the cities, CDE executive director Ann Bernstein said this week at the launch of the first of a series of publications on the topic

The international experience shows that cities are the new and prime areas for global competition and multinationals are attracted to places which are attractive to live in and can serve their needs for skilled people, new concepts and connections

Factors

Various factors have to be considered when planning for and running our cities, the report says. The issues include:

- Urban crime, joblessness, politics and perceptions will be most important in determining the country's future. The RDP should balance its focus on rural land reform and water provision with significant initiatives in big cities.

- Cities are the "engine rooms" of the economy and policy-makers in Government, business and trade unions must be sensitive to the impact their policies will have on cities.

Government should also make urban strategy a priority,

- The "tired, old" debates of the past must give way to innovation. The issue is no longer how to control migration to and the growth of cities but how to make those cities economically efficient and attractive to investors.

- Priorities need to be reassessed. Although it is important to deal with the service and other backlogs inherited from apartheid, the report says that more attention must be paid to health and education issues and to building infrastructure for economic growth.

- In order to compete globally, South African cities would need greater powers. Cities around the world use a variety of means to make themselves more competitive, for example, a city may decide to offer tax incentives to new investors, it should be able to decide if it needs a new airport or other transport facilities or it may want to improve or specialise in its health and education system.

- There should be a rethink on the local

Sowetan 11/10/96
SA should follow international trends which have proved that cities are the new prime areas for global competition.

Sharon Chetty explains why... (262)



Homeless migrant ... more information is needed on migration patterns, states the CDE report.

government system. Can part-time politicians effectively run some of our cities which have budgets larger than many corporations and many small countries?

"How can part-time politicians provide the leadership and vision required to be regional and global competitors?" the report asks.

It suggests that the status and image of local politicians need to be raised if high calibre people are to lead the big cities and asks if executive mayors are not needed,

- Cities should refocus their priorities and requirements around their information, social infrastructure, leadership and functional needs.

Better information about the economy, potential advantages and attractions to the city, among other things, would be needed.

Interdependence

Institutions, coalitions and other mechanisms to bring people together must be looked at and local government policy and officials who promote development are required.

- There can be competitive interdependence between South Africa's large cities. Information and strategies can be shared and they could support each other in fighting for greater political powers.

- Business must be encouraged to be part of the city's vision and plans. National and provincial governments have to urgently create the space for big city governments, businesses and organisations to work together in order to create cities that thrive economically, tackle poverty and create environments in which people and firms want to live and invest.

business leaders need to link urban strategy to their macro-economic vision as their proposals and wishes for the national economy will have enormous impact on the cities; and

- Successful urban development will result in more people moving to the cities and a strategy has to be worked out to deal with this. The report suggests that there is an urgent need for accurate information on migration patterns within the country and across its borders.

Complementary work should also be done on a growth strategy for secondary cities, the development of small towns and on an effective rural development plan.

Consideration

The report, which was compiled after two years of research and took into account the experiences of Hong Kong, Singapore, Barcelona and Atlanta, among others, has been sent to national, local and provincial policy makers for consideration. Briefings will be held to discuss the issues.

National and provincial governments have to urgently create the space for big city governments, businesses and organisations to work together in order to create cities that thrive economically, tackle poverty and create environments in which people and firms want to live and invest.

The challenge facing SA's cities

CONTRIBUTING EDITOR ANN

BERNSTEIN examines the implications of an increasingly integrated and global economy for South Africa's major cities

CITIES are the new arenas for economic competition in the global marketplace. They can no longer be seen only as places where people live and governments deliver services but rather as dynamic arenas for economic, social and cultural development.

With greater mobility for people and economic activities both within and between countries, cities are increasingly competing with one another for investment.

The roles of cities are being defined in terms of other similar cities within the "borderless" global economy, rather than as local economies with a closed national economy.

Globalisation poses real threats to "business as usual" for cities all over the world while simultaneously providing exciting new opportunities for growth and prosperity.

Not all cities will share the same fate. There will be winners and losers. Cities that do not find areas of comparative advantage — their economic niche — in the local, regional and global economy will decline. No city can afford to rest on its laurels.

South Africa's attempts to transform unequal and segregated cities and provide adequate services and infrastructure, must be seen in the light of this changing world economy and the demands of a tough global

marketplace. This is the broader economic context within which policy makers in the cities, and nationally, must think about priorities.

The key challenge that faces South Africa's cities now is how to become globally competitive.

New issues eclipse tired old debates. Forget questions such as "Is Johannesburg too big?" or "How do we stop migration to the cities?"

The key questions for cities now are not how big they are or how they compare with other cities and regions in the same country, but whether the city is globally/regionally competitive and able to find a niche in which it can build and market a comparative advantage, thus attracting investors.

The future of the country depends on South Africa's cities becoming globally competitive.

Macro-economic policymakers in government, business and trade unions need to start taking the "where" of production and trade very seriously indeed.

The government's macro-economic programme must link up with and indeed depends on a successful approach to the big cities. To neglect the cities will be to jeopardise national development.

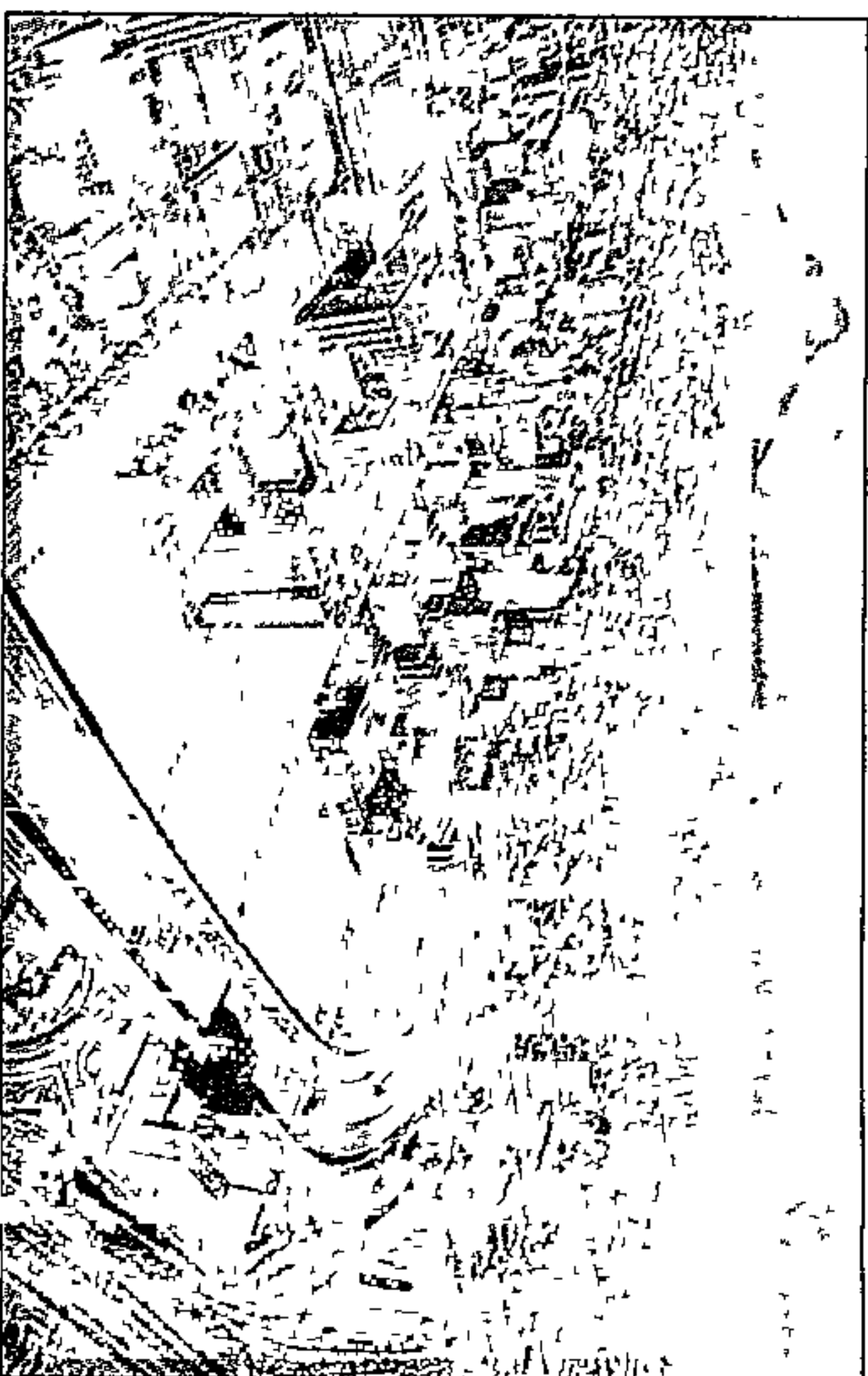
At present urban issues are dealt with in many central government ministries. Is urban policy being given sufficient attention by the Cabinet? Is urban strategy and policy a top priority for the government? What are the objectives, timetables and targets in this area?

We must fundamentally rethink the way in which our large cities are governed. It's time to stop thinking of "local government" and concentrate on big city management and government.

The key questions for cities now are not how big they are or how they compare with other cities and regions in the same country, but whether the city is globally/regionally competitive and able to find a niche in which it can build and market a comparative advantage, thus attracting investors.

Only by becoming globally competitive will our cities be able to generate the resources necessary to cope with historic backlogs, new basic needs and racial reconciliation.

The nature of modern economic development must lead cities to focus on three new areas infrastructure for economic growth (communications and transport), education



FUTURE VISION: The network of roads, as seen here, is vital as part of a healthy infrastructure required for modern cities if they are to survive and thrive in the future.

and training, and health. In all three areas the focus has to be on both centres of excellence and mass access to opportunities.

Every city needs a vision of its future. This vision must define a place for the city in the global or the regional economy, it must be "owned" by all key stakeholders in that city, it must identify competing cities for this niche in the global economy.

With such a vision, the city's leaders (public and private) can determine priorities and make the trade-offs that will inevitably be required. And then the vision must be marketed nationally and internationally.

South Africa must focus much more attention on its largest cities and what is required to help them become globally competitive places in which to live and invest. This priority for large cities cannot be

done in isolation and the CDE's position should not be misunderstood.

It is essential that a focus on the largest cities must be complemented by a sound urbanisation and migration strategy (domestic and international) informed by facts (rather than wild speculation in the absence of hard data), a growth strategy for secondary cities and small towns, and an effective rural development strategy.

It should, however, be asserted that by developing strategies to become more competitive in the global economy, South African cities will more readily discover the means to cope with racial reconciliation and basic needs.

Ann Bernstein is the executive director of the Centre for Development Enterprise which last week unveiled part of a major study conducted over two years into South Africa's largest cities.

Govt switch on infrastructure policy

Robyn Chalmers

GOVERNMENT was steering away from its R60bn-R90bn "grand 10-year plan" for the provision of municipal infrastructure, towards a year-on-year spending programme, constitutional development department director-general Andrew Boraine said yesterday.

The programme also covered innovative ways to subsidise services for the very poor, which could include high service users cross-subsidising low service users, and businesses subsidising residences, within certain limits.

Boraine said while there was a need for medium-term financial planning, it was not possible for the Cabinet to guarantee the 10-year funding horizon envisaged in the original municipal infrastructure investment framework.

The framework estimated that be-

tween R60bn and R90bn in government and private sector funding would be needed for municipal infrastructure over 10 years. "Spending targets should be tackled on a yearly basis rather than looking at a 10-year scenario where planning is difficult."

A total of R751m had been set aside for municipal investment programmes during the current year and Boraine said there had been a significant increase in spending recently.

Government was expected to continue to rely heavily on the private sector for funding of municipal services. The Development Bank of Southern Africa was already playing an integral role in promoting private sector co-financing deals.

Boraine said the framework had been a broad planning document, but a more specific strategy was required as

government came closer to implementing the framework. This had led to the municipal infrastructure programme, which was being finalised.

Another shift in the programme was the way in which government viewed spending on municipal infrastructure. Boraine said the most important component of the programme was to focus on how recurrent costs were managed, rather than just the capital cost of installing roads, sewerage and other municipal infrastructure.

He said in the past one of the main downfalls of providing infrastructure was the inability of municipalities to maintain services, which often rendered the initial infrastructure obsolete.

"We are trying to ensure that municipalities have the necessary recur-

Continued on Page 2

Infrastructure

Continued from Page 1

rent income to maintain a project. If water or electricity services are installed, municipalities must be able to pay their bulk accounts."

Payment of recurrent costs tied in closely with the rescue plan announced by government recently to head off impending crises in the finances of a number of newly elected local authorities. It is estimated that 95 councils lack sufficient resources to cover pay-

ment of a month's wages to staff.

Our Political Staff report from Cape Town that Provincial Affairs and Constitutional Development Minister Vali Moosa said yesterday that the national total of arrear service charges at June 30, stood at R5,59bn. This includes current — 6-8 weeks — and outstanding arrears. More than half the total (R2,9bn) is in Gauteng while R826m is in KwaZulu-Natal and R723m in the Western Cape.

The total for the Eastern Cape is R401,9m.

Comments Page 13

Tough curbs (262) put on local govt budgets

BD 16/10/96

Wyndham Hartley

CAPE TOWN — Legislation designed to rescue SA's deeply troubled local government will stop municipalities from budgeting for deficits and will strictly control the rate at which third tier-level budgets can grow

This emerged in a joint meeting of Parliament's constitutional and finance committees yesterday when the Local Government in Transition Second Amendment Bill was presented to MPs. The Bill is intended to get "Operation Liquidity" — the recently announced plan to rescue local government which now faces R5,6bn in accumulated collective debt — up and running. It will give shape to the newly elected councils and define their relationship with metropolitan councils.

A submission from the auditor-general, presented by Wilhe Britz of the Western Cape auditor-general's office, said the legislation would forbid local authorities from budgeting for a deficit and would give the national finance minister the power to determine the rate at which local government budgets can grow

The measures are designed to bring stability to local councils, some of which are on the verge of collapse.

Also the powers of provincial local government MECs to investigate and order corrective action in cases of financial mismanagement, fraud, and negligence will be increased substantially. Local authorities will also be required to report regularly on their financial positions to provincial and cen-

tral government. Failure to comply with a request for financial details will be an offence

The constitutional development department has also been asked to investigate including clauses that make it compulsory to publicise the names of any elected officials, on any of the three tiers of government, who fall more than three months in arrears with their payments for rates or services

At the suggestion of committee chairman Pravin Gordhan, they will also look at applying such a regulation to municipal employees and public servants in a bid to give the Masakhane campaign extra momentum

Constitutional development director-general Andrew Boraine briefed the committee on the recent survey of local government which showed that local government debt as a percentage of total income had deteriorated further from 25% to 27%. He said 47% of municipalities had no effective credit control and 26% did not have the ability to send out accounts "If you cannot get an account to consumers they are not going to pay."

It was taking local government three months to get its money rather than the average of six weeks, he said. Between R2-3bn of the accumulated debt is tied up with debtors.

Boraine said that local authorities in debt to Eskom for the supply of bulk electricity had increased 22% in the past year and there were 48 municipalities that did not have the cash to

Continued on Page 2

Local govt

Continued from Page 1

pay Eskom. There were also 95 that did not have the money to pay salaries and wages each month. To do so they were using overdrafts and the contributions they should be making to medical aid and pension funds

These trends, Boraine said, were

deeply worrying as it was a clear indication that many smaller local authorities were in serious financial trouble. Inadequate training took place, he said, pointing out that some of the town treasurers did not participate in the study because they were unable to fill in the survey form.

Boraine rejected criticism that government was slamming the door after the horse had bolted. "We are trying to bolt the door before the horse gets out."

New bill spells out how

Local powers divided

Art 17/10/96
CLIVE SAWYER

POLITICAL CORRESPONDENT

The division of powers between metropolitan councils and their substructures is among provisions in legislation tabled today by the Minister for Provincial Affairs and Constitutional Development, Valli Moosa.

The Local Government Transition Act Second Amendment Bill provides for the conduct of local government during the phase which began with elections and which will culminate in new constitutional arrangements for local government.

The bill sets out the powers and duties of metropolitan councils in relation to their local councils, as well as setting out the powers and duties of district, local, rural and representative councils.

It provides for alteration of municipalities, financial matters, prohibition of certain acts by councillors and employees, municipal demarcation boards and by-elections and voters' rolls.

The list of acts forbidden to councillors and employees is aimed against corruption.

In terms of the bill, an organisation will be set up to represent municipalities at national level. There will also be an organisation in each of the nine provinces for representation at provincial level.

Financial matters regulated by the draft law include procedures for budgeting, awarding contracts, the valuation or measurement of immovable property as well as the levying and recovery of property rates, levies, fees, taxes and tariffs.

The way municipalities may invest

funds is also regulated.

The bill requires a metropolitan council to consult its substructures before certain contributions are levied and claimed.

It provides for the intervention of a metropolitan council where a substructure cannot or does not perform a power or duty.

Dispute resolution mechanisms to deal with disagreements between metropolitan councils and their substructures are set up by the bill.

A schedule to the bill says metropolitan councils' powers and duties include

- Deciding on contributions to be made to them by their substructure councils.

- The receipt and allocation of grants.

- Formulation of an integrated development plan, including metropolitan land use, transport planning and integrated economic development.

- Bulk supply of water, including the determination of a uniform base for the structuring of water tariffs.

- Bulk sewage purification works and main sewage disposal.

- Bulk supply of electricity.

- Construction and maintenance of arterial roads.

- Provision and regulation of passenger transport services and public transport facilities and co-ordination and determination of traffic policy.

- Waste disposal strategy.

Substructure councils are listed as having 29 functions, including control over local-level water, sewerage, electricity, roads, traffic, waste disposal, cemeteries, amusement facilities and beaches, tourism and environmental affairs.

Local government summit to elect municipal delegates to Parliament

POLITICAL CORRESPONDENT

A summit next month of 2 800 municipal councillors will elect a delegation of 10 to represent local government in Parliament's new house, the National Council of Provinces.

The delegation will take part in the council's committee and plenaries, but will not be able to vote. The council, to begin operation when the new constitution is approved, will be made up of delegations from each province, each being a mixture of permanent and temporary delegates.

The local government summit, to be held in Durban from November 21 to 23, will study the role of local government in the new constitution and launch a discussion document towards a white paper on local government.

Andrew Boraine, deputy director-general of constitutional develop-

ment, said the summit would be a celebration of the successful completion of the pre-interim phase of local government transition.

The summit would showcase the new association, the South African Local Government Association, as a political force.

Minister for Provincial Affairs and Constitutional Development Valli Moosa said local government would not have a vote in the Council of Provinces but would be in a position to influence legislation. Delegates elected by the summit would take part on an interim basis.

- Debt owed to local government has remained stable for about a year.

Mr Boraine estimated it as being about R5,6-billion. He said an 11 per cent ratio of debt to rates income was an accepted average. The present figure nationally was about 20 to 25 per cent, which was unacceptable, Mr Boraine said.

Councils may have to debate finances in public

Wynndham Hartley

CAPE TOWN — City and town councils could soon be forced to debate their financial situation in public as part of tough measures before Parliament, designed to control third-tier government.

The auditor-general yesterday asked for the legislation before Parliament's constitutional affairs committee, designed to rescue troubled local government, to be toughened further.

Auditor-general staff member Willie Britz tabled amendments to the Local

Government in Transition Second Amendment Bill, which insists that councils must debate the auditor-general's report on its affairs in public.

All councils have to be audited, but debates on the results of those audits are normally held behind closed doors. The amendment seeks to transform those discussions into a public meeting.

The legislation said that councils shall, after receiving the auditor-general's report on its finances, not later than its second "ordinary meeting", discuss the report and any corrective measures which

need to be taken. Ordinary meetings are open to the public.

If approved, the measure will also ensure that a town clerk is present at the meeting along with a representative of the auditor-general's office in order for questions to be answered in public.

The committee has also asked constitutional development officials to investigate the inclusion of a clause which insists that the financial records of a local authority may not be moved.

NP MP David Graaf suggested that local authorities should be forced to inform

the provincial MEC before records were moved "to stop them disappearing".

ANC senator Mohammed Babha said the aim was to guarantee access to local authorities' financial records. It was agreed that department officials would investigate the inclusion of a clause which would force local authorities to inform both the provincial MEC and the auditor-general if financial records were moved.

The committee also debated at length measures which would make town clerks responsible for any money lost to fraud or negligence.

This would force CEOs of towns and officials concerned or face having to personally make good the losses. They would also be forced, in terms of the new legislation, to report all such cases to the SAPS so that fraud and negligence within the council could not simply be "covered up".

The legislation comes in the wake of a report which notes that almost a hundred local authorities across the country are in deep financial trouble and are unable to pay for bulk electricity supplies or meet their salary obligations.

(262) PD 23/10/96

'Municipal scheme will benefit millions'

Robyn Chalmers

(262)

PO 24/10/96

THE municipal infrastructure programme would have provided 8,5-million people with municipal services by the time the total R1,35bn allocated to the scheme has been spent, which is expected to be next September.

National programme manager Richard Kruger said yesterday that R1,15bn had been committed to identified municipal infrastructure projects by the nine provinces by the end of September this year.

The total amount allocated to the municipal infrastructure programme since 1994-95 was R751,1m of which R223m had been dispersed to provinces. A total of R600m had been allocated to the extension to the municipal infrastructure programme in 1995-96 of which R122,5m had been dispersed to date.

Kruger said there was an upward trend in spending and stressed that it took about 80% of the life of the construction cycle of a project to spend the first 20% of funds.

"We expect to see a huge increase in spending in March or April next year when we will have about 850 projects on the ground. We are confident that the final milestone of completing all the spending by the end of next September will be attained," he said.

Some of the larger projects under way included the R11,2m scheme to upgrade the water network in Pretoria's Mamelodi, the R4,5m rehabilitation of existing water reticulation in Tembisa and the R6,4m upgrading of toilets in Daveyton.

Kruger said the objectives of the programme were to rehabilitate collapsed infrastructure systems and provide facilities to ensure the delivery of basic municipal services. These included internal water reticulation, sanitation, roads and stormwater systems, waste disposal sites, community lighting and water purification plants, he said.

The programme also aimed to create institutional capacity to support newly elected municipal councils.

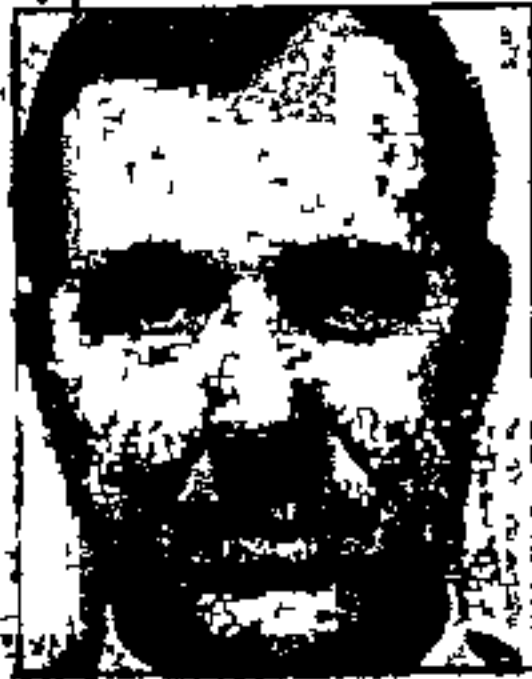
SWIM OR SINK — WE WON'T BAIL YOU OUT

CRACKDOWN ON COUNCILS

CT 24/10/96

(262)

THE GOVERNMENT has warned local authorities that if they don't learn to swim they can't rely on the government for a lifeline. **CHRIS BATEMAN** writes



LOCAL authorities that collapse through mismanagement of finances or failing to collect outstanding debts will get no further financial help from Pretoria, Mr Andrew Boraine, Deputy Director-General of Constitutional Development and Local Government, warned yesterday.

Boraine said local authorities that overspent would "have to learn that it's their problem — if they have to close down, so be it".

He added: "They'll have to deal with the consequences of not being able to deliver to their voters and learn to take accountability seriously".

Boraine said the nation's annual debt in rates and tariffs in June this year was running at R5,6 billion, or 25% of the annual R22,2bn local authority rates and tariffs turnover. This was R0,4bn higher than at the same time last year.

The current debt is about double what he considers to be an "acceptable target" figure — between 11% and 15% of the nation's total municipal turnover.

His comments were welcomed by Western Cape Local Government MEC Mr Peter Marais, who said he had already cut the provincial allocation to several rural towns by R500 000 to R1 million each.

His own budget had been cut by 37% (R51m) by Pretoria, "so I'm just not in a position to assist local authorities".

Marais said people would either end up with sub-standard services or "we'll just have to whip the willing horses harder" (richer municipa-

palties subsidising poorer ones)

Boraine said his department was researching how best to subsidise the poorest residents, who could genuinely not afford the average tariff of R75 a month.

"We want to ensure that we're subsidising the poor and not local authority inefficiency," he said.

Local authorities would have to shoulder their responsibilities by managing their assets and cash, employing skilled treasurers, radically improving credit control, acting against bad debtors and streamlining billing and metering systems.

Secure and safe payment points for residents and a dedicated crack-down on fraud were other priorities for local authorities.

Marais said he would give Boraine his full backing and would use his constitutional powers to monitor local authorities and take "corrective measures" if necessary.

Boraine advised MECs to develop intervention policies in consultation with municipalities. He said provinces should not rely on Pretoria to police local government.

Marais said that because the Western Cape was better geared than other provinces, some 70 municipal infrastructure projects had already been funded to the tune of R2,08m.

This came partly from Pretoria's R800m inter-governmental loan coffer — which Boraine's research may distribute through a "welfare type" system to ensure poverty-stricken communities benefit instead of its being swallowed up by local authority ineptitude.

CENTRAL GOVERNMENT cuts to the Western Cape of R50 million have meant that 14 municipalities face debts of well over R10m, and in some cases face having their assets attached.

● Local Government MEC Mr Peter Marais said municipalities were "queuing up for me to bail them out — but I can only give them about R50 000 each".

● He gave examples of Oudtshoorn's budget being slashed from R1,537m in the last financial year to R291 000 this year (R650 000 in debt), Dordrecht from R373 000 to R50 000 (R2,2m in debt), Beaufort West from R987 000 to R292 000 (R1,629m in the red).

● Marais said some towns such as Dusseldorp had taken loans from their district councils and not banks, which made the situation "redeemable — I can get the districts not to lean so heavily on them".

● He knew of two towns where courts had served papers to attach property to settle their bank loans.

● Towns in the red are Tulbagh (R850 000), Montagu (R971 000), Citrusdal (R1,22m), Heidelberg (R421 422) and Bot River (R795 000).

Finance department denies wanting control over loans

Greta Steyn

THE finance department has denied that it wants to take total control of local government finances, saying its role is mainly to monitor budgets.

The denial followed accusations by ANC MPs that it had contradicted the spirit of "co-operative governance" in the new constitution in a strongly worded submission on amendments to the Local Government Transition Act, tabled this week at a meeting of Parliament's constitutional affairs committee.

The department's chief director of intergovernmental finance, Ismael Momoniat, said the finance minister would monitor local government budgets because he was responsible for macroeconomic stability. The department was well aware of the ability it would pick up if it took control of the detail of local government budgets, and this had never been its intention. However, it was concerned about the unfettered right of local authorities, especially small ones, to borrow, and any borrowing should be subject to conditions set by the finance minister.

The department accepted the need for consultation on the setting of spending limits for local authorities. However, he disagreed with the committee's suggestion that the finance minister had to consult provincial and local government before setting such limits. The department accepted the need to consult the constitutional affairs minister, which was not required at the moment, but believed that further consultation could create delays.

He said the department would insist on its recommendation that a blanket ban on foreign loans be enforced. Momoniat emphasised that the present legislative changes were aimed at tidying the country's fledgling local government over the transition period to early 1998.

The finance department regarded it as important that checks and balances be firmly in place in the meantime. Legislation governing local government

finances would be drawn up next year. "We welcome debate on this issue," he said.

The finance department said in its submission that the provincial treasuries should take over the monitoring role from central government once the capacity was in place.

It said that new legislation concerning local government borrowing power would come into effect in June 1998. In the meantime, the finance minister had to be informed of any intention by a municipality to raise a loan for anything other than bridging fi-

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finance. If the minister felt the loan would be an unsound move, he should be able to limit the local authority's power to raise such loans.

At present, the oversight over borrowing powers of local government was fragmented and often non-existent, and there was little information at a national level. The finance department called for its role in monitoring local government budgets to be recognised in the Bill. "This role is crucial for maintaining fiscal discipline at local government level, for instance in limiting the share of spending on wages."

New policy might see fewer local authorities

By Wynndham Hartley

CAPE TOWN — SA has too many municipalities and new local government policy, which will be finalised next year, is likely to recommend a rationalisation or thinning-out of local authorities.

Head of the ANC's parliamentary constitutional think-tank Pravin Gordhan said yesterday that when a local government white paper was finalised there could be a new concept of metropolitan government. The choice was between the

"megacity" or the current substructure model.

Gordhan said that with more than 800 local authorities in the country there were clearly too many. He said the cause of efficient service delivery was not served by the large number of local authorities and "we can do with fewer".

There were areas of the country where there was no formal local government and municipalities would have to be created in those areas. He said a new form of rural local government was also on the cards in

the new policy formulation.

The current metropolitan structures and compromises reached in the run-up to the first democratic local government elections.

"We need now to ask what is the ideal shape of metropolitan government," he said.

The deciding factor in the debate about the shape of cities would be which form could most efficiently deliver services. Some large cities like Chicago operated on the megacity principle where there were no

substructures while Sydney had about 40 local authorities, but no superior metropolitan structure.

In response to a question, Gordhan said the new constitution, approved last month, would be implemented on a staggered basis from January 1.

He said he did not anticipate the Constitutional Court sending the text back for further work.

Full implementation of the new constitution was scheduled to be complete by July with the exception of certain key areas such as the op-

eration of the government of national unity and certain budgetary issues.

The Budget changes required by the new constitution would not be implemented before the finalisation of the 1997/98 Budget cycle and the government of national unity provisions would last until the 1999 election, he said.

The entire process of implementing the new constitution would be co-ordinated by Constitutional Development and Provincial Affairs Minister Valli Moosa.

BD 31/10/96

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Warnings on local government

Linda Ensor

CAPE TOWN — SA's municipal system of government was poorly designed and was in such trouble that if it was not stabilised in the next 18 months it would be "knocked out of kilter", a finance department consultant warned at the weekend.

Roland White advised the constitutional affairs portfolio committee, which met to draft the Local Government Transition Act Second Amendment Bill, not to impose far-reaching legislative changes which would threaten the fragile system.

He said some of the agreements reached between metropolitan and substructure councils on the division of powers and functions were "irrational" from a financial and economic point of view.

Because of the fragile nature of local government structures and the fact that agreements were underpinned by significant political force, White said it would be ill-advised to override them legislatively "even if some of them do not make much sense".

He said that by introducing a review procedure, the Bill both recognised local agreements, often reached after protracted and tortuous negotiations, while it

encouraged metropolitan councils to make decisions which were rational and financially and technically sound

White said pressure from consumers demanding better and more efficient delivery of services would force a review of "irrational" agreements. An example would be if a city decided to carve up water reticulation despite the economies of scale to be achieved if it was kept as one operation.

The fiscal relations between different levels of government also needed to be examined, White said

The committee, mindful of the political and administrative "turf battles" which often took place between different tiers of government, grappled with how to legislatively prescribe co-operative governance as provided for in the constitution.

This included not only the relationship between metropolitan and substructure councils, but also between district and local councils.

Summing up the committee's views, constitutional affairs director-general Andrew Boraine said there was a need for the Bill to emphasise that metropolitan government was a single system, rather than two competing systems.

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Representatives for Durban and Johannesburg metropolitan councils said the Bill should create a mechanism for the redistribution of human resources by metropolitan councils to substructures.

They said that metropolitan government was not sufficiently empowered to drive the transformation process

Johannesburg metropolitan council CE Nicky Padayachee said he wanted co-operative governance to be institutionalised by having the Bill stipulate which decisions should be taken jointly, by metropolitan and substructure councils

The Bill proposed changing the composition of district councils on a proportional basis.

Regarding the relationship between district and local councils, Boraine said a weakness of the Bill might be that it did not address the development of municipalities.

Boraine said there was a need to restructure local government fundamentally.

The question was whether this was done in a piecemeal way now, or systematically after the white paper

The Bill was intended as a transitional measure pending the finalisation of a white paper on local government.

THE BIG STORY

Cape Town's future lies in go

Worldwide trend is for cities to 'find a niche', ma

ARG. 5/11/96 (262)

WHAT DOES THE FUTURE HOLD FOR SOUTH AFRICA'S CITIES AS THE WORLD ECONOMY CHANGES AND URBANISATION GATHERS MOMENTUM? ANN BERNSTEIN OF THE CENTRE FOR DEVELOPMENT AND ENTERPRISE REVIEWS THE ROLE OF OUR CITIES AND THE CHANGES THEY WILL HAVE TO IMPLEMENT TO MEET THE GROWING CHALLENGES OF A NEW ERA

South Africa's attempts to transform unequal and segregated cities and provide adequate services and infrastructure, must be seen in the light of a changing world economy and the demands of a tough global marketplace

This is the broader economic context within which policy makers in the cities, and nationally, must think about priorities

Cities can no longer be seen only as places where people live and governments deliver services, but rather as dynamic arenas for economic, social and cultural development

With greater mobility for people and economic activities both within and between countries, cities are increasingly competing for investment

The roles of cities are being defined in terms of other similar cities within the 'borderless' global economy, rather than as local economies with a closed national economy

As a city becomes integrated with the international economy, it is disciplined by the importance of its external markets and by the activities of competing cities

Thus cities in the global economy must link flows of products, people, information and finance between often distant sources and destinations

Managing these flows as well as retaining fixed sources of production has become the essence of the city's economic function

Cities are therefore the new arenas for economic competition in the global marketplace

Not all cities will share the same fate. There will be winners and losers

Some examples: Swiss Air head office has moved all its data processing and back up services to India. When American Airlines reorganised its flight information processing system, it started Caribbean Data Services in Bridgetown

Bogota, Columbia, is now the world's second largest exporter of cut flowers. Sialkot, Pakistan, produces most of the world's footballs and Scottish bagpipes. No city, therefore, should assume the future will be like the past. No city can afford to rest on its laurels

Globalisation poses real threats to 'business as usual' for cities all over the world - while simultaneously providing exciting new opportunities for growth and prosperity

Cities that do not find areas of comparative advantage - their economic niche - in the local, regional and global economy will decline

The key policy issue that faces South

Africa's cities now is how to become globally competitive. New issues eclipse tired old debates

The key questions for cities now are not how big they are or how they compare with other cities and regions in the same country, but is the city globally/regionally competitive and able to find a niche in which it can build and market a comparative advantage, thus attracting investors?

The future of the country depends on South Africa's cities becoming globally competitive

Macro-economic policy makers in government, business and trade unions need to start taking the "where" of production and trade very seriously indeed. With the vast majority of the country's GDP generated in the cities, the future of large cities is their business

The government's macro economic programme must link up with and, indeed, depends on a successful approach to the big cities

At present, urban issues are dealt with in many central government ministries. Is urban policy being given sufficient attention by the Cabinet?

Is urban strategy and policy a top priority for the government? What are the objectives, timetables and targets in this area?

We must fundamentally rethink the way in which our large cities are governed. It's time to stop thinking of "local government" and concentrate on big city management and government

The demands of a small town and a vast metropolitan area are fundamentally different. The image and status of city politicians needs to be changed if high calibre people are to be involved in leading the country's largest cities. Do we need executive mayors, for example?

The present focus on issues in South African cities is lopsided. Urban priorities will have to be chosen through an economic lens

Only by becoming globally competitive will our cities be able to generate the resources necessary to cope with historic backlogs, new basic needs and racial reconciliation

The nature of modern economic development must lead cities to focus on three new areas: infrastructure for economic growth (communications and transport), education and training; and health issues

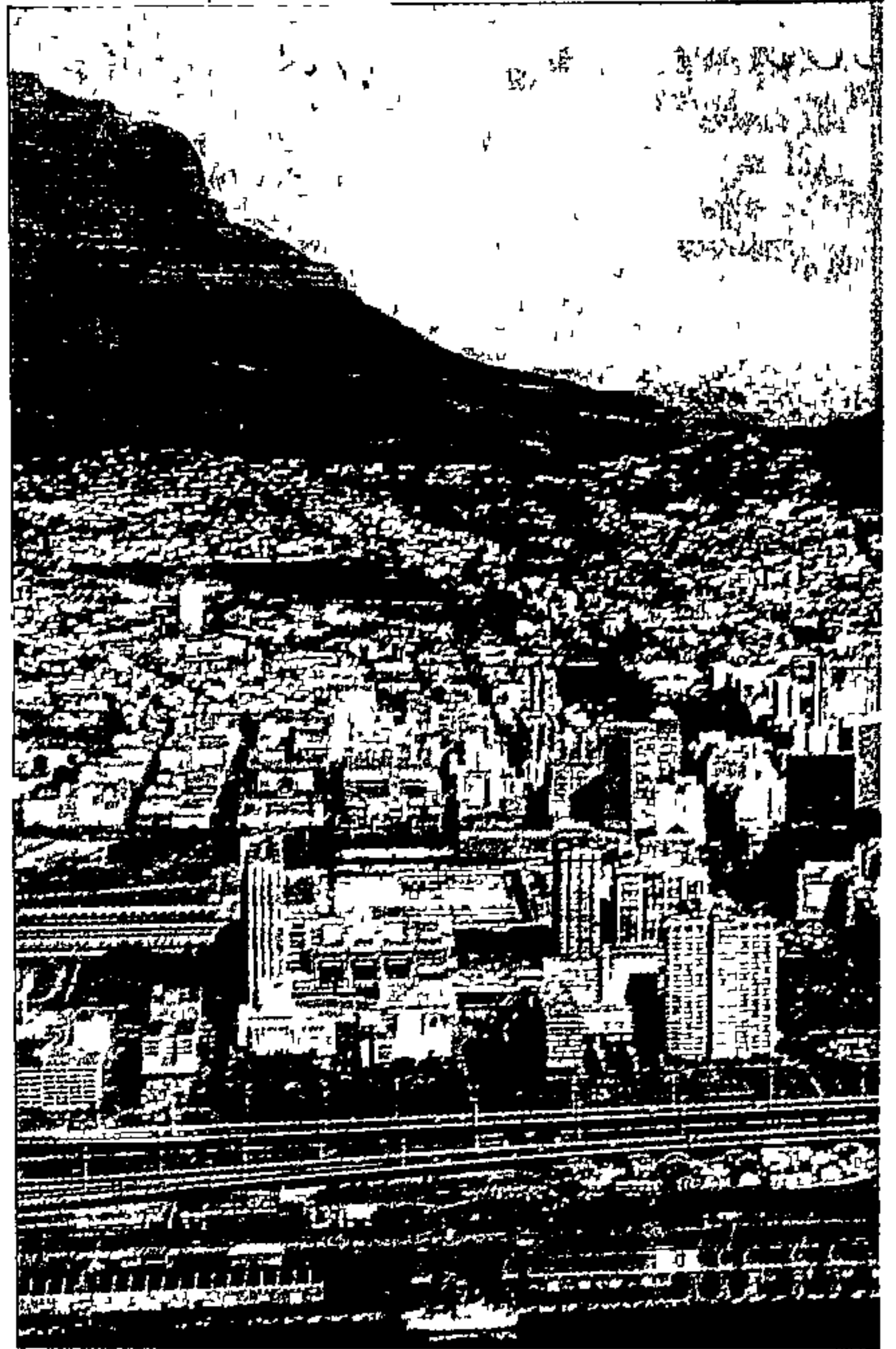
In all three areas, the focus has to be both on centres of excellence and mass access to opportunities. These issues are too far removed from city interests and influence in South Africa at present

South Africa's large cities do not have many of the powers required to compete effectively with other cities in the world economy

The focus on provincial powers has eclipsed discussion of the powers of the large cities

If one looks at the experience of cities in different parts of the world, it is clear that they use a number of different instruments to enhance their competitiveness

A city might decide to offer tax incentives to new investors, that it needs an international airport or an improved junction of different modes of transport, that it



Foreshore high-rises: Cape Town and other South African cities will have to redefine

needs to improve the quality of its education system as a key component in its competitive strategy, or to establish/maintain world class health facilities in the city as a comparative advantage of the city

South Africa's large cities do not have the power and authority to become entrepreneurial and flexible global players. We must reassess these questions

The future of the cities is not incidental to business interests, but absolutely central to them. Business leaders need to link urban strategy to their macro-economic vision. Cities must move up the list of priorities for South African business

World-class companies need to operate in world-class cities and regions

Cities will need better information about their economies. Every city will need to know what its economic base is and whether this can be sustained

If a city is losing industry or jobs in any sector, what will replace this? Where does the city have real or potential comparative advantage and how can this be realised and strengthened?

Cities also need what "social infrastructure" institutions and mechanisms stakeholders together to and its economic future

In Bombay, for example, the Ministry of Commerce led the charge through the implications

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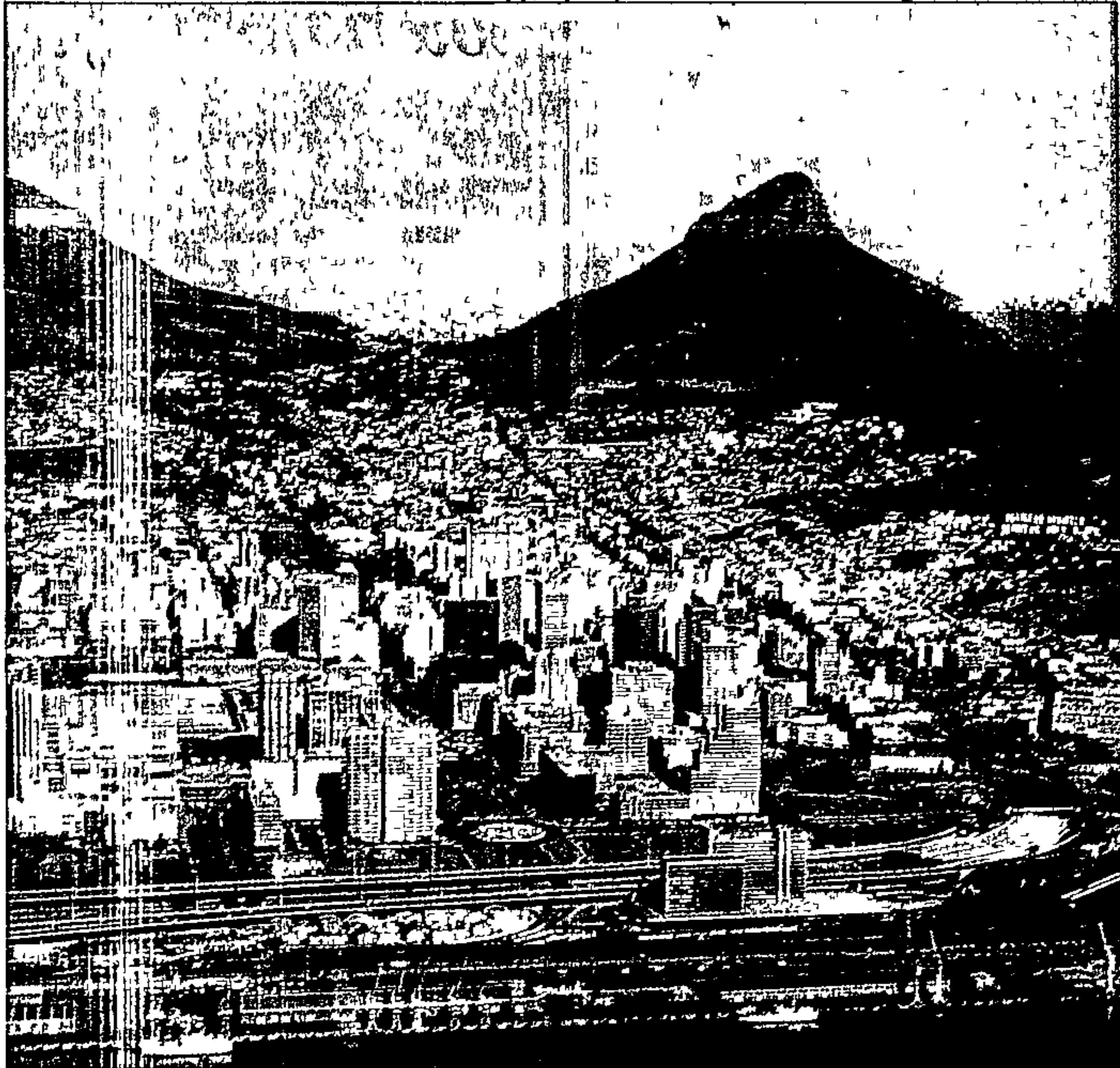
This vision must define a niche in the global or the regional market. If a city is to be successful in that city, it must identify its niche in the global market

With such a vision, the city (public and private) can identify its niche and make the transition inevitably be required

And then the vision must be implemented nationally and internationally. And, finally, cities will have to reassess their approach to the future

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Cape Town and other South African cities will have to redefine themselves within the international context

the quality of its educational component in its comparison to establish/maintain facilities in the city as a stage of the city. Large cities do not have authority to become entrepreneurial global players. We

'The future of the country depends on South Africa's cities becoming globally competitive'

companies need to operate in different regions and need better information to make decisions. Every city will have to find its economic base that can be sustained. Can we replace this? Where does the potential comparative advantage lie? How can this be realised?

Cities also need what has been called "social infrastructure". Cities need the institutions and mechanisms to bring city stakeholders together to discuss the city and its economic future.

In Bombay, for example, the Chamber of Commerce led the city in thinking through the implications of India's economic reforms for the city and its economy. Cities need active public-private leadership coalitions to guide and promote economic development and actively seek inclusiveness and collaboration.

Every city needs a vision of its future. This vision must define a place for the city in the global or the regional economy, it must be "owned" by all key stakeholders in that city, it must identify competing cities for this niche in the global economy.

With such a vision, the city's leaders (public and private) can determine priorities and make the tradeoffs that will inevitably be required.

And then the vision must be marketed nationally and internationally.

And, finally, cities will need to reassess their approach to the functions and role of

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Local government policy and officials that enable development are required.

City governments must play an enabling role, an accountability role, a "nudging and pushing" role.

South Africa's future will be determined in its largest cities. Government priorities must recognise this and focus far more attention on them. It is in the big cities that the bulk of the country's economic growth is concentrated and this is where the country's political stability is determined.

The hard truth is that events in the cities will determine how South Africa is perceived internationally and that is what affects the price of the rand!

It is urban crime, urban joblessness, urban politics and urban conditions that will be most important in determining the country's future. Rural conditions and rural lives are - however unfortunate or undesirable this may be - less important to international perceptions.

It is essential that a focus on the largest cities must be complemented by a sound urbanisation and migration strategy (domestic and international) informed by facts (rather than wild speculation in the absence of hard data), a growth strategy for secondary cities and small towns, and an effective rural development strategy.

insignificant we really are. We can slope off to Stellenbosch for a whole day and nobody cares a hoot.

Wrong number

Talk about a nightmare. Des Kinghorn of Cape Town has been receiving hundreds of fax messages from Gauteng, all addressed to Mr Hernus Kriel and complaining angrily about the high crime rate.

Apparently somebody up in the north sent out a chain letter urging businesses to write to the State President, the Minister of Safety and Mr Kriel, expressing their concern about crime and its effect on the economy.

And they put in Des's fax number instead of Mr Kriel's.

So, if you get a chain letter urging you to write to the president, by all means do so, but don't send a copy to fax number (021) 25 4650. Des already knows about your concern, thanks.

And, he is running out of fax paper.

Glimmer of hope

Jean Strachan tells me her faith in human nature has been restored, to some extent.

About a week ago, as she was leaving her home in Rondebosch, she was approached by an African man who politely asked her to direct him to the N1.

She asked him why he wanted to go there. He said he was from the Transkei and was looking for his mother. He had been told she was in Worcester.

"But it's much too far to walk to Worcester from here," said Jean.

The man said he had no choice, as he didn't have the busfare.

"He didn't ask for money, but my instinct told me he was genuine. I gave him the money, wondering whether I had been taken for a ride myself."

"Imagine my surprise when yesterday, on returning home, I found him sitting patiently outside my home waiting to return the money. He said he had been to Worcester and was returning to the Transkei the next day."

"Needless to say, I told him to keep the money."

"The incident made me realise there was indeed some hope for this country."

Last Laugh

Koos went fishing down by the river, and ran out of worms for bait.

He was about to go home when he saw a big cobra with a frog in its mouth.

Koos knew that frogs were excellent bait, so he sneaked up on the cobra from behind and grabbed it by the neck. Then he extracted the frog and put it in his bait box.

Now he had a problem. The cobra was spitting mad and Koos knew if he let it go it would bite him. What to do?

He reached into his back pocket, pulled out a halfjack of brandy and poured some into the snake's open mouth.

The snake went completely limp and Koos tossed it into the river and started fishing.

Pretty soon he felt something tapping at his toe and looked down to see what it was.

There was the cobra with two frogs in its mouth.

The Wanderer

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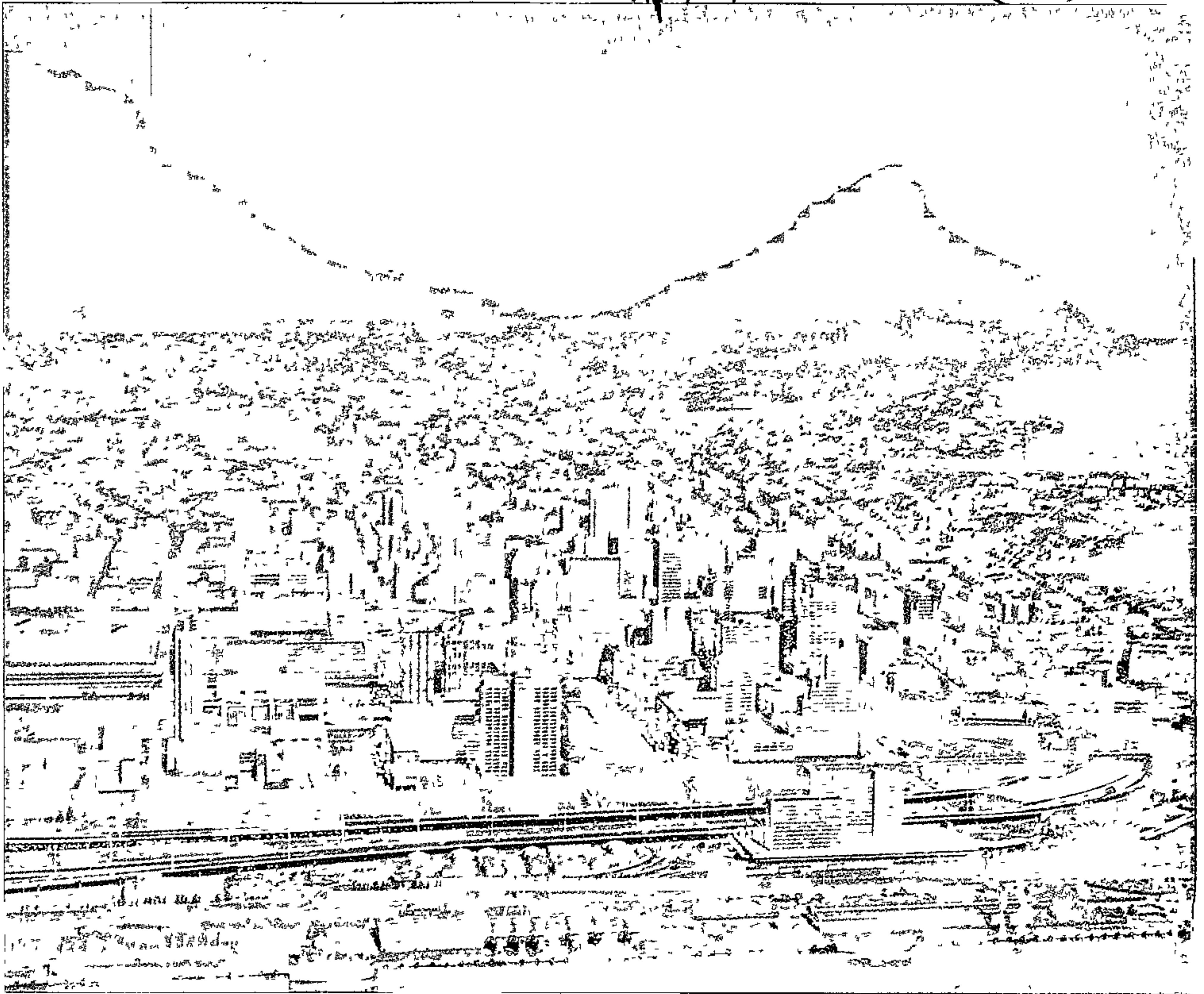
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Commission suggests provinces levy surcharge on

Tim Cohen

CAPE TOWN — The financial and fiscal commission has recommended that provinces be allowed to raise their own revenue by imposing a surcharge on personal tax amounting to 7% of SA's GDP. This should be deducted from national government's revenue.

Addressing the parliamentary finance committee yesterday, commission chairman Murphy Morobe said the commission had proposed the addition of certain new elements to the formula for provincial finances it recommended last year.

The commission, constitutionally mandated to advise government on how provincial and national government revenue should be organised, recommended that provinces be allowed to exercise their constitutional powers to raise revenues. This should consist of a surcharge on the personal income tax base, which should amount to 7% of the national GDP, to be phased in over the next seven years.

This would be in addition to grants it received from national government. The national government should make room for this surcharge by reducing individual income tax rates by a few percentage points.

In the absence of appropriate legislation enabling provinces to levy such sur-

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charges in the first year, a proxy for own revenue equal to the tax room should be allocated to each province as a grant.

The commission had taken the view that the allocation of resources mentioned in the constitution was best done by means of an objective formula not easily open to undue manipulation.

It had been the commission's view that to facilitate planning by both national and provincial government the formula, once adopted, should remain constant for periods of three to five years.

The commission gave strong recognition to the fact that some functions would need to be regulated nationally across all provinces.

A great onus was placed on national departments to expedite their processes with regard to the development of whatever national standards role-players might deem necessary.

Scrutiny of local councils may show glass to be half full

(262)

BD 12/11/96

The problems facing transformed local government structures are enormous, but slow progress is being made in getting the new councils on their feet, reports Gavin du Venage

LOCAL government, the "back-bencher" of political life, is beginning to take its first steps out of the tumult that has characterised civic society for the past few decades

A year after the first non-racial local government elections, a grim picture of decline, obstinate communities and aimless management is apparent

However, for the optimist there is enough good news to affirm prophesies of a new SA moving steadily towards a better civic order for its people

But first the bad news. Local authorities owe more than ever before — more than R5,6bn, or 27% of total revenue. Many local authorities have little or no ability to manage their debts

According to the constitutional development and provincial affairs department, 5% have no credit control capacity and 44% have only "partial" ability to re-over debts

Administration, particularly in former black local authorities, is chaotic. It is impossible, for example, to bill a house when it is in a street that does not yet officially exist, has no number and is home to several families, none of whom are registered with the relevant local authorities

Recently the Gauteng auditor-general warned that Johannesburg faced bankruptcy unless it recovered R1,1bn in outstanding service payments. His announcement was made on the same day the council said it would borrow R400m from foreign banks — a loan the council might not be able to honour

These are gloomy figures indeed. But the "glass is half full" contingent will still find enough moisture to buoy up their spirits. Constitutional Development

and Provincial Affairs Minister Valli Moosa said a lot of good had been achieved, much of which was ignored in the rush to list failures

Firstly, the elections went off relatively smoothly. Even in Kwa-Zulu-Natal, an expected flash-point, local ballots proceeded peacefully and the results were accepted all round

Racial boundaries have been replaced by integrated non-racial cities where local authorities do not have to contend with mass resistance from communities

Local government is recognised as a distinct sphere on its own by the constitution, which means it is less vulnerable to arbitrary tinkering by distant politicians

Delivery of services is also picking up. Moosa said 45% of all projects funded by the municipal infrastructure programme were either already completed or under construction. By next year about 850 projects worth R1,5bn would have been completed

Payment for services, the most enduring challenge to local authorities, is improving, if at a somewhat arthritic pace

A team of trouble shooters has been put together to help local authorities that run into difficulty

When the Free State town of Bultfontein said recently it could no longer pay staff salaries or buy bulk services, a group of management and municipal treasury experts were dispatched to help the municipality dig itself out of debt

Moosa said smaller towns in particular had capacity problems and government would introduce capacity measures where needed. Constitutional affairs deputy

director-general Andrew Borame said it was not only small towns that stood to benefit from closer government scrutiny. Cities such as Johannesburg could also expect their finances to be monitored

If worst-case predictions came true and Johannesburg did find itself unable to pay basic operating costs, it could expect hard-nosed intervention by officials who would examine every last detail of expenditure, operational costs and management efficiency, Borame said

"We will monitor the cash flow of all local authorities to make sure none get into trouble"

This does not mean government will bail out badly run administrations. Rather, it will help them make changes to get themselves back into the black

Management assistance to local authorities that need it is vital. Since transitional measures came into effect two years ago, local authorities have been at the mercy of appointed committees which ran them until the elections. After voting took place, the new councillors had their hands full unifying local authorities

In the cities, this sometimes meant joining segments of larger municipalities to other chunks cut off from their previous administrations by new boundaries

Now that this process is more or less complete, local authorities will have more time to concentrate on day-to-day issues

One of these is undoubtedly the provision of administrative centres in the townships. There are indications that the dismal payment record in black areas picks up when people receive accurate

bills and have a local pay point at which to settle accounts

What needs to happen now, however, is a demonstration of will on the part of local authorities, with government's firm support, to take action against defaulters. And it should be a matter of concern that so many councillors are themselves in arrears. Government cannot tolerate poor examples from its flagbearers in

the townships

Councillors are perhaps more influential and play a bigger role in communities than do MPs as they still live alongside voters

They are the link between project managers and local communities. For many township dwellers, the councillor is the only regularly accessible political representative they have

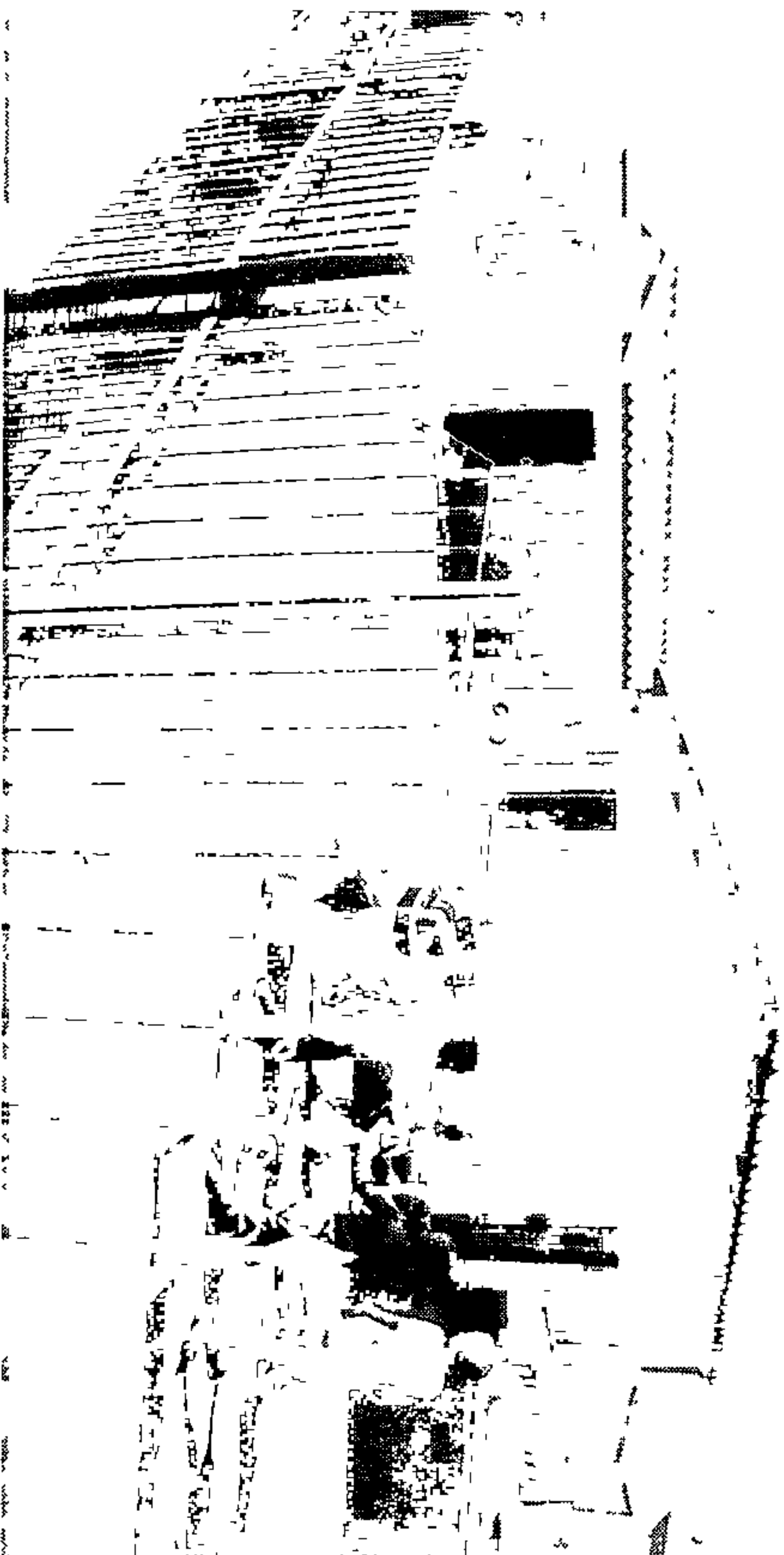
Government has begun to ac-

knowledge the importance of councillors, their disproportionately small allowances and other shortcomings in the system

Training programmes are underway, as are investigations into turning the position of councillor into a full-time post

The management of SA's towns and cities lies in the hands of those elected representatives who were chosen because their communities trusted them

They must be given the resources to ensure they can be accountable and efficient



Family members celebrate their new home in Vosloorus, but will local councils have the capacity to ensure such developments live up to their promise?

Second house to boost role of provincial legislatures

Workshop debates options for new body

CLIVE SAWYER
POLITICAL CORRESPONDENT

Every sign is that the National Council of Provinces, the new second house of Parliament provided for in the coming constitution, will differ significantly from the present Senate.

It has also become clear that close co-ordination between the nine provincial legislatures and the new council will be essential to the new body's success

Representatives of all three tiers of government continued hard at work yesterday, the second of a three-day workshop, to devise rules by which the council will operate. Each provincial legislature will appoint a delegation of 10 to the council, made up of six permanent and four temporary representatives.

Procedures vary for its role in processing legislation according to whether the

ARG 14/11/96 (262)
legislation is linked to the list in the constitution of concurrent legislative powers for the national and provincial legislatures, whether it falls outside this category, or whether it is a constitutional amendment

When the legislation is outside the first category, each delegate will be able to vote individually, but when it is included, voting will be by province, each provincial delegation as a whole having only one vote

This introduces a far-reaching advance for the role of provincial legislatures in national legislation. Various options were proposed at yesterday's workshop for the working of the council

Proposals for the number of its committees varied from the present 12 of the Senate, to a mere three, grouping together respectively finance portfolios, ordinary legislative matters, and matters affecting provinces

Delegates emphasised that because the

council was being established to suit provinces, its rules and sitting should suit the provinces. Suggestions included that provincial legislatures would sit on Mondays and Tuesdays and the council for the last three days of the week.

While meetings of provincial legislatures have since the 1994 election been for the most part sparse, the enhanced role of legislatures in national law-making will mean they will have to meet more often

Because of the greater involvement of provinces, it was suggested that legislation produced by members of the national cabinet be circulated to provincial legislatures as well as Parliament as soon as it was available

A sub-committee also proposed changes to the system of interpellations and question time, saying it should be more directed towards seeking information from ministers and less confrontational

37	CONTROL	Form control database	1
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Local govt to get a new national voice

Ingrid Salgado

A NATIONAL association for organised local government will be launched next week as the official organ for municipalities to interact with provincial and national government

The SA Local Government Association, representing about 800 municipalities, will also become a national employer organisation through which municipal employers can engage in collective bargaining, wage negotiation and dispute resolution

Durban south central councillor Shoots Naidoo, a member of the launch steering committee, said yesterday the association would elect 10 members to the National Council of Provinces to

represent local government

It was still debating the areas from which representatives would be drawn and whether they would be permanent delegates to the council

He said the association would enable local government to make input into legislation and processes to ensure service delivery took place

Primarily through intergovernmental forums, it would lobby for resources in needy areas, facilitate sharing of skills and resources between local government structures, ensure resources were used properly and help local government play a developmental role

Organised local government was ridding itself of the fragmentation associated with the past, Naidoo said

BD 14/11/96 (262)

Provinces must 'bake their own cakes'

The Finance and Fiscal Commission believes it is time the provinces raise their own revenue
Murphy Morobe spoke to **Aspasia Karras** about the commission's proposals

PROVINCES must start playing a much stronger role in developing their own fiscus if they are to survive as executive entities. That is the message the Financial and Fiscal Commission (FFC) is trying to hammer home with increasing urgency in its reports to Parliament's standing committee on finance.

Last week, the commission added more flesh to its proposals that provinces raise their own revenue. In the context of the administrative crises in two of the nine provinces, the Free State and the Eastern Cape, the commission may be fighting a much more complex case than just one for revenue expansion.

Murphy Morobe, chairman of the commission, argues "The issues being raised are critical. We have to ask ourselves what form the state will and can take. As the political actors proceed with giving meaning to the provisions of the new Constitution, so will the form and content of the state unravel. We as the commission have to be aware of these developments in order to remain relevant."

The commission, an innovation of the interim Constitution, was appointed by the president. It advises and recommends approaches and solutions to the fiscal and financial requirements of the national, provincial and local governments through the relevant legislative authorities.

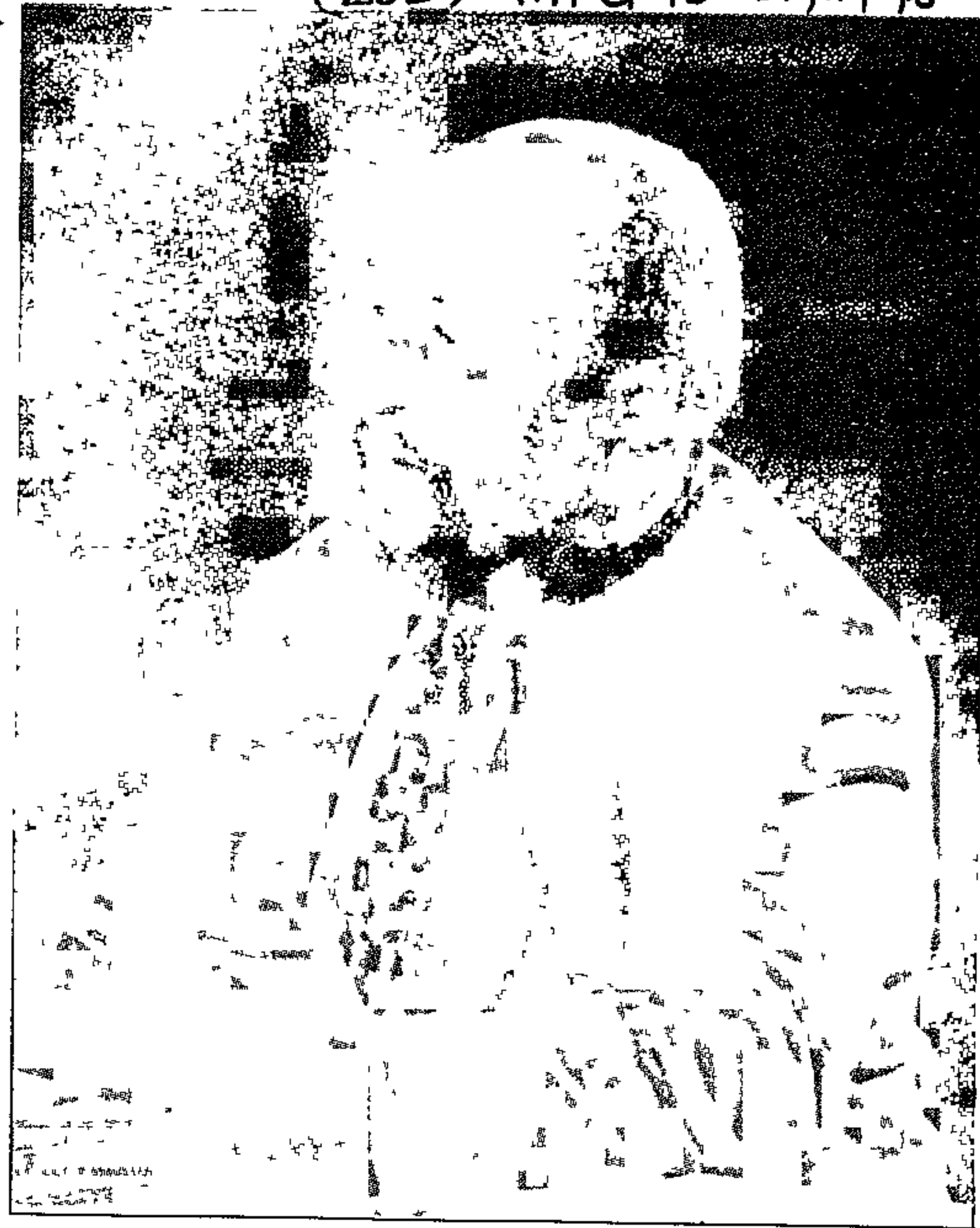
The commission, says Morobe, has deliberately taken a low profile during the past two years in order closely to monitor and evaluate the terrain and the role it should play. In this time it has developed its "currency" — its consistent quality of work and legitimacy.

There are precedents in other countries such as Australia and India, but their role, says Morobe, can vary from being "indispensable to the system to being about as useful as a toy telephone".

The commission's principal task is to work out a way to split the pool of money between the provinces in a given year. First, the money is divided vertically, between ministries and national functions, then allocated to the provinces in a horizontal split. The Constitution does not explicitly state that the FFC cannot play a role in the vertical split, but it has tended to tread carefully, as the issue is a political minefield, and is now driven by a new institution — the Budget Council.

"Should we want to get more involved in the vertical split, we would have to play the role in such a way that we did not usurp the powers of the executive. After all, they have the first call in terms of determining the national interest. We cannot, however, be impassive to decisions made at that level, co-operative government impacts at all levels," says Morobe.

Trying to balance the needs of provinces against the constitutional requirements for equity in the context of a decentralised unitary state



Murphy Morobe: 'First prize is a comprehensive government response to the proposals'

PHOTOGRAPH RUTH MOTAU

is indeed difficult, he says.

The new proposals are an attempt to address the problems of nine dependent provinces — significant imbalances in revenue-raising capacities and expenditure responsibilities, as well as growing deficits.

It is, however, the commission's role to point out that its proposals encompass the fiscal relationship envisaged by the Constitution. Only a systematic approach to these issues will prevent complete chaos.

In fact, it is talking about that most critical of concepts of co-operative governance, which Edward Ritchken from Ashoka, a non-governmental organisation dedicated to supporting innovation in social development, explains as "The process through which power and authority are exercised between and within the state and civil society around the allocation of resources. How antagonistic forces with material interests in the state and civil society forge alliances and enter into conflicts so as to access more resources to reinforce their power."

The commission has concluded that a decentralised system can improve the allocation of resources, provided that sub-national governments are accountable to their electorates. Thus each province is given specific allocations determined at national level for education and health care, and is allowed to determine how it will spend the rest of its portion. The FFC has allowed for a five-year phasing-in process.

But Morobe elaborates "This is not just about numbers, it is not only an expenditure issue, but more importantly a revenue issue. If we continue to make significant transfers from the centre, in some years it will become difficult to justify the existence of provinces with an executive."

An essential element of accountability is the responsibility of raising your own revenue. The issue is then not entirely about which way the cake will be split, but more importantly how provinces can be empow-

ered to bake their own cakes. At present, the average province raises 4% of its expenditure.

The FFC, in its most recent presentation, has added some critical elements to the formula. The most controversial one is the proposal to allow provinces to raise their own revenues by imposing surcharges on personal income tax.

This does not mean that individual income tax rise, but rather that central government reduces its individual income tax rates by a few percentage points, in a phased process.

In other words, within the 25% capping on personal income tax, the provinces are given a few percentage points' leeway to levy as they choose. This would then count as own revenue. Morobe argues that in this way richer provinces, which might otherwise feel done in by the redistributive elements of the formula, can compensate for the horizontal split.

While the provinces have not been formally accorded taxing powers, the commission argues for a proxy for own revenue (a transitionally assigned surcharge) to equal the tax room given to each province in the first year.

The second element is the tax-capacity equalisation grant which seeks to compensate provinces for their different tax capacities.

"The grant will partially compensate for the different tax capacities and disparities in the various provinces," says Morobe.

Finally, the FFC has begun a major programme to develop similar recommendations for local government.

Morobe concludes "First prize is a comprehensive government response to the proposals. But there has to be a strategy, which in the present period must also take into account the establishment of the National Council of Provinces and its role in the system.

"We are many interrelated wholes, everybody has to be alive to chapter three of the Constitution, on co-operative government and the cross-functional issues."

LOCAL GOVERNMENT DEBT (262)

BIG BROTHER STEPS IN

At least 100 local authorities face financial and administrative collapse, a government survey has found. The revelation has prompted tough new legislation which will allow the Constitutional Development Minister, or provincial MECs for local government, to intervene in local authorities they deem to be "unsound".

FINANCIAL MAIL • NOVEMBER 22 1996

A local government can be declared unsound for several reasons, including its inability to collect revenue owed to it.

The new law enables local authorities to borrow money, but at the same time allows the bank to seize municipal assets if the authority defaults on its loan agreement.

The Second Amendment to the Local Government Transition Act may be signed into law this week.

The amendment makes local councillors and officials personally liable for their failures or transgressions. It outlaws cover-ups of criminal or fraudulent behaviour by officials, requiring the police to be called in.

The question remains, however, whether central government has the administrative capacity to undertake a rescue of local government on such a scale.

"It's hard to see how government can fix the kind of problems we're talking about simply by waving a magic wand," says David Solomon of the current affairs analysis company BusinessMap.

Had the new law been in place before June, it might have averted the Sandton ratepayers' revolt and similar disputes elsewhere, Solomon says. But the Sandton deadlock may have already progressed too far for a negotiated resolution, it seems headed for the courts.

The amendment changes the relationship between metropolitan councils and their substructures (now renamed "local councils").

For example, it attempts to clarify the contentious issue of rate-setting by entitling the metro authority to set a rates "system," but not necessarily the rates themselves, of councils within its ambit. This may favour the idea of allowing the local councils to set their rates independently within a metropolitan area.

Government recently completed "operation liquidity," a survey of the state of municipal affairs, and found that at least 100 of the nearly 800 local authorities are in deep trouble financially because of their inability to raise revenue.

The reasons, in most cases, are administrative. Aside from the continuing rent boycotts, and the failure of the Masakhane campaign, many local councils have inherited disabled administrations, they are unable to collect revenues

due to them because there are too few, if any, revenue collection points and staff.

Many black townships have incomplete records of residents and payments. Estimates of service payments are unreliable. The widespread exodus of experienced staff has led to a skills crisis.

Apparently Constitutional Development Minister Mohammed Valli Moosa regards the amendment as "an interim measure" — apparently in the hope that it will restore stability and effective civic government to the old townships within 18 months.

A further measure, which local councils will no doubt be watching carefully, is the establishment of a national

demarcation board, to which local councils could appeal if provincial authorities exercised their right to alter the internal boundaries of metropolitan areas. ■



Valli Moosa

Provinces prepare for belt-tightening

John Dlodlu

OVERSPENDING on health, education and welfare continued to haunt provincial treasuries as they prepared for leaner days under a tight, formula-based budgeting process, provincial sources said yesterday.

At least three provinces — Gauteng, Northern Cape and KwaZulu-Natal — face budget shortfalls in the current financial year as provincial and national government officials discuss a proposal to remove the option of the national fiscus footing the bill for overspending.

Gauteng, one of the few provincial administrations which has managed to exercise prudence in its financial affairs, said its 1996/97 shortfall would be more or less the same as 1995/96's

initial estimate of R1,2bn. The province was praised by national government when it managed to slash the deficit to R64m by the end of the year.

However, Gauteng planning and banking chief director Pradeep Maharaj said the 1996/97 estimate was based on forecasts before factoring in last July's public service pay rises.

KwaZulu-Natal's shortfall will be R1,6bn, but including last year's rollovers will drop the figure to R1,1bn.

Northern Cape treasury head Eugene Meyer said overspending in the welfare vote alone would rise to R170m this financial year, from 1995/96's R138m. "Because of the tight budget we can't find savings anywhere."

In all provinces canvassed yesterday the problems have arisen in edu-

cation, health and welfare — the three budget items for which standards and norms are set at national level.

Although the provincial treasuries are engaged in belt-tightening measures, it is clear they will soon be knocking at state expenditure's door for help.

Treasury officials said no solution had been found in the budget council — the intergovernmental forum which looks at sharing of budget resources — to prevent provinces approaching the national fiscus to finance shortfalls.

Maharaj said the rationalisation plan in health service, currently being negotiated with stakeholders, would result in savings. The move to outsource payment of welfare grants to eliminate fictitious claimants would cream off a portion of overspending.

BD 22/11/96

Local government in bid for unified voice

(262) ART 23/11/96

JACQUI REEVES
OWN CORRESPONDENT

Durban - Political rhetoric and government buzz-words have been flying fast and furiously here at the Exhibition Centre with the launch of the SA Local Government Association (Salga).

The association, which aims to represent, promote and protect local government issues at a national level, began its inaugural meeting this week - a four-day platform for political leaders to dedicate themselves to free, open and democratic local government.

Speaking at the launch of the association, President Mandela described the conference as a milestone in the history of local government.

He warned the association that local governments should not make the mistake of letting important decisions take too much time to reach the "grassroots level", and told delegates to ask themselves whether they had made a difference to the quality of life of the people they served.

Mr Mandela also called on local government officials to create an environment free of tension, where people could feel free to talk across racial and political lines.

"When there is tension, men and women cannot think deeply about the issues and have no real vision. When problems can be solved at a local government level, away from racial and political affiliations, that is when we will be able to deliver services the fastest," he said.

The summit has convened local government representatives from across the country, and Africa, to begin the process of setting up a White Paper for local government. The White Paper aims to set out how local government would interact with other spheres of government, and address the role of local governments in the reconstruction and development programme.

Delivering a discussion document on the White Paper, Andrew Boraine, deputy director-general of the Department of Constitutional Development, said local governments would also be in a position to foster economic growth and job-creation and to assist in planning development. "In the

past the focus of local government has been on the provision of social services, not on economic production.

"Yet many decisions taken by local government can have a major effect on national economic growth and job-creation," he said.

Although most delegates appeared to be swept up in the promises of better, more efficient local government, some said they were getting tired of the delays in establishing effective local government.

A councillor from the North West province said although the summit had good intentions, his electorate was still going hungry.

"More than one speaker here has talked about devolving power to the local governments.

"Yes, devolve the power, but also devolve the funds. Sometimes being in local government is like being asked to jump through fire after they have cut off your legs.

"I will reserve my judgment of this summit until I have seen that it can actually deliver on the promises," he said.

'Provincial legislatures support too many staff'

BD 17/12/96 (262)

Linda Ensor

CAPE TOWN — Provincial legislatures were supported by far too many members of staff relative to their low levels of activity, the Commission on Provincial Government report for the year to end-July has concluded.

The report also raised concerns over the employment of thousands of superfluous people by the Eastern Cape provincial government.

The commission, under the chairmanship of Mkumbuzi Titus, was established under the interim constitution to advise on the establishment and consolidation of the provincial administrations.

The report recommended that the number of posts allowed should be reviewed periodically to ensure that all staff were fully used at all times. The commission also raised the possibility of whether the private sector could not perform certain activities more economically and efficiently.

Regarding financial controls, the report said "Notwithstanding the fact that corruption, fraud, theft and maladministration are prevalent in a number of provinces, internal auditing ap-

pears to have been given a very low priority. Not one of the provinces has yet introduced an effective internal auditing system staffed by competent personnel."

The commission also raised its concern regarding "the elaborate separate structures that were being created in some provinces to review and oversee reconstruction and development programmes" and recommended that the programme should be part of the functions of each department.

On staff complements, it noted in October last year the Gauteng legislature employed 55 permanent employees and eight temporary staff although its full establishment provided for 90 employees, which the commission felt to be rather high considering the legislature sat only 27 days during the year and its committees met only 226 times.

Likewise the KwaZulu-Natal legislature's full staff establishment of 90 people was considered too high in the light of the fact that it sat only 25 days last year and its committees met only 148 times.

The Western Cape legislature had an approved staff complement of 105, but sat only 31 times last

year, its nine committees meeting 58 times during the year.

Eastern Cape employed 125 permanent staff, which was excessive relative to the sittings of the legislature. The Free state legislature employed 60 at an estimated cost of R4,57m, despite the fact that it sat only on 24 days and its committees met 148 times.

The commission discovered that about 18 000 employees of the former administrations were superfluous to the Eastern Cape's requirements. "The continued employment of so many persons who are not productively occupied is untenable," the report stated.

The report also highlighted a lack of cohesiveness in the Eastern Cape provincial administration. Groups in the western regions were still agitating for inclusion in the Western Cape while there was also a strong call for the Transkei to be recognised as a separate province. "Leaders of a large segment of the population are demanding that the seat of government be moved to Umtata. There is a feeling that the concentration of government in Bisho will cause the needs of the Transkei area to be neglected," the report said.

Pay deal plan could force councils to reduce size

(262)
CLIVE SAWYER

POLITICAL CORRESPONDENT

AA 23/11/97

A proposed new pay deal for local government councillors, based on the number of people living in their municipality, was announced today by the Steyn Commission on Remuneration of Public Representatives.

This formula means that the more members a council has, the less each one will be paid – a measure designed to discourage over-large councils.

The “minimum wage” allowance for a councillor will be R1 500 a month.

The maximum pay package for any councillor should be the equivalent of the pay of a member of a provincial legislature.

The commission said the existing municipal councillors’ pension fund, which has a surplus of more than R90-million, was over-generous and should be restructured.

The recommendations, announced at a media conference at Parliament today and still subject to cabinet approval, follow proposals last month on revamped pay packages for MPs and provincial legislatures.

Commission head Judge Jan Steyn said the constitution envisaged significantly increased power and responsibility for local government.

'Fight' over R90-m pension surplus

(262) ARG 24/12/96
Judge Jan Steyn predicts there will be a fight over who gets the R90 million surplus in the municipal councillors' pension fund

The permanent commission into what public representatives should be paid has criticised the fund as over-generous and has recommended it be restructured.

Changes to the workings of the fund are part of a proposed new deal for municipal councillors announced by Judge Steyn who said pensions were "a favourite way to enhance politicians without public realising what's happening". - Staff Reporter

See page 5

Steyn pegs traditional leaders' pay at R6 000

Worth of kings and chiefs unanswered

CLIVE SAWYER

POLITICAL CORRESPONDENT

The Steyn Commission, faced with a discrepancy-ridden and costly system of payment for South Africa's more than 3 000 traditional leaders, has recommended a flat rate of R6 000 a month for most of them.

But it has had to leave unanswered the question of what to pay Zulu king Goodwill Zwelithini and the top echelon of paramount chiefs, all of whom also wish to be treated as kings.

Judge Jan Steyn, head of the permanent commission into pay for public representatives, has urged the government to decide on the future of traditional leaders

"There is a very real need for a thorough investigation of these institutions and for a decision by the government as

how they are to be dealt with. We urge the government to grasp the nettle. fudging the issue as to how, if at all, these institutions are to be integrated into a democratic dispensation, would appear to us to be an unacceptable option"

Uncertainty was often the cause of instability, Judge Steyn warned

He said the commission had found it difficult to apply modern principles of grading and levels of remuneration to institutions that were not conforming with the value base of a transparent, democratic and accountable system of government

The commission rejected the present system of traditional leaders being paid large amounts for their membership of Houses of Traditional Leaders

Their main duties were at community level and they should be paid at that level, with allowances for attending sittings of

the houses, the commission said

The commission sharply criticised the huge discrepancies in the pay of traditional leaders

In Mpumalanga province, the chairman of the House of Traditional Leaders received R232 000 a year, while ordinary members got R154 000 a year. In Kwazulu-Natal, members received R400 for attending a sitting and did not get a salary at all

There were also disparities in the pay of chiefs and headmen

The 10 chiefs of QwaQwa were each paid R2 400 a year and the seven of KwaNdebele R72 000 a year

The commission recommended a uniform pay package for chiefs and headmen, but without medical aid or pension

It had not been able to get all the information required to make a decision about the Zulu king and the paramount chiefs

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Provinces reject salary proposals

BD 22/1/97

(262) (10)

Linda Ensor

CAPE TOWN — All nine provinces have rejected the Steyn commission's recommendations on salaries for local government representatives, saying that they are unrealistic and cannot be implemented.

Local government MECs from all the provinces voiced their views at a meeting in Pretoria with Provincial Affairs and Constitutional Development Minister Valli Moosa yesterday. The meeting decided to set up a committee to make interim recommendations on salaries by February 11.

The committee would consist of MECs from the African National Congress, National Party and Inkatha Freedom Party, and representatives from the department and SA Local Government Association.

It was decided that interim salaries would be paid from March 1 until mid-1999. During this time a more in-depth study would be undertaken and recommendations stemming from it would be implemented on July 1 1999.

Western Cape MEC Peter Marais said MECs were unanimous that the report showed a "dismal lack of understanding" of local government affairs.

The commission proposed a remuneration formula for city councillors to restrict numbers — the more councillors, the less they would be paid.

The amount available for remuneration would be directly proportional to the number of inhabitants in a council area. This would be divided in a ratio of 5:3:2 respectively between mayors and executive committee chairmen; executive committee members and deputy mayors; and councillors. The minimum package would be R1 500 a month.

Marais said the effect of this system in some local authorities would be that the total cost of wages would constitute 60% of the total annual budget.

He said one province estimated that only six of its local authorities would survive and two thirds of its municipal workforce would have to be retrenched to pay for councillors' salaries if the

Continued on Page 2

Salaries

Continued from Page 1

BD 22/1/97 proposals were introduced

He cited the example of Bitterfontein in Western Cape, a grade one local authority — one of the smallest — whose eight councillors served only 950 people. Whereas the mayor earned R572 a month and councillors R143, their salaries would, in terms of the Steyn proposals, soar to R3 750 and R1 500 respectively. The total monthly salary bill would rise from just more than R2 000 to about R18 000.

Marais compared this with Oudtshoorn, which had 20 councillors serving 58 000 people. Under the Steyn proposals, the mayors of Bitterfontein and Oudtshoorn would earn the same amount, which would mean the Oudtshoorn mayor taking a drastic cut in salary from his R6 189 a month.

Implementing the Steyn recommendations in KwaZulu-Natal would add R50m to the salary bill, while in Western Cape an additional cost of R4,5m would be incurred if the new salaries were introduced in the seven district councils, Marais said.

Comment: Page 9

WHO'S RUNNING OUR CITIES?

FM24/1/97

(262)

City officials and landlords are increasing their efforts to turn around some of SA's more ailing cities. But in the absence of highly visible and fully accountable city champions — like US mayors with the facts and authority on tap and, more important, their jobs on the line — they face an uphill battle.

Johannesburg is talking of appointing an inner city manager. As with most moves made by Johannesburg, Pretoria, Durban and Cape Town watch to learn by its mistakes.

The price SA cities are paying for uncontrolled crime, grime and street trading is measured by a number of factors. First National Bank has just frozen development worth R500m in Johannesburg's CBD. Durban faces an erosion of its rates base (see *Property* page 71). In all cities, including Cape Town, companies continue their flight to the suburbs.

The latest office vacancy figures provided by the SA Property Owners' Association (Sapoa) show the Pretoria CBD in the unenviable lead with 17% of its A- and B-grade offices empty, followed by Johannesburg (16%) and Durban (12,5%). Only Cape Town has managed a respectable 8,6% — but a B-grade surfeit.

Sapoa has sent out a questionnaire to its members countrywide to assess all their holdings to measure the even greater quantum of older stock in CBDs. But it's grappling with the problem of how to reach nonmembers.

The growing incidence of fringe squatter camps, homelessness and street children, as elsewhere in the world, has woken business to the reality that local government cannot do the job alone — it can only help the private sector fix it. And there are many private sector initiatives in cities which are encouraging.

But common to all successful turnarounds of cities and city precincts in the US and elsewhere is shared responsibility by the public and private sectors for city or city precinct forward planning to begin with, consensus-seeking, supervision and law enforcement.

Through which agencies that will be implemented requires the kind of study and debate now being hammered out in

development forums countrywide.

The Central Johannesburg Partnership (CJP) — formed five years ago by city landlords to co-opt government, business and residents into tackling its problems — last year spawned a new body to re-envision the inner city. This is the much larger, consultative body — the Inner City Development Forum — which should complete the exercise by June.

Officials and the CJP admit that the process is slow, but say it's not preventing the implementation of shorter term strategies for Johannesburg, such as the hiring of 360 extra street cleaners, upgrading the Joubert Park/Jack Mincer precinct and a pilot closed-circuit TV project, led by the CJP and another private sector body, Business Against Crime.

Yet street cleaning remains unsupervised, and there's the real danger — as US cities found — that too much reliance on remote camera policing could denude the streets of visible police foot patrols, which teach and control public behaviour.

A provincial government gazette containing bylaws to govern street trading in Gauteng "is expected any day," says CJP

executive director Neil Fraser.

But still to be decided in a second phase are designated areas in Johannesburg for street traders, possibly in markets, and space for taxi ranks and lay-bys. A market must be created. But not until the forum has set its local development objectives (LDOs), in accordance with the Development Facilitation Act (DFA), will the answers be readily available. Gauteng's LDO deadline is end-March.

LDOs are designed to plan for new commercial projects, housing, schools, health, social facilities, infrastructure and so forth. The DFA is intended to fast-track development and implement the ideas US mayors talk about, such as allowing for more flexible zoning to enable B-grade or older space to be converted rapidly from offices to housing and schools.

There's still no talk of setting and regulating standards for building maintenance and aesthetics.

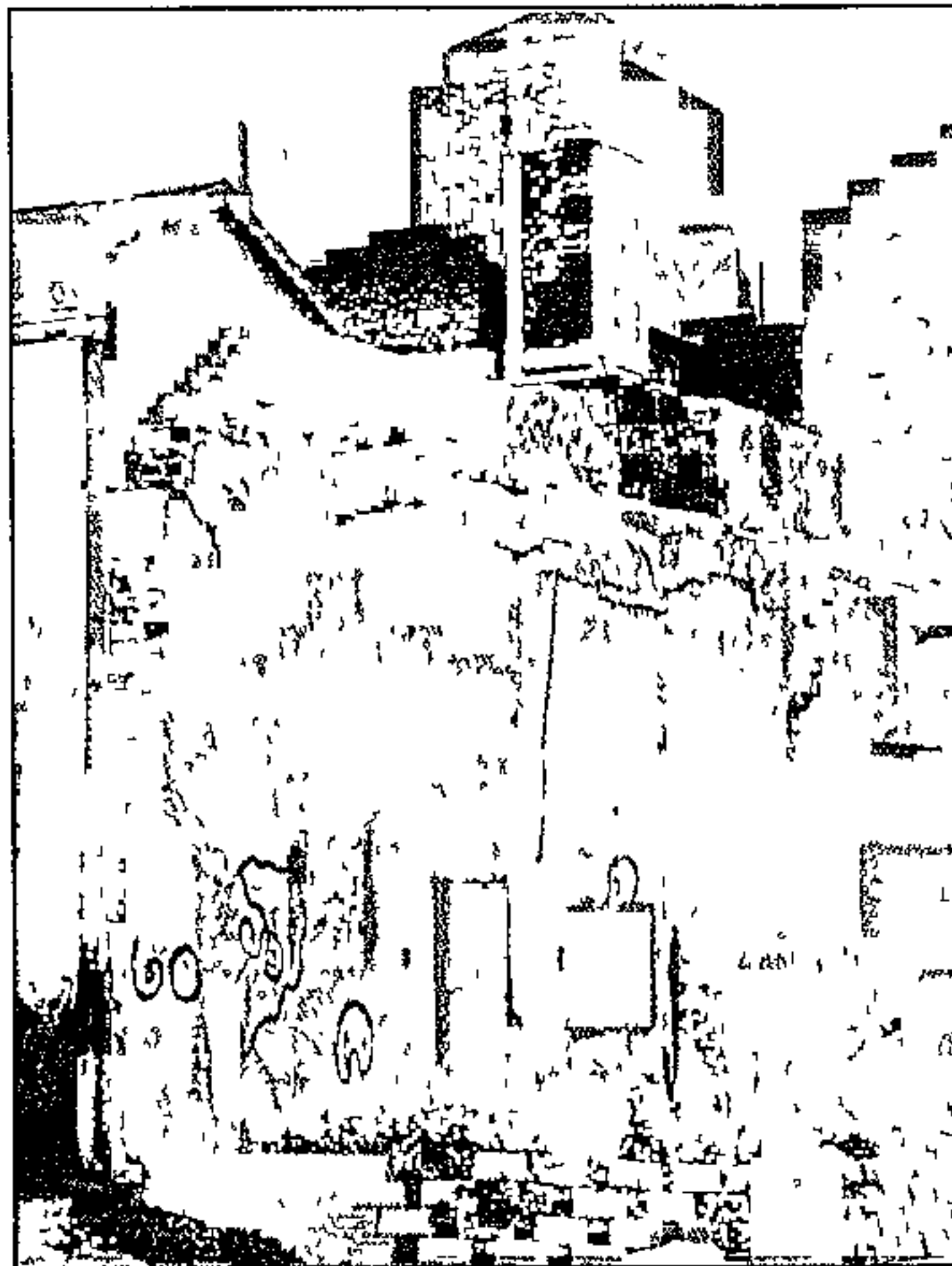
Fraser is not convinced that the forum will be able to implement the vision as rapidly as either business or the public would like. Projects attempting inner city turnarounds in Washington DC and locally highlight the need for an incentive-driven private company to work in joint venture with councils but be responsible for urban management and development direction. Fraser is now thinking about forming such a company.

He says that the splitting of many metropolitan areas has not helped inner city areas as authorities didn't recognise the special importance of the city itself.

The result is total confusion where more than one substructure often lays claim to a city, but there is also an overriding metropolitan authority which is bound to interfere in the substructure's management.

The answer could be to give complete authority to metropolitan councils for inner cities and to substructures or local councils for suburbs or outlying areas.

But cities in SA still need responsible managers who must be able to stand up and be counted. ■



Downtown Johannesburg still searching for a heart of gold

Private funds earmarked for local govt

Greta Steyn

LOCAL authorities are set to borrow about R800m from the Infrastructure Finance Corporation (Inca) in the next couple of months — the first major private-sector lending to local government since the political transition. Inca will be able to disburse the funds after it raises about R1,2bn on the capital market in the next couple of weeks.

Government regards private-sector involvement as the key to meeting massive infrastructure backlogs at local, provincial and national level, estimated at R171bn over five years.

Inca MD Johan Kruger said there had been strong demand from municipal borrowers since Inca's launch last October, especially because of the quick response time to loan applications, and Inca expected to lend about R800m before June.

He would not divulge which local authorities were in front of the queue, but indicated the major and secondary urban centres were likely borrowers for projects ranging from water and sewage provision to waste disposal.

Inca, which is a joint venture between First National Bank, Southern Life, the Commonwealth Development Corporation and other financial institutions, begins marketing its bonds to the major institutions next week, with the help of the Investment Development Unit (IDU) and Thebe's Msele.

The Inca marketing exercise comes at a time when cash-flow problems of many Gauteng local authorities are in the spotlight. But IDU head Errol Benvie did not believe the furore about financial health would put a damper on

the demand. "Inca has done its homework and has built in the necessary credit checks and balances," he said.

Inca executive director Attie van Zyl said the company used a model which divided local authorities into five categories of credit risk. Payments boycotts were taken into account when drawing up a picture of a municipality's ability to pay. About 120 local authorities were potential Inca borrowers, representing a mix of big and small. "Size is not necessarily a sign of creditworthiness," Van Zyl said.

Inca did not do project appraisals, which was why it was able to respond quickly to loan applications. Instead, it concentrated on the balance sheets and overall financial soundness of the borrowers, he said. The company would do high-volume, low-margin business.

Institutional investors virtually stopped lending to local authorities while the system was being redesigned, but a major push by government to market the opportunities to the private sector got financial institutions interested.

There has been speculation that Inca and other private-sector lenders could be in competition with the Development Bank of Southern Africa. However, bank MD Ian Goldin said the bank would concentrate on borrowers that could not obtain private finance.

The bank battled to get loan finance out to local authorities in its last financial year. New commitments approved for the first six months of the bank's financial year to September were R392m against R576m. However, Goldin expected the commitments figure to surge about 20% this year.

BD 3/2/97

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Eastern Cape

va news - 10sa
Mpumalanga

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Western Cape

leaders' chances of survival into another term The waterline is at 50%

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Gauteng



Manne Dipico
Northern Cape



Popo Molefe
North West



Ivy Matsepe-Casaburri
Free State



Ngoako Ramatlhodi
Northern Province



Frank Mdlalose
KwaZulu Natal



87%



Frank Mdlalose
KwaZulu Natal

7.1%

2.0%

2.0%

2.0%

2.0%

2.0%

2.0%

2.0%

2.0%

The Star's political team's predictions in August last year:

Mathews Phosa, Mpumalanga **95%**, Tokyo Sexwale, Gauteng **94%**, Hernus Kriel, Western Cape **87%**, Ngoako Ramatlhodi, Northern Province **80%**, Popo Molefe, North West **65%**, Frank Mdlalose, KwaZulu Natal **47%**, Manne Dipico, Northern Cape **45%**, Patrick Lekota, Free State **30%**, Raymond Mhlaba, Eastern Cape **10%**

GRAPHIC GAIL IRWIN

Up and down ... the changing fortunes of the nine provinces' premiers (262) Star 4/7/97

BY JUSTICE MALALA
Provincial Correspondent

A week is a long time in politics, and the past three months have been enough for a virtual revolution in the balance of forces which determine the political survival of South Africa's nine premiers. As predicted by The Star last year, three premiers have been, or are about to be, replaced.

Dr Ivy Matsepe-Casaburri has taken over from Patrick Lekota as Free State premier, but her hold on the position seems as precarious as that of her predecessor.

So what are the chances of the nine premiers staying in their positions until 1999, when their tenure ends?

Of the new premiers, Matsepe-Casaburri remains in dire straits. She is not ANC provincial chairman, and may not get the position when the organisation holds its conference in a fortnight. She does not have the full backing of the electorate, as Lekota clearly had.

The Rev Arnold Stofile, who takes over from Raymond Mhlaba today, has become a symbol of

the ANC's resolve to clean up the corruption that has plagued the Eastern Cape. His future is assured.

Dr Ben Ngubane is the man tipped to take over from Dr Frank Mdlalose in KwaZulu Natal. His future, though assured, is largely dependent on whether he remains in the good books of party leader Chief Mangosuthu Buthelezi.

Of all those who were inaugurated in 1994, Mathews Phosa - a skilful politician - remains the man most assured of staying at the top. He is one of the ANC's

top strategists and is chairman of the ANC in Mpumalanga.

The National Party's Western Cape Premier, Hernus Kriel, has managed to beat off challenges and seems set to retain his position until 1999. The NP, however, seems determined to have a coloured premier and Kriel is unlikely to make it beyond 1999.

Ngoako Ramatlhodi has lost the important position of provincial ANC chairman and is known to be highly unpopular, particularly in the far northern parts of Northern Province.

Although new ANC chairman George Mashamba has said he does not envisage a Free State-type situation in Northern Province, if Ramatlhodi's unpopularity persists, the organisation might just jettison him. He is sinking - and fast.

Popo Molefe's position in North West is safe - until 1999. However, it is known that activists in the province are campaigning to have him moved to a national position to make way for another leader, probably his ANC deputy chairman, the Rev O J Tselapedi.

Manne Dipico managed to silence a small lobby in Northern Cape intending to oust him, and has consolidated his power. He remains popular with the electorate and the organisation, and is not likely to lose power soon.

Gauteng Premier Tokyo Sexwale is certain to be in office until 1999 - and even beyond - because he is most unlikely to be in the national Cabinet of ANC heir-apparent Thabo Mbeki.

► No-nonsense Stofile
Page 3

Provinces get together to protect their powers

(262) Star 5/2/97

By JOVIAL RANTAO AND
MONDLI MAKHANYA

The nine provinces took a step closer to the establishment of the National Council of Provinces yesterday when they appointed 54 politicians to represent their interests at the national level.

The nine provincial legislatures held extraordinary meetings at which each elected six representatives to the council.

It also became clear at the sittings that most provinces would support the election of former Free State premier Patrick Lekota as chairman and vote for outgoing KwaZulu Natal premier Dr Frank Mdlalose as rotating deputy chairmen, and for former ANC chief whip in the Senate Bulelani Ngcuka as permanent deputy chairman.

In Gauteng, Premier Tokyo Sexwale said the council should not be regarded as a mere "cattle vote and a toothless bulldog" but must develop into a powerful body representing provincial interests.

He cautioned that council members should safeguard against their structure becoming a conveyor belt for decisions taken by the national Government and Parliament.

Gauteng's six permanent delegates will be Henry Makgothu, Joyce Kgoali and Mosheen Moosa from the ANC, William Mnsi from the Democratic Party, Ben van der Walt from the Freedom Front and Gerhard Koornhof from the National Party.

In Mpumalanga, former senator William Lubisi was elected as a leader of the province's permanent delegates. Other permanent members are Mohammed Bhabha, Stephan Grove, Wilson Mudau, Rossier de Ville, and NP provincial leader David Malatsi.

The legislature also voted Premier Mathews Phosa, Local Government MEC January Masilela, Welfare MEC Candith Mashego and Sports and Recreation MEC Lassie Chirwayo as special delegates to the council's inaugural meeting.

North West Premier Popo Molefe described the establishment of the council as a quantum leap into the future.

The North West's permanent delegation includes former senators S Surty (ANC), S Mokhuba (ANC), O Kgobe (ANC), K Mothoagae (ANC), LJ Swanepoel (NP) and Andries Bruwer (Freedom Front).

KwaZulu Natal's permanent delegates are John Bhengu (IFP), Musa Zondi (IFP), C H Pienaar (IFP), Siyabonga Cwele (ANC), Errol Moorcroft (DP) and Michael Henry (NP).

In the NP-led Western Cape, the representatives include Alex van Breda (NP), Stan Fisher (NP), Cornelius Ackerman (NP), Bulelani Ngcuka (ANC), Joe Vorster (ANC) and James Selfe (DP).

The Northern Cape delegation includes K Bogatsu (ANC), J Mongoketsi (ANC), M Suliman (ANC), E Lubitla (ANC), T Groenewald (FF) and Adriaan van Niekerk (NP).

awarded for 55 consecutive or 90 non-

Business Paradise, published at the time, Tony Paratus

DP fears provincial body will be 'nightmare'

Vuyo Mvoko

WHILE minority parties in Gauteng welcomed the newly established National Council of Provinces, (NCOP) they believed there could be problems and the workings of the council could be a logistical nightmare, the Democratic Party (DP) said this week.

However, they were divided on whether the council would "squeeze" them into a corner where they would have to take blows from the majority party.

"Is the NCOP perhaps not too sophisticated for an infant democracy like ours?" asked DP Gauteng legislative leader Peter Leon in an interview yesterday. He said, referring to the "logistical issue", his party still had "a very big question" on "how on earth is this going to work?"

With 50-60 pieces of legislation which the council might have to look into each year, the DP's fear, Leon

said, was that in the absence of both infrastructure and the right personnel the council idea "might implode, especially in a country that is not First World".

In countries like Germany, where Leon said the idea was largely borrowed from, civil servants were skilled and the technology was advanced.

Council delegates were not to be given blank cheques, Leon said. They would have to research, deliberate, discuss and consult. What would happen, he asked, in a place like the Eastern Cape or Mpumalanga where the delegation might not have immediate access to expert opinion and superior technology?

He said the major problems would not be with the council, but rather in the provinces where the issues would be discussed before going to the council.

But if the minority parties were "sharp and astute", they could influence the decision in the provin-

BD 7/12/97 (262)

cial legislatures' standing committees and in other structures of provincial governance.

Leon said he had "reservations" with the principle of voting by delegation in the council where, he said, the minority parties could be "squeezed" and "bulled" by the majority party.

National Party (NP) MP Daryl Swanepoel did not fully agree with Leon's position that the minority parties would be "squeezed".

The composition of the council had increased its "influence", he said, and that would make it "strong and different" from its predecessor, the senate, which simply "mirrored the National Assembly".

The council would have more of a provincial perspective and less party politics, he said.

Swanepoel said there was a need to remember that each bill would be fully debated within each legislature before it could be taken to the council.

The new situation would also put an extra workload on the provincial legislatures, which, he said, were already understaffed.

ANC MP Firoz Cachalia said everyone should be proud that SA had put in place a "very strong structural mechanism" which few other democracies in the world could boast of.

With regard to minority parties that feared they might be suppressed by the ANC, Cachalia said "You can't design a constitution for parties with less than 5% of the vote. We go by popular preferences. The remedy is in the ballot and not in constitutional gerrymandering."

CENPROP AND CAPITAL RESULTS AND DIVIDEND DECLARATION

PROPERTY FUND MANAGERS LIMITED - management company of Cenprop and Capital, the final results of the Funds for the year ended 31 December 1996 are as follows:

PROPERTY FUND	CAPITAL PROPERTY FUND
<p>The objective is to invest in well tenanted, retail properties.</p>	 <p>Capital Property Fund aims to build a well diversified portfolio of high quality, income producing, retail properties.</p>

Provinces pivotal to legislative process

FOR years to come, SA's legislators will rue the day they foolishly allowed fenshily clever people to draw up the constitution. The reason although the constitution has many virtues, simplicity is not one of them.

Of all the legal trapeze artistry that went into writing the constitution, the new legislative process is the most perplexing.

The roots of this complexity lie in the often contradictory desires of the constitution writers to allow provinces a greater say, while at the same time not permitting provincial governments, individually or collectively, to render the political system unworkable.

Or to put it more cynically, the constitution writers wanted an improved role for provinces as long as their co-operation with central government could be assured.

For this reason, the Constitutional Court declared the provincial system to be weaker overall than the one set out in the interim constitution, albeit not significantly so.

In any event, the result is an extremely complex new system for passing legislation, primarily because of the new role of the National Council of Provinces, which replaces the senate.

In all, four different types of legislation can now be presented to Parliament.

The different types coincide with sections 74 to 77 of the constitution — sections which may in time become familiar aspects of SA's political lexicon. The types are these: section 74 — bills intended to amend the constitution; section 75 — ordinary bills not affecting provinces; section 76 — ordinary bills affecting provinces; and section 77 — money bills.

Constitutional amendments are likely to be few and far between. It is estimated they will take at least three months to pass, and possibly longer, and it must be assumed that, apart from a few procedural issues, there will not be any amendments in the near future since the constitution has just been drawn up.

The vast majority of legislation will be passed in terms of section 75 (legislation that does not affect provinces) and section 76 (legisla-

As SA's parliamentarians gather again, the complexity of the new legislative system seems destined to pose new questions and problems, write parliamentary correspondents **Tim Cohen** and **Wynndham Hartley**

tion that affects the provinces)

There are two key differences between these kinds of laws. The first is that all council delegates will have a single vote in the case of "nonprovincial laws" (section 75), so votes will generally follow party lines. But with "provincial laws" (section 76) each province will have only one vote, which opens the possibility of provincial votes differing from the official party line.

The second important difference is that the National Assembly can overrule the council's views with a simple majority in the case of section 75 laws, but to overrule a council amendment to a section 76 law, the National Assembly will have to muster an absolute majority of two thirds of its members. The political costs of

doing so will be high, encouraging national government to seek prior agreement with provinces rather than use its political muscle.

Both systems require provinces to develop negotiating mandates on legislation, first individually and then collectively. Depending on the legislation, the mandates will be developed within political parties in the provinces, or (theoretically at least) on nonparty political lines within provinces as a whole.

As a result, "nonprovincial legislation" (section 75) will follow this route (take a deep breath) the National Assembly will pass the bill, then it will go to the council, the nine provincial legislatures will discuss the provincial interests, there will then be a council interdelegate discussion, the par-

BD #12197

ties in the provincial legislatures will then mandate a vote, then it will be presented to the council formally and, if passed, will go to the president for his assent.

If that seems complex, try the procedure for "provincial legislation" (section 76) the National Assembly passes the bill, the provincial legislatures confer a negotiating mandate on their representatives, a council interprovincial negotiation takes place and if five provinces support the bill, it goes to the president for assent.

If the council amends the bill, it goes back to the National Assembly. If the National Assembly rejects the amended bill, it then goes to a mediation committee made up equally of assembly and council members who may agree on either the original version, the council

version or a new version.

If no agreement is reached in 30 days the bill lapses, unless it is passed by two-thirds of the assembly. Pnew.

The fourth type of legislation (section 77) concerns "money bills" which appropriate money or impose taxes, levies or duties.

Here the section 75 procedure is followed, but there is one huge difference: only the finance minister may introduce a money bill, leaving the power of the purse strings in the control of, primarily, the finance minister and secondarily, the executive.

Although this procedure seems complex, if the practice of the past two years is anything to go by, the establishment of mediation committees and other technical systems is likely to be rare. The strength of the ANC, at least at this stage, means that fairly quick compromises are likely.

However, the new system opens up new questions and new problems. Briefly, they are these:

□ Controversial legislation may take longer to pass, but once it does, it may enjoy wider support.

□ The provincial legislatures, some of which have hardly passed any legislation in the past three years, are going to find their workload will increase dramatically, but they will be more involved in the overall legislative process.

□ A new system of "tagging" legislation will be introduced to define what type of legislation it is (section 75, section 77 and so on). In certain cases this will be critical because of the different voting procedures involved, and a committee may be established to resolve tagging disputes.

□ Most importantly, the question arises as to whether some provinces will break allegiance with their parties' national positions and club together to pursue individual or collective interests.

Take, for example, legislation which proposes the establishment

of free trade areas in certain provinces.

First of all, a dispute could arise about whether the bill should be a national bill, or be passed by an individual provincial government, or be tagged provincial. Provinces might argue that this is a legitimate area for them to legislate on since trade is included in schedule 4, which sets out areas of joint competence.

However, national government could argue for the application of the national overrides, which allow national government to impose a national system.

These overrides are extremely wide and include the power to intervene to maintain economic unity, maintain essential national standards, establish minimum standards and prevent actions which are prejudicial to the interests of other provinces.

According to Mark Phillips, legal adviser to Gauteng premier Tokyo Sexwale, the political environment makes "cross-cutting alliances" between provinces on politically contentious issues very unlikely.

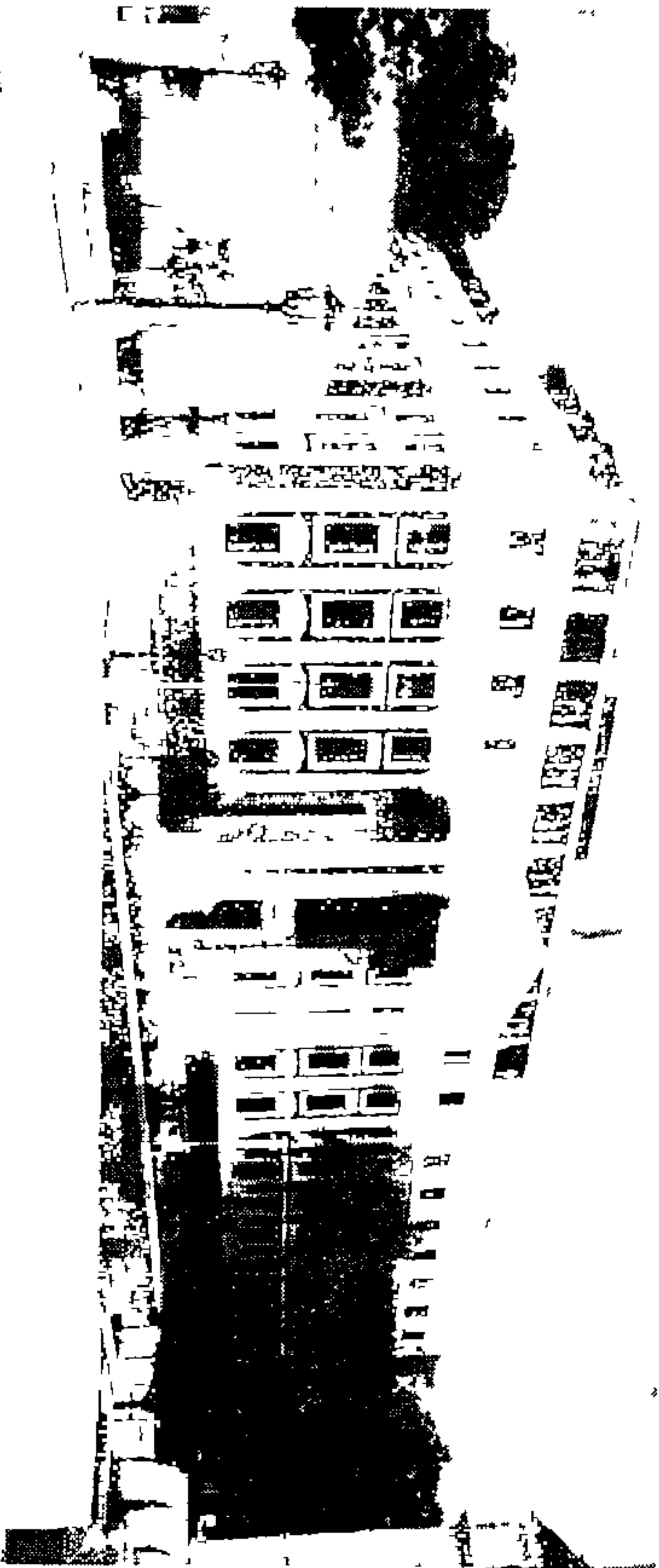
The constitution specifically requires intergovernmental co-operation and party power is highly held at the national level. Things may change.

Another consequence of the new system is that for the first time provinces themselves will be able to introduce national legislation through the council.

It is worth bearing in mind that the position of provinces will be stronger if a legislative rather than an executive route is used to implement decisions. This is because provinces have more control over legislation than they do over the many joint national-provincial meetings envisaged in the constitution which are generally overseen by the national minister.

However, it is unlikely the provinces have the capacity to introduce significant legislation through the council. However, this too may change.

In time perhaps, possibly after the 1999 elections when provincial politicians feel more pressure to perform, the provincial government weaklings may yet develop their physiques and miraculously turn into muscle-bound political heavyweights.



Parliament ... getting more complex

Forum fosters new consensus

POLITICAL STAFF

(262) CT 7/2/97
THE new National Council of Provinces would provide a forum for consensus politics in which the provinces would be able to reach decisions across party lines, said new rotating deputy chairman of the body, Dr Frank Mdlalose

The outgoing Inkatha Freedom Party premier in KwaZulu-Natal said after being elected unopposed that he believed the new system would promote political unity

Former Free State premier Mr Patrick Lekota was, as expected, elected unopposed as the new chairman and the ANC's Mr Bulelani Ngcuka as permanent deputy chairman at the body's first meeting yesterday. The Judge President, Mr Arthur Chaskalson, swore in 54 permanent members of the council.

Dr Mdlalose was nominated by ANC Mpumalanga premier Mr Mathews Phosa and seconded by National Party Western Cape premier Mr Hernus Kriel. One of the first people to congratulate him was newly elected Free State premier Mrs Ivy Matsepe-Casaburni and ANC KwaZulu-Natal leader Mr Jacob Zuma, also a rotating delegate to the new council.

Mdlalose said that provinces would have to vote on provincial legislation as one voice, as legislation affecting provinces would require one consensus vote in the council per 10 delegates from each province.

In his acceptance speech in the council, Mdlalose emphasised the need for nation-building.

PROVINCES BODY REPLACES SENATE

Council not a rubber stamp for Parliament

THE NEW National Council of Provinces will allow provincial interests to come to the fore and force provincial governments to be more accountable. **ROGER FRIEDMAN** reports.

CT 7/12/99 (262)

THE National Council of Provinces (NCOP), with former Free State premier Mr Patrick Lekota at its helm, was inaugurated yesterday with the swearing-in of its 54 permanent delegates.

The NCOP replaces the Senate — which was criticised as being ineffectual and merely a rubber-stamp — as the second House of Parliament. It has been created in terms of the new Constitution, which came into effect this week.

Former Senate chief whip Mr Bulelani Ngcuka was elected Lekota's permanent deputy, and Kwazulu-Natal Premier Dr Frank Mdlalose rotating deputy.

The council will comprise 90 members — including 36 special delegates — or 10 seats per province. Each provincial delegation will have a single vote. The over-riding aim is to give provinces more direct input into national politics, an area in which the Senate was deemed to have failed. Lekota said "We want the council to be something vibrant in

that area we would really like to be different to the Senate

"In most cases you could predict that the Senate would support the National Assembly on particular issues. And it was almost a foregone conclusion that where they opposed the assembly they would be over-ruled."

Now, provincial interests would be allowed to come to the fore Lekota continued "There is a perception that there will be tensions between the National Assembly and the Council of Provinces, and people see the tensions as negative. We believe there will always be tension between the provinces and the National Assembly, but it must be positive tension. It must produce policies that benefit the taxpayer, that benefit the nation."

Ngcuka said the council would operate as a consensus-seeking mechanism, and had been set up as such in terms of the Constitution.

The fact that provincial delegations would comprise proportionately nominated representatives of different parties, who would only

have a single vote, ensured that parties would talk to each other at the provincial level.

Both Lekota and Ngcuka insisted that the NCOP would translate into more power to the provinces.

Ngcuka said "On provincial matters the provinces have a veto. So in all areas (including health, education and environment) where the provinces have the power to legislate, the National Assembly can only over-ride provincial vetoes by two-thirds majority."

In national competences in which the provinces had no say in the past — such as issues of foreign affairs — the council will be able to contribute and suggest amendments, but can be over-rudden by the National Assembly.

Lekota said "Because the provincial delegations will have to obtain a mandate from the province, the people in the various provinces are going to know exactly what position their provincial government takes on each and every issue."

"As they vote on issues, the people in the provinces will be able to see whether their government is acting in the best interest of the province or not."



LEADERS OF THE HOUSE: Dr Frank Mdlalose (rotating deputy), Mr Patrick Lekota (chairperson) and Mr Bulelani Ngcuka (permanent deputy) were elected to lead the National Council of Provinces yesterday. The council replaces the Senate as the second house of Parliament and was created in terms of the new Constitution. **PICTURE BENNY GOOL**

South Africa enters new constitutional dimension

(262) May 10 | a / of

By **JOVIAL RANTAO**
Political Correspondent

South Africa has entered a new millennium with the formal establishment this week of the National Council of Provinces (NCOP), a body described by politicians as an essential component of efficient and effective governance.

The installation of the NCOP, which introduces a new concept in inter-governmental relations, after the demise of the senate - a feature of the Roman Dutch law which disappeared with the interim constitution on February 3.

The NCOP has been hailed by all political parties as a vehicle through which provinces will be integrated into the national political process, which will be influenced by provinces and their special circumstances. It is envisaged the NCOP will become a chamber where provinces can proactively articulate their views and also be consulted on national issues.

In the NCOP, the constitution has bound and integrated 10 legislatures, nine provincial and one national, which are expected to jointly achieve a national vision.

The NCOP is different to the senate and has a different role in the legislative process. According to Section 42(4) of the new constitution, the NCOP represents the provinces to ensure that provincial interests are taken into account in the national sphere of government. It does this by participating in the national legislative process and by providing a national forum for issues affecting the provinces.

While located in Parliament, the NCOP will not be a typical house of review or a second house of Parliament. Its responsibility goes beyond reviewing the deci-

sions of the National Assembly independently of the provinces.

Another breakthrough is the representation of local government authorities in deliberations at national level. Local authorities will now be able to send non-voting delegates to the NCOP.

Under the interim constitution, where Parliament consisted of the National Assembly and the senate, each province was represented in the senate by 10 nominated senators. Power to nominate these senators did not rest in the provincial legislature or its members, but rather in the parties represented there.

The representation of the provinces in the senate was therefore indirect in that senators owed their appointments to political parties and not to the electorate.

A crucial provision in the new legislation (applauded by provincial premiers) protects provincial representatives from overrides by the National Assembly.

According to the constitution, where the NCOP and the National Assembly disagree on fundamental provisions of a bill, proposals by the National Assembly would not necessarily prevail over the proposals of the NCOP, but would be referred to a mediation committee to decide the issues purely on merit. The NCOP can appeal to the mediation committee on matters of concurrent responsibilities between national and provincial levels.

Provincial leaders believe this mechanism will ensure the NCOP does not become a rubber stamp for decisions taken by the National Assembly. The NCOP has limited scope for influencing changes to the constitution but can veto

national legislation which aims to override provincial laws.

South Africa's nine provincial legislatures have held extraordinary sittings where 54 permanent delegates were elected. The legislatures also amended their rules and regulations to accommodate the new constitutional provisions.

Last Thursday the NCOP at its inaugural meeting elected former Free State premier Patrick Lekota as the first chairperson.

Former ANC chief whip in the senate Bulelani Ngcuka was elected permanent deputy chairman. Outgoing KwaZulu Natal premier Dr Frank Mdlalose became the rotating deputy chairman, to be replaced in 12 months by another provincial premier.

According to the constitution, signed into law on December 10, the NCOP will be responsible for representing provincial interests in the national legislative process. The main role of the council will be to represent the interests of provinces in the process of adopting legislation in areas of concurrent competency.

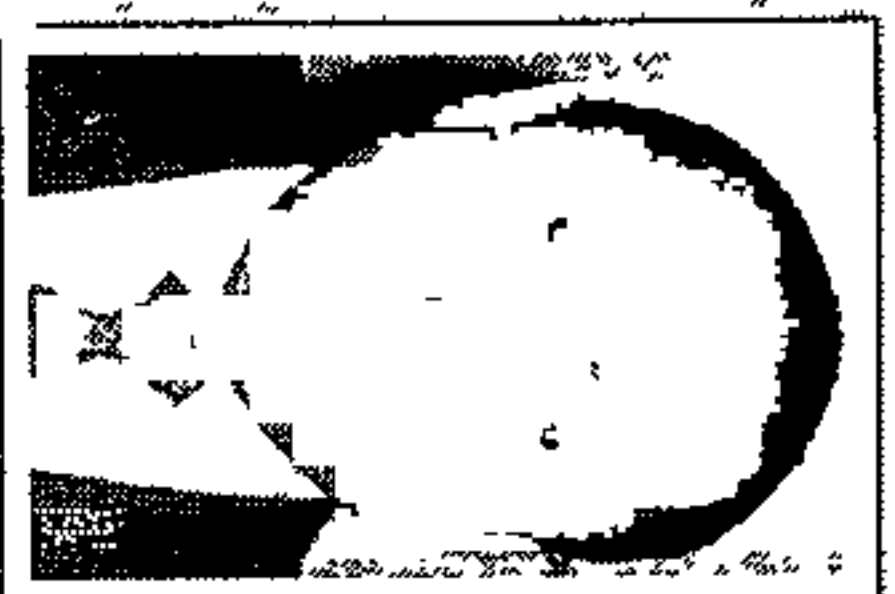
Its members will be delegates of the provincial legislatures who will be entitled to participate in the deliberations of the provincial legislature as well as those of the national body.

Provinces will be represented by six permanent and four special delegates. Provincial premiers or MECs designated by them will be allowed as delegates to the NCOP. Parties in provincial legislatures will be entitled to delegates in the province's delegation in accordance with the formula set out in Schedule 3 of the constitution.

The NCOP may determine the time and duration of its sittings and its recess periods. President Nelson Mandela may summon the NCOP to extraordinary sit-

THE NEW NATIONAL COUNCIL OF PROVINCES

The NCOP replaced the Senate last week



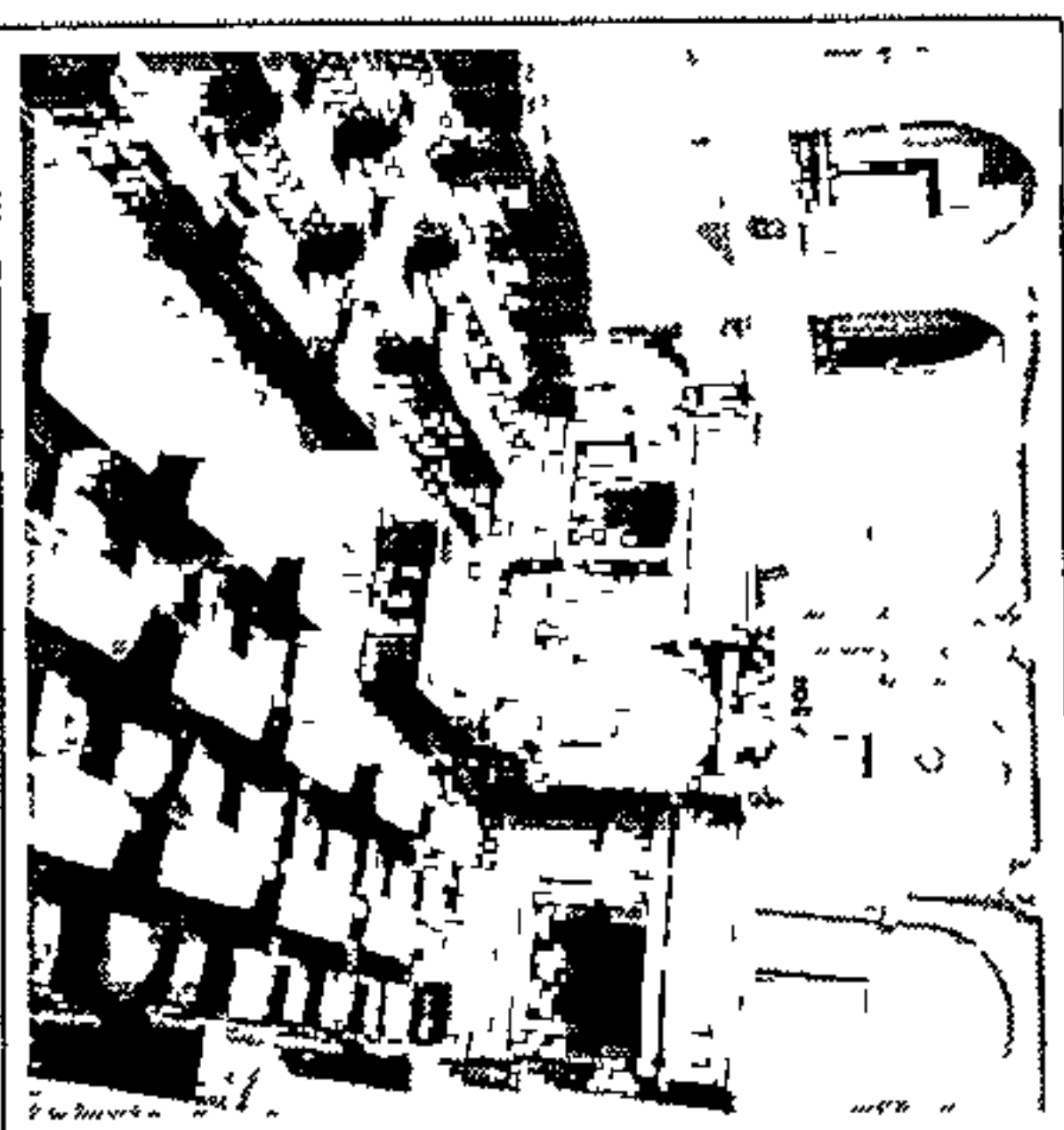
Chairman, Patrick Lekota



1st deputy chairman Bulelani Ngcuka



2nd deputy chairman (rotating): Frank Mdlalose



Dr. Mdlalose (rotating) and one deputy (Govan Mbeki)

90 MEMBERS

9 provincial leaders
10 provincial premiers
10 provincial MECs
10 provincial chairpersons
10 provincial deputy chairpersons
10 provincial deputy MECs
10 provincial deputy chairpersons
10 provincial deputy MECs

15 permanent delegates
4 special delegates
36 special delegates
4 permanent delegates

90 senators nominated by parties

Mediation Committee
Deadlock breaking body

NCOP FUNCTION

Represents the interests of provinces in the process of adopting legislation in areas of concurrent competency.

Considers, passes, amends, proposes amendments to or rejects any legislation before the council.

May initiate or prepare bills except those concerned with finance.

Cannot be overridden by the National Assembly and rejected bills must be referred to the mediation committee.

May determine the time and duration of its sittings and its recess periods.

May be summoned by the president to an extraordinary sitting at any time to conduct special business.

SENATE FUNCTION

Bills pertaining to provincial matters were approved by the Senate.

Ordinary bills could be introduced by the senate or National Assembly and were passed by both houses.

Could not amend a money bill.

A bill rejected by one house was referred to a joint committee before it was referred again to a sitting of both houses.

GRAPHIC: G. W. J. VAN DER MERWE

things at any time. Powers of the NCOP include considering, passing, amending, proposing amendments to or re-

jecting any legislation before the council, initiating or preparing laws falling within a functional area listed in Schedule 4 of the

constitution or other legislation referred to in section 76(3). However, the NCOP may not initiate or prepare money bills.

Focus needed on provincial, local snags

POLITICIANS are hailing 1997 as "the year of delivery", and while this might be greeted with cynicism in some quarters, a closer look at certain fundamentals now in place reveals there may be a place for cautious optimism.

Sceptics are warning that this year must indeed be one of delivery on a range of fronts — not least housing — if government is going to move confidently towards the turn of the century and the prospect of coming out of another election with anything like the majority it enjoys now. A significant amount of damage has been done to government's credibility — at community level, in particular — over the past three years because of a lack of delivery, but this can still be turned around if potable water begins to flow, houses are built, roads tarred and electricity installed.

There is greater optimism than in the recent past among industry analysts and political observers that delivery will indeed gather pace this year.

But even if government pulls out all stops in the coming two years, it is unlikely to meet promises it made to the populace during the heady days leading up to the 1994 election unless it addresses crippling problems at provincial and local level.

Blame for slow progress to date cannot be laid solely at this government's door.

Fingers can also be pointed at the previous government, the policies of which ensured millions of black people struggled without proper housing, water, electricity or other basic infrastructure. The upshot is that an estimated R170bn will have to be spent over 10 years on installing services to poorer communities, and on upgrading.

Most ministers dealing with "delivery" assumed office in 1994 faced with huge backlogs, and the gaps in delivery have increased these. The housing backlog, for example, is generally believed to have risen from 1,5-million units to 3-million today, while an estimated 11-million people have no access to water, 1,5-million people need electricity and 2,75-million have no telephones.

The task is huge, and all but insurmountable if a specific time span of five or 10 years is placed on

Can this be a year of delivery if there are deficiencies in local government capacity and financing? Robyn Chalmers looks at prospects for housing and infrastructure

it. The biggest mistake made by politicians — but not necessarily by government officials and consultants, many of whom are acutely aware of the enormity of the task — was to hype the reconstruction and development programme before plans were in place for its implementation. This was compounded by critical funding and staffing problems at local government level, which are only now being addressed.

How much more realistic are plans this year than at the beginning of 1994?

Government made a decision last year to move away from a "grand plan" for infrastructure. Perhaps the magnitude of the task and the enormity of the funds required rattled prospective investors; or, alternatively, government realised it had little hope of completing the task within the specified period.

Whatever the reason, we now have a scaled-down plan to install infrastructure services around the country, a percentage of which is taking place under the municipal infrastructure investment programme and its offshoots. Reports that KwaZulu-Natal has spent a mere 5% of its funds under this programme appear to constitute an exception. Spending under the programme is on the rise, but comes off a low base and continues to face obstacles.

After struggling for two-and-a-half years with policy and personality issues, the housing ministry is likely to be at the forefront of government's delivery drive this year. President Nelson Mandela contends that it was inevitable there would be a lengthy hiatus between planning and implementation, during which time conflicts had to be worked out and policy bedded down.

Apart from having to create a policy virtually from scratch, and having to gain consensus on it, a lead time of between 18 months and three years should be allowed from the beginning of a project to delivery, say officials.

The ministry's critics continue to argue that government policy in its present form cannot be effective. One recent critique of the policy went so far as to say it represented one of government's most embarrassing setbacks in the entire sphere of social policy. However, going back to the drawing board would be a costly and time-consuming exercise and could lead to the housing programme being further delayed. If there is praise due to the housing ministry, it must be for its flexible approach to most aspects of housing policy, evidenced by the two task-team reports which essentially addressed ways to boost delivery.

Provincial spending on housing has picked up dramatically with Gauteng, Mpumalanga, Western

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Cape, Northern Cape and Free State having overspent their budgets by last November. The housing ministry says that between March 1994 and November last year, more than 123 000 houses had been built or were under construction, and more than 380 000 subsidies reserved. During this period banks extended almost 50 000 loans into the subsidised market and it is clear that the growth in housing numbers needed by the ministry will not come from the credit-linked end of the market.

The ministry's greatest hope to boost its house-start numbers lies in the "people's housing" process which has not yet made any real inroads into the market at which it is aimed — people earning less

than R1 000 a month. Government is redefining the programme to focus more closely on housing delivery rather than the process itself and is promoting innovative ways to produce more housing from the subsidy.

But while the housing ministry appears to be getting its affairs in order, government still faces a series of obstacles in making 1997 truly the year of delivery.

One of the biggest hurdles is the lack of capacity at provincial and local government level, which has the ability to cripple projects before they get off the ground. Analysts say that capacity at provincial level is far worse than is officially acknowledged, and while a lack of administrative skills could be remedied fairly easily, techni-

cal skills at local level — essential to implement projects — are dwindling alarmingly. The Eastern Cape is cited as being particularly hard hit by capacity constraints despite having among the highest levels of staffing — the legacy of nepotism and an absence of skills training for decades.

It appears that Gauteng, KwaZulu-Natal, Mpumalanga and possibly the Free State are the only four provinces which have the skills and capacity to drive delivery this year. The time is fast approaching when central government will have to intervene more directly to assist those provinces which are clearly struggling. Results from a government task team sent into the Eastern Cape last year should become visible during the course of this year and may provide a pointer to helping other regions.

The situation at local government is of even greater concern as it is becoming apparent that huge capital injections are required to deal with arrears on services from water through to electricity. Provincial Affairs and Constitutional Development Minister Vally Moosa's directive for provincial task teams to carry out "walk through" audits at municipalities will soon reveal the extent of the problem.

Interventions by the provincial affairs and constitutional development ministry may help in the medium term, but recent reports indicate that about 100 municipalities are getting deeper into debt and need immediate attention.

Rumour has it that affected ministers have been told in no uncertain terms that the process of delivery has to take off on all fronts this year — and that their heads are on the block.

But it will be pointless to devolve powers and functions down to provincial and local levels which are incapable, because of financial and capacity constraints, to implement programmes. This is where central government has to focus its attention if it is to meet the promises it made to its populace in 1994.

□ In the second part of this article, appearing next week, Chalmers will focus on the prospects for delivery of water and electricity to underdeveloped areas.



The year of delivery promises to deliver one of SAs most pressing needs — housing and infrastructure

Indebted municipalities not a sign of structural

(262)

BD 13/12/97

Local government is in a financial crisis. Provincial Affairs and Constitutional Development Minister Valli Moosa looks at municipalities and ways problems can be overcome

THESE have been several incidents and announcements recently indicating that local government is facing a financial crisis. A Business Day editorial of February 10 argues that municipal debt is a national crisis, capable of doing great damage and is deserving of national attention.

I am in broad agreement with this conclusion, but there are two very important qualifications

Firstly, our own monitoring of the situation, based on a quarterly survey of every municipality in the country, confirms that there is indeed a serious cash-flow problem in at least 100 municipalities. This means that these municipalities will find it increasingly difficult to pay major creditors, and even to cover their salary bill

But (and this is a very important qualification), a cash-flow problem is not necessarily an indication of an unsustainable or structurally flawed financial situation. What is essential, before a final judgment of a municipality's financial condition is made, is to conduct a management audit to determine whether, for example

- Proper cash-flow management exists,
- Revenues can match expenditures over the longer term;
- Service levels are affordable to local communities,
- Proper customer, management and credit control systems have been put into place,
- Councillors are taking political responsibility for dealing with community expectations, and balancing the budget;
- Personnel expenditure is sustainable; and
- Services are being delivered efficiently and at an appropriate unit cost.

Only once these and other matters have been investigated can we diagnose the problem and take remedial action. This is precisely what my department, working together with the nine local government provincial departments, is undertaking

A newly promulgated amend-

ment to the Local Government Transition Act gives the provincial local government MEC extensive powers to prescribe remedial action, and move a municipality onto a more sustainable financial footing. The MECs will act on the basis of reports from provincial task teams that attempt to go to the heart of the problem facing a municipality

It is possible, in certain selected cases in which a municipality is taking all the necessary corrective measures and there is consequently a real prospect of long-term sustainability, that bridging finance might be required to cover the short-term problems. Government will consider limited financial intervention, on a case-by-case basis, where a strong case can be made. However, this is not a bail-out, and local government needs to be aware that central government will not subsidise bad financial management or persis-

tent nonpayment by communities for municipal services.

This leads to the second critical qualification we must make. Local government is ultimately responsible for its financial affairs, including securing revenue streams and balancing budgets

If municipalities persistently fail to correct their financial situation they will become bankrupt, services will be taken over by higher levels of government, and they will lose their political sovereignty. The responsibility for taking the right financial decisions rest firmly on the shoulders of local councillors.

I have been heartened by the serious political work being done by some of our local councillors, and the significant success it is having. In some small towns, like Oudtshoorn in the Western Cape, Heidelberg in Gauteng, Leeudorngstad in North West, Villiers and Reitz in the Free State and

- Margate in KwaZulu-Natal, councillors have implemented the Masakhane campaign, improved service delivery and completely turned around the rents and service charges boycott. The key to the success of these areas basically rests on five pillars
- Clear political leadership which has, up front, recognised the hard decisions to be made, and has taken communities on board in recognising the imperative of service payments;
- The installation of meters for all township services, so that individual consumption can be measured,
- A visible attempt by council officials to extend and improve service delivery,
- Firm credit control measures, with guaranteed cut-off for non-payment, and debt-recovery mechanisms; and
- Targeted relief for the very poor who genuinely cannot pay.

This will secure the right fiscal context for municipalities to manage their financial affairs

Secondly, we are fundamentally restructuring the system of intergovernmental grants so that, in line with the new constitution, local government is able to provide essential services even to the very poor. From next year onwards, local government should have a guaranteed share of a predictable national revenue

to show visible improvement in municipal programme grants, every structure programme grant, every municipal service. Using intraservice delivery

Firstly, the municipal infrastructure programme has now been consolidated and streamlined and is available to support every municipality in extending municipal services. Using intraservice delivery

the country should pay careful attention to these isolated Masakhane success stories. It is at the local level that the key decisions regarding financial viability must be taken. From a national perspective, two other initiatives are important and need mention

Municipal councillors around the country should pay careful attention to these isolated Masakhane success stories. It is at the local level that the key decisions regarding financial viability must be taken. From a national perspective, two other initiatives are important and need mention

NATIONAL COUNCIL OF PROVINCES

(262)

DEVOLUTION POSER

Am 14/2/97

The creation last week of the National Council of Provinces, the new second house of parliament, could give the provinces a greater say in the legislative process. But it holds little prospect of achieving a shift in political power away from the ANC at national level.

The council, chaired by former Free State premier Patrick Lekota, is a model peculiar to SA. It consists of 90 members, a delegation of 10 from each province.

Unlike its predecessor, the Senate, members do not cast individual votes along party lines on Bills that involve provincial (schedule four) functions such as health and education. Instead, each provincial legislature has one vote cast by the head of its delegation.

As ordinary legislation is passed by a simple majority in the council, an ANC victory is assured unless the seven ANC-controlled provinces are so bold as to put provincial interests ahead of party wishes should they differ. Given the ANC's track record in instilling party discipline, it is unlikely that the council will be given the scope to exercise power in any significant way.

But even if the council uses its veto and refuses to pass a schedule four Bill — and a compromise solution cannot be reached in

the ANC-dominated mediation committee — the National Assembly can override the council by passing the Bill with a two-thirds majority.

Provincial Affairs & Constitutional Development Minister Valli Moosa says "The council appears to have complex and cumbersome rules but most cater for the exception. In practice the majority party wouldn't want those 'what ifs' to play themselves out."

Were the provinces dominated by a party other than the majority party in parliament — as is the German *Bundesrat*

— the council could act as a decisive brake on centrally held power. For now, the council is at best the first step towards a more federal system.

The idea of a council of provinces was first mooted by the ANC during the constitution-making process. The ANC recognised the need to activate the provincial legislatures which sat for a mere 30 days on average in 1995 and 1996.

Moosa says the aim was not to create a House of Lords or House of Commons which are "institutions designed to dilute the authority of the majority" — something he considers "an archaic notion".

"We didn't want a second house of review that would second-guess the National Assembly. The council retains majority rule while giving provinces a meaningful role in the democratic process."

Council deputy chairman Bulelani Ngcuka says "Whether the council is a success will depend on whether we are able to give it the scope and space it needs. We need to try to find a balance between provincial and national interests so that we promote the interests of

SA. But the council belongs to the provinces and must give them an effective say — a voice — which unfortunately, up to now, has not been heard as loudly as it should have."

The council is not a debating chamber. It is expected to meet one week out of every six to process a string of Bills that have already been debated in each provincial legislature and in provincial and council multiparty committees.

If a Bill concerns a national function, like justice or foreign affairs, it will

follow the same passage as a schedule four Bill, but council members will generally vote according to party wishes, as in the old Senate. For the first time provinces will be able to introduce national legislation themselves.

The council process is laborious. Moosa concedes "it may take a few months to get the machinery well oiled" but he is not too concerned about delays.

A fast-tracking mechanism will allow provincial legislatures less time to consider urgent national Bills. This will speed up the passage of Bills but could



Valli Moosa

lead to accusations that the ANC, by virtue of chairing the council and the National Assembly, is rushing through legislation without proper debate.

Ngcuka says the council has asked for R3m more than the R4,4m spent on Senate administration last year as it will need additional staff and a computer network linking provinces to a council database. A proposal of R40m for a computer system has been turned down. Ngcuka claims that the airfare bill will drop as delegates will commute to Cape Town every six weeks and not every other weekend as did some Senators.

Moosa says the intention is not to significantly increase the budget or expand parliamentary facilities. *Claire Bissek*

NCOP now gives provinces direct say in law-making

CT 24/2/97 (262)

PROVINCIAL legislatures have broken onto the national scene, having become a crucial element to the national legislative process. Parliament can no longer get on with its own task of passing laws.

Under the new Constitution, the field has been opened up and provinces — through the National Council of Provinces (NCOP) — now have a direct say in national legislation that affects them.

The questions are: how effectively are the provinces operating and do they have the capacity to meet the challenge posed by the formation of the NCOP?

As linchpins of the new system, provincial legislatures can either hobble it or they can play the critical and much-needed role of taking national political issues to the people in the provinces.

According to Herlu Smith, legal adviser to the Eastern Cape, the success of the NCOP depends entirely on how seriously the provinces take their rôle within it.

Assessing what rôle provincial legislatures will play is difficult because, firstly, so little is heard and reported about them (it is only when sufficient chaos erupts — as in the Free State and the Eastern Cape — that their activities are reported in the press) and, secondly, much of the detail about how the provinces are going to work in relation to the NCOP still needs to be resolved.

What can be ascertained about the new system is, briefly, as follows: ordinary bills affecting the provinces will be tabled in the National

Council of Provinces and will, at the same time (or soon after), be informally introduced into the nine provincial legislatures. This will happen in cycles of six weeks so that tabled bills will go to provincial legislatures in batches at the beginning of a cycle.

The provincial delegation to the NCOP (both permanent and special delegates) will be involved in piloting the bills through their provincial legislatures and this process is likely to involve committee deliberations and, in some instances, public hearings.

Informed by these deliberations and hearings, provincial legislatures will form a view on the various bills before them and the provincial delegations to the NCOP will return to Cape Town with mandates based on those views.

There is a great deal that remains unclear in this picture. How, for example, will NCOP committees relate to provincial mandates — particularly if provincial delegations arrive with watertight positions?

Politics of the last few years has been characterised by deals and consensus seeking. While this is at the best of times a difficult task, it may become a nightmare when the principals to the negotiations are nine different provincial legislatures spread to the far reaches of South Africa. Although, according to Smith, provincial delegations will arrive at the NCOP with negotiating mandates that will give them flexibility to broker a consensus in the NCOP on a particular bill, it remains to be seen whether consensus will be attainable under such circumstances.

According to the national legislative pro-

gramme, it is envisaged that there will be more than 200 bills tabled in Parliament this year (double the number of bills tabled in 1996). All of these will be sent via e-mail to the provinces for their consideration. Although some of these will require only a formal mandate from the provinces, it is clear that this onslaught of bills will fundamentally alter the rôle and programme of the provincial legislatures.

Some provinces have been virtually inactive on the legislative front during the last year (Mpumalanga and the Eastern Cape, for example) and for these provinces the impact of the new system will be enormous.

In terms of logistics and resources, provinces will also have to make an enormous leap forward.

According to Heidi du Toit, human resources manager of the North West legislature, the legislature had only two computers last year and it has had to go through a technological transformation to prepare for the NCOP. It has now come on-line and has started receiving bills and documents from the national Parliament, unlike Mpumalanga and the Northern Province, which still do not have the resources to receive bills via e-mail and are, therefore, finding themselves out of the information loop created by the NCOP system.

For the first time, the smooth running of Parliament will depend to a large extent on the capacity and will of the nine provincial legislatures, making it critical that outstanding procedural issues are resolved and the capacity of provinces developed.

LEKOTA — THE 'TERROR' WITHIN

NCOP could give National Assembly a difficult time

THE CREATION of the National Council of the Provinces has introduced a new element into national politics, providing a forum for provincial, as opposed to party, solidarity, argues its first chairperson, Mr Patrick Lekota. Political writer **CHRIS BATEMAN** reports.

THE country is about to experience a new kind of United Democratic Front, and its impact on the South African body politic could be every bit as radical as that of the first

As in the past, the National Assembly will be in for a torrid time — but from within the gates of Parliament itself

It's called the National Council of Provinces (NCOP), a body in which provinces will club together, very often across party lines, to fight battles of common interest — a very different creature to the compliant Senate it replaces

This emerged from a wide-ranging interview with former Free State premier, treason trialist and former UDF publicity secretary, Mr Patrick "Error" Lekota yesterday

The council's first chairperson is enthusiastic about the potential the new body has to mould the new constitution, shape the federal/unitary balance of power and compel politicians to be realistic along issue-related lines

He cites the continuing fishing quota debate as an example of how in issue can break the stranglehold of party political "obedience" — something prevalent in the former Senate

Every province wants higher levels of employment and the (NP-run) Western Cape's big-company

How it differs from the Senate

CT 26/2/97 (262)

The difference between the Senate and the National Council of Provinces that replaces it

1. The Senate in relation to bills the provinces

The province of each province or the representative heads to be included in the direct and unimpeded national body of representatives and the NCOP

There are nine provincial delegations of the Senate, each on the basis of the constituency of the province. Each province will have a different number of members for a total of 90 members in the Senate and 90 members in the NCOP

favouring approach could see ready backing from the ANC-run Northern Cape and an ANC-run Eastern Cape faced with a weakening motor industry

debates who can vote in the provincial and NCOP chambers doubling them to form the provincial bill

vote in the NCOP and not individual but according to the province's bill affecting the province

to take a back seat

The very creation of the NCOP was an attempt to compel provinces to approach matters from the viewpoint of provinces rather than parties

will rule — no party will be keen to thwart their opponents or gain political leverage when the tide of federal opinion in the NCOP is against them

Take drought, says Lekota

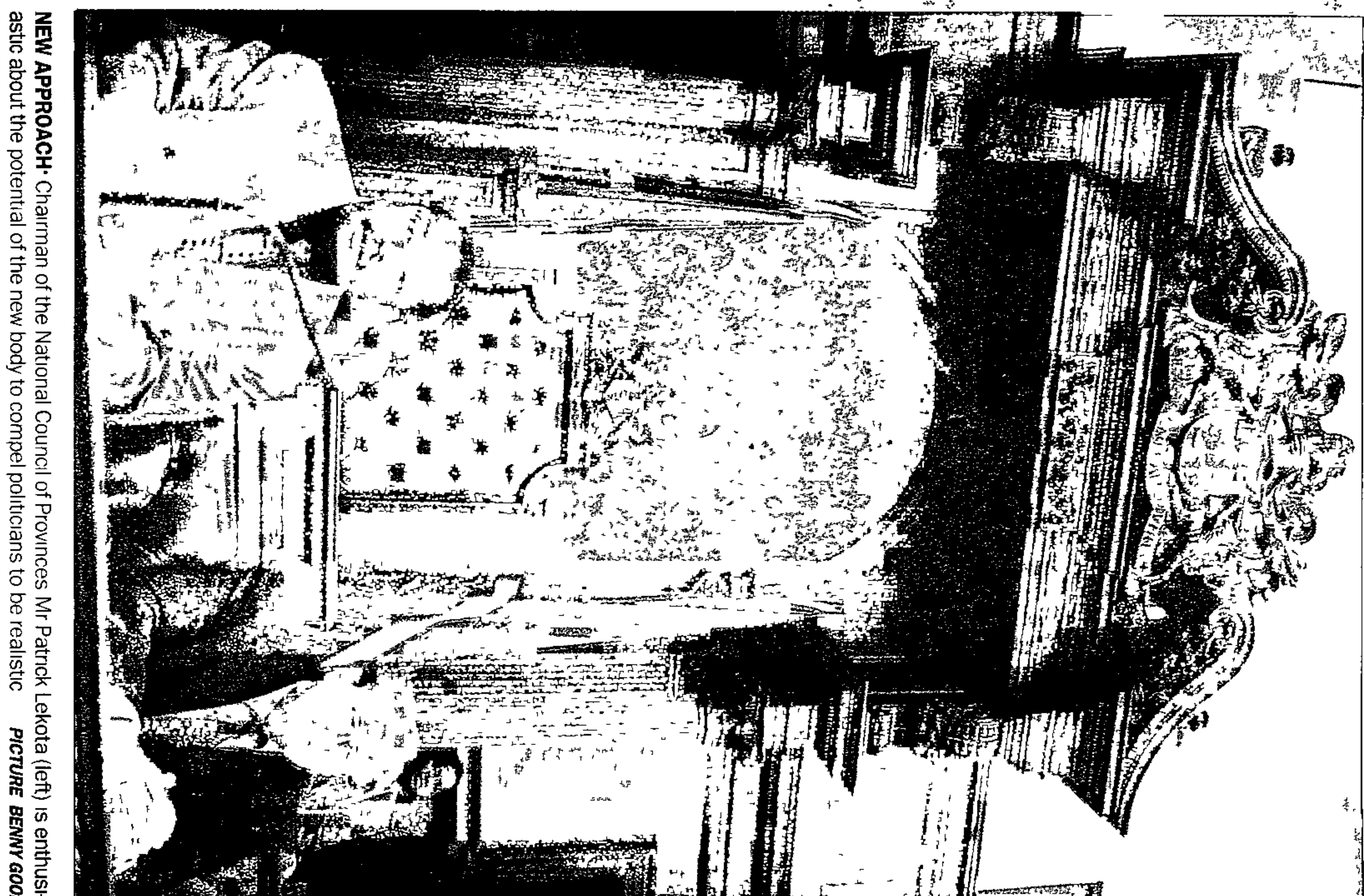
You can bet your roller-coaster rand that the Free State, North West Province, Gauteng and Mpumalanga will vote together across party lines

"The politics of the provinces will be much more realistic and compelling," he says

The NCOP's short-term task will be to see that legislation passed through the National Assembly receives scrutiny from the provinces. It can block or force changes in matters affecting provinces and influence national legislation. It can also imitate legislation

Long-term, the NCOP cannot succeed, in Lekota's opinion, unless it sustains the unique "common destiny" ethos of South African politics epitomised by Mr F W de Klerk and President Nelson Mandela's actions

"We want our young politicians to come and learn the skills, get to know one another from provincial and national leadership — a continuous process of cultivating leadership," he says



NEW APPROACH Chairman of the National Council of Provinces Mr Patrick Lekota (left) is enthusiastic about the potential of the new body to compel politicians to be realistic **PICTURE BENNY GOOL**

Local authority cuts aimed at more self-generated support

Linda Ensor

CAPE TOWN — Growth in the current and capital expenditure of local authorities in the current fiscal year has been cut to a guideline figure of 8%, compared with last year's 10% rise.

Intergovernmental grants, the life blood of many threatened local authorities which were included in provincial budgets, would increase 3,5% to R1,63bn (R1,57bn) in the Budget Review announced.

Gauteng's grant would remain the same at R156,3m, that of the Western Cape would more than double to R210,3m (R82,7m) and KwaZulu-Natal's would fall to R432,4m (R521,4m).

North West would receive R137,3m (R192,5m), Northern Province R188,4m (R127,5m), Mpumalanga R103,8m (R79m), Free State R137,7m (R178,1m), Northern Cape R21,4m (R25,1m) and the Eastern Cape R239,8m (R209,8m).

"Local governments have a significant capacity to support the services they provide; consequently a dramatic increase in the size of transfers from national government or provinces is unlikely," the review said, noting that compared to provinces, local governments had a substantial tax base, with own revenue accounting for more

97 BUDGET

than 90% of their budgets.

Municipalities would also benefit this fiscal year from the R500m in government grants aimed at eliminating infrastructural backlogs, an amount likely to be supplemented by rolled over funds.

In addition, local government received about R2bn for agency and delegated functions from national and provincial departments, and about R1bn for the subsidisation of services.

Municipal debt outstanding at June 1996 was estimated at R26bn. This partly comprised R7bn in stock issues, R12,8bn in government loans, Development Bank of SA loans of R707m, R964m in loans from the Local Authorities Loan Fund, bank overdrafts and loans of R2,7bn and issued bank bills of R605m.

B013/3/197 (262)

The Review noted that as of end-October the total amount of outstanding debts to local authorities represented 25% of their annual rates and service income.

"This is excessive and reflects poor credit control procedures, inadequate mechanisms for dealing with the very poor and the fact that only 69% of municipal residents are regular payers. There has consequently been a cash flow problem in many municipalities."

However, measures to tighten financial management and credit control were already having an effect. Between August and October 1996 the total debtors' book decreased 5% and it was expected to improve significantly in 1997.

Municipal budgets for 1996/97 exceeded R47bn or about 7,5% of GDP, including capital expenditure of R11,5bn. Bulk purchases of electricity and water amounted to R9,2bn and personnel costs totalled R11,2bn. Six metropolitan councils and their structures accounted for about half of the total expenditure.

The major sources of budgeted local government income were electricity, water and sewerage charges R17,8bn, property rates R6,5bn, regional service levies of R2,1bn and intergovernmental grants and other revenue of R14,3bn.



President Nelson Mandela applauds a point in Finance Minister Trevor Manuel's budget yesterday

Picture ERIC MILLE

The third tier of government had run a consolidated deficit of about 0,2% of GDP in recent years adding comparatively little to the gross public sector borrowing requirement.

However, upward pressures on expenditure and widespread non-payment of rates and service charges had resulted in shortfalls in several local authority budgets.

Of the 425 municipalities, 48 were now in arrears to a total amount of R9m with their loans to the Local Authorities Loans Fund.

Premiers praise 'progressive' and 'positive' boost to their coffers

Star 13/3/97

(262)

BY JUSTICE MALALA
Provincial Correspondent

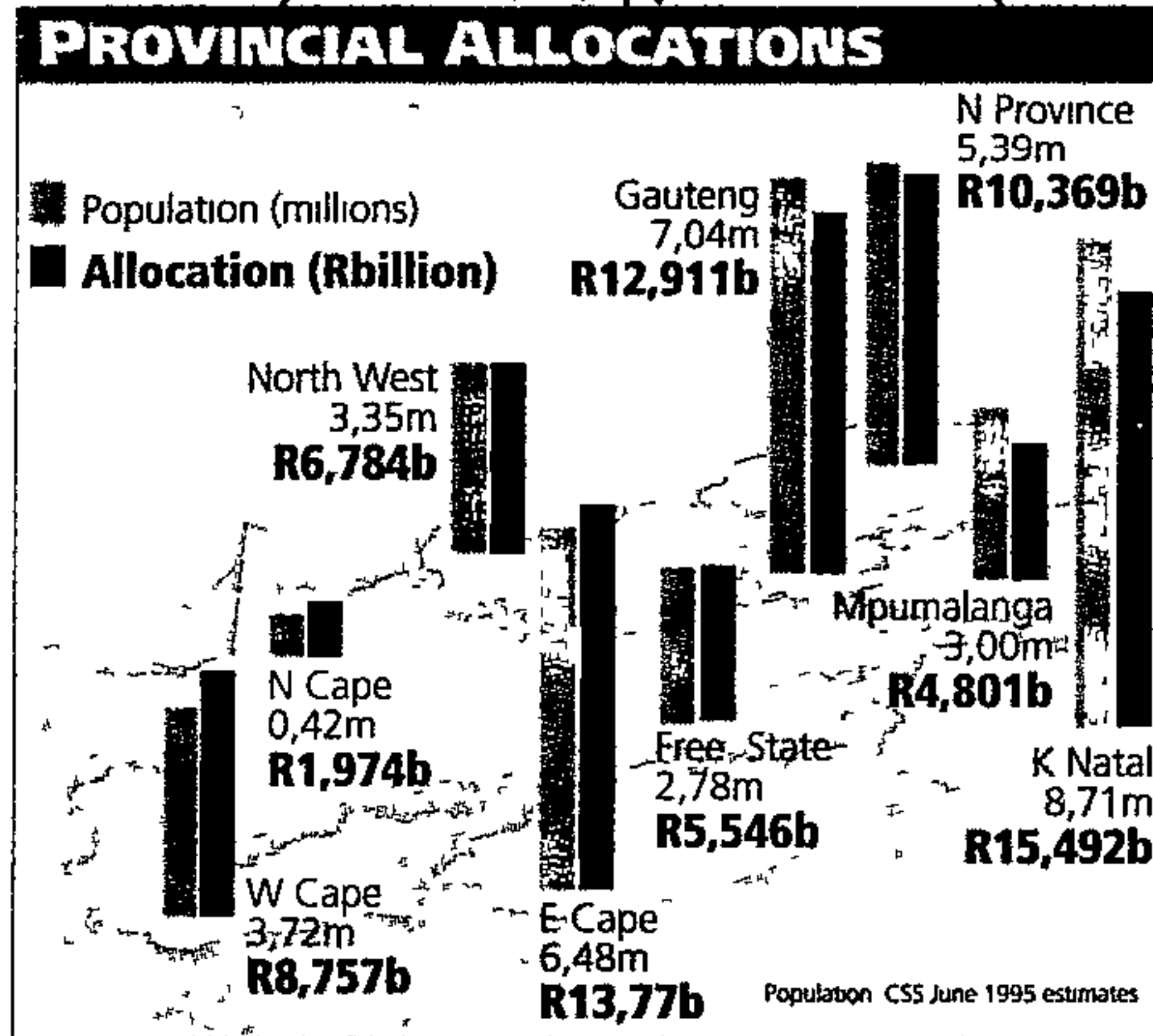
South Africa's nine provinces received an increase of more than R5-billion to their budgets this year, an addition that moved provincial leaders to heap kudos on Finance Minister Trevor Manuel for being "prudent" in his allocation

The provinces received a total of R80,806-billion, up from last year's R75,499-billion

Gauteng Premier Tokyo Sexwale hailed the Budget as a "delivery and growth Budget", but said there could have been an improvement in the allocation "for health and safety and security, particularly for us in Gauteng"

North West MEC for Finance and Economic Affairs Martin Kuscus described the budget as "very progressive", while Northern Cape Premier Manne Dipico said it was "positive"

"Once and for all it breaks out



of the apartheid mould of spending. It reflects the Government's commitment to the policy of redistribution and growth," Kuscus said

"It is clear the minister has announced a Budget which, together with continued fiscal discipline, will lead South Africa on a path of sustained social development,

economic recovery and growth," Dipico said

Manuel said transfers to provinces had been determined on the basis of recommendations made by the Budget Council, which includes the minister of finance and the provincial MECs for finance, and after considerations of the recommendations of the Financial and Fiscal Commission

"Provinces will, in addition to their allocations, make use of their own revenue resources, expected to amount to a further R3,8-billion," he said

Sexwale said the Budget was "very prudent" and would boost confidence in Manuel "It is both a delivery and growth Budget - a social Budget leaning heavily towards being developmental while being balanced with economic growth. It is a people-oriented Budget without compromising on the medium and long-term objectives of economic growth"

Provinces to have allocations effectively

(R3) (R2)

cut by 4%
01/03/97

Wynndham Hartley

CAPE TOWN — The nine cash-trapped provinces, which all over-pent their 1996/97 budgets, have had their allocations effectively slashed by 4%, the new budget showed yesterday.

The real estimated reduction in provincial spending should amount to a loss in funding for the provinces of more than R3bn.

The budget review estimated that the budgeted provincial transfers, and an amount of R3,323bn for the improvement of conditions of service for public servants, would make a total transfer to the provinces of R84,129bn. This was an increase of 4,1% over the total paid to the provinces in 1996/97.

It was announced also that the projected inflation rate for this year would be 8,5%, making the allocations to the provinces an effective reduction of more than 4%.

Included in the budgeted amount for 1997/98 is also an amount of R9,476bn for reconstruction and development (RDP) carry-through costs. This is money being paid to complete RDP projects cur-

rently under way in the provinces and cannot be spent at the discretion of the provinces. Almost R1bn of the provincial allocation is also spoken for in the form of increases in social grants.

Finance Minister Trevor Manuel said the budget council, which comprises the minister and the provincial MECs, had agreed that the allocations to the provinces could only be made after government debt costs had been paid.

"It also agreed improvements in conditions of service, the carry-through costs of social pensions and

the RDP commitments and an allocation to the housing programme would be set aside to be deducted from revenue before the division was made between the provinces and the national government.

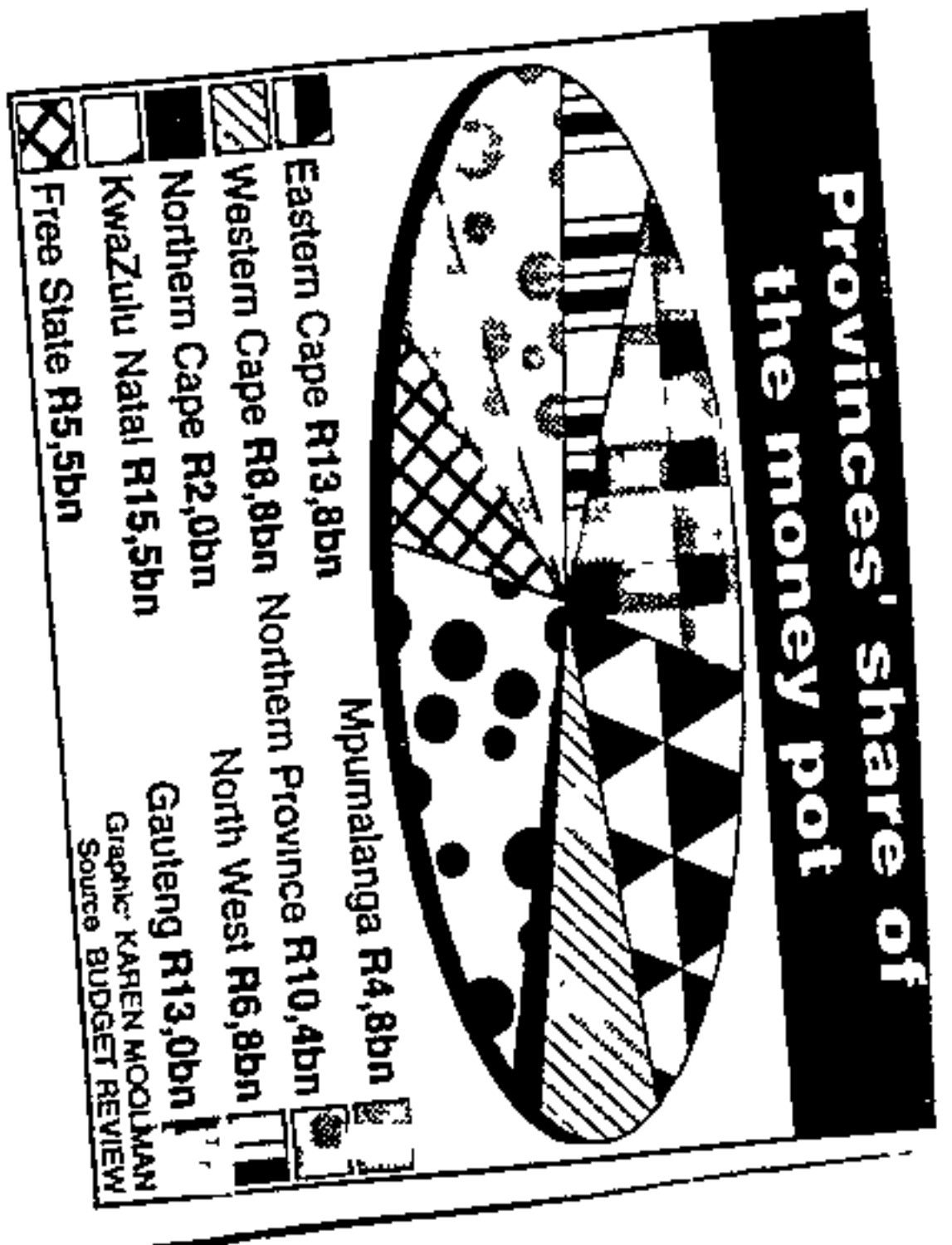
Manuel said once this was done, the formula and percentage allocations to the various provinces as proposed by the Financial and Fiscal Commission was used to determine the amounts paid to each of the provinces.

The largest provincial allocation is to KwaZulu-Natal with a total of R15,492bn including RDP carry

through and social grants, but excluding its share of the money set aside in the national budget for improving conditions of service.

The Eastern Cape was allocated R13,770bn, the Northern Province given R10,369bn and Gauteng R12,911bn. The smallest allocation was R1,974bn to the Northern Cape.

It was also announced that provincial sources of revenue would provide a further R3,8bn



Call for speed on plan for provincial funding

Tim Cohen

CAPE TOWN — Financial and Fiscal Commission (FFC) deputy chairman Antony Melck has called for measures to enable provinces to raise their own revenue to be speeded up because of the cuts in provincial spending.

Melck said the decline in provincial spending proposed in the budget made it more urgent to allow provinces the choice of giving their residents the option of paying more to maintain their levels of service.

Government had implemented almost exactly the FFC's proposal on individual provincial allocations and had more or less implemented the commission's proposal on the expenditure split between national and provincial government.

But mainly because of the introduction of government's macroeconomic strategy, the provinces would be receiving substantially less in absolute terms than the commission originally proposed.

Although there were good reasons for government's deficit reduction drive, some provinces were being hit both by the deficit reduction targets and by the equalisation of spending between provinces. The need for legislation allowing provinces to impose certain taxes was therefore even more urgent than originally thought, he said.

Although the FFC had not formally considered the idea, Melck said he thought consideration ought to be given to allowing different provinces to pay public servants in the same departments at different rates.

As an economist, Melck said he was in favour of allowing different pay scales because different supply and demand situations existed in different provinces.

Melck said he acknowledged there were counter arguments, but said the time was ripe for a debate to take place on this topic.

Overall, Melck said a sea change had taken place within the finance department over provincial spending, with national government now demonstrating a firm commitment to provincial budgeting.

KB/13/197

Plan to tackle municipal rot

(262)

PRG 18/3/97

'Swat' team strategy

ANDREA WEISS
METRO CORRESPONDENT

The Government plans to send in "swat" teams to help about 80 ailing municipalities on the point of financial collapse.

There are also plans to cut the 850 existing municipal structures in South Africa by a third to make them more financially viable and able to deliver basic services.

The "swat" teams, otherwise known as project teams, will form part of an overall strategy to manage the "significant" financial challenges facing municipalities because of restructuring.

The challenges include a dramatic increase in services to be provided, decreases in inter-governmental grants and non-payment of municipal accounts.

About 32 percent of municipal accounts

reflect some form of delayed or non-payment, according to figures provided by Project Liquidity, a central government initiative to establish the national picture on municipal finances.

Project Liquidity has identified about 121 municipalities with possible financial problems. Of these, it is anticipated that about 80 will need help through the Government's "financial management support programme", according to a report on local government finances released today.

The programme will involve the appointment of project teams, including finance staff, accounting and management consultants and provincial officials.

Mr Moosa said at a briefing in Parliament today he believed the Government had stopped the rot in local government finances and that they were beginning to move into an upward swing.

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CITY OF CAPE TOWN

'WE'VE TAKEN BULL BY THE HORNS'

Govt unveils plan for viable local authorities

CT 19/3/97 (262)

ABOUT 120 of the 850 local authorities in the country have financial problems, and about 80 need help from the financial management support programme.

FLUSHED with success at having arrested the deterioration of municipal finances, the government has unveiled a programme to restructure local authority and build a financially independent and viable system of local government over the long term.

Constitutional Development Minister Mr Mohammed Valli Moosa told bankers and the media yesterday he was satisfied that "we have taken the bull by the horns" and that there was a clear perspective on what was needed to rehabilitate municipal finances.

"The situation is far from satisfactory, but there's (improvement) on the extent of deterioration. We don't think local government finances are deteriorating. There certainly has been an improvement in credit control and in management," Moosa said.

He said 121 of the 850 local authorities in the country had financial problems, and about 80 required help from the financial management support programme. There were also 92 municipalities with insufficient funds to pay a month's salary bill, and 20 with too little to pay Eskom for its bulk supply of electricity.

A survey showed that outstanding debts, as a percentage of total rates and service charges income, dropped from 26% to 25% from June 1995 to October 1996.

The ability of municipalities to render accounts to all areas had improved nationally from 88% in September 1995 to 95% in October last year. The percentage of total households receiving municipal

Basic services on way to neglected communities

SEVENTEEN million South Africans have no electricity, eight million have no formal road access to residential areas, four million have access to untreated water only and a further eight million have minimal sanitation only, according to the Department of Constitutional Development.

The department said the estimated cost of eliminating the backlogs, based on an affordable mix between basic, intermediate and full service standards, was approximately R170-billion.

The government has started to address these backlogs through the Municipal Infrastructure Programme, which includes a system of grants that would assist local authorities to provide services to the poor up to at least a basic level.

accounts had remained stable at 68%. This, Moosa said, showed there had been improvement in credit control.

Many municipalities had turned to electricity disconnections as a way of punishing defaulters. From June 1995 to October 1996 there was an average of 55 000 electricity disconnections a month.

Local authorities were owed R3 billion in service charges and rates. The government was owed R3,3bn in unpaid service charges and rates.

Moosa said appropriate measures could place municipal government on a sound financial footing. He saw the overall financial situation stabilising this year.

Moosa said it was vital that provincial and

The department said a total of R1,351bn had been allocated to provinces in this regard, of which R1,265bn had already been committed to actual projects. All project funds are expected to be spent by the end of the year.

A total of 1 089 projects would be supported by the funds.

It has been estimated that these projects will provide new or rehabilitated infrastructure services to 12,14 million beneficiaries.

"It's estimated that by the end of 1997 a total of 242 520 people will have been employed on projects through the Municipal Infrastructure Programme. In addition, a total of 94 303 people will have been trained on the programme," the department said. — Political Staff

national governments assist municipalities and councillors in the process and communicate the importance of making affordable choices. The government was committed to building a financially independent and viable system of local government.

The government's programme includes:

- The continuation of a national monitoring programme through Project Liquidity, which is a survey of all municipalities, conducted on a two-monthly basis, to provide insight into cash flows,

- The appointment of provincial task teams to conduct management audits in those municipalities identified as possibly running into financial difficulties.

- The implementation of a financial management support programme in municipalities which management audits established were on the point of financial collapse. — Political Staff

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Municipalities 'on the mend'

Star 19/3/97 (262)

Government has 'taken the bull by the horns' and there is a clear vision of what is needed to rehabilitate local government finances

By **Jovial Ramrao**
Political Correspondent

Cape Town - The Government has unveiled a comprehensive programme to restructure local authorities and build a financially independent and viable long term system, Constitutional Development Minister Moosahammed Valli Moosa said yesterday.

He told bankers and the media he was satisfied that "we have taken the bull by the horns" and there was a clear perspective on what was required to rehabilitate municipal finances.

"The situation is far from satisfactory, but there is improvement on the extent of deterioration. There certainly has been an improvement in credit control and in management."

He said 121 of the 850 local authorities in the country have been identified as having financial problems, with approximately 80 requiring assistance in terms of the financial management support programme. His department has also identified 92 municipalities with insuffi-

cient cash reserves to pay a month's salary bill, and 20 with insufficient reserves to pay Eskom for its bulk supply of electricity.

A survey showed that outstanding debts as a percentage of total rates and service charges income dropped from 26% to 25% from June 1995 to October 1996. Municipalities' ability to tender accounts to all areas had improved nationally from 88% in September 1995 to 95% in October last year. The percentage of total households receiving municipal accounts had remained stable at 68%. This, Moosa said, was an indication that there was an improvement in credit control.

Many municipalities had turned to electricity disconnections as a way of punishing defaulters. From June 1995 to October 1996 there was an average of 55 000 electricity disconnections. Local authorities were owed R3-billion in service charges and rates. The Government was owed R3,3-billion in unpaid service charges and rates. Moosa said while it seemed

as if many municipalities may be experiencing financial difficulties, appropriate measures could place this sphere of government on a sound financial footing.

He envisaged that the overall financial situation would stabilise this year and would start to show significant improvement in those areas where local councillors take appropriate action.

Moosa said it was vital that provincial and national government should assist municipalities and councillors in the process and to communicate effectively both the importance of making affordable choices upfront as well as a total commitment of the Government to building a financially independent and viable system of local government.

The minister said the Government's comprehensive programme includes:

■ The continuation of a national monitoring programme through Project Liquidity, which is a survey of all municipalities, conducted on a two-monthly basis, to provide insight into

cash flow situations

■ The appointment of provincial task teams to conduct management audits in those municipalities which have been identified as possibly running into financial difficulties. The responsibility rests with the provincial MEC.

■ The implementation of a management support programme in those municipalities where the management audits established that they were on the point of financial collapse.

■ Ongoing institutional arrangements to improve financial management through mentoring, training and capacity building programmes.

Moosa said submissions would be made to the Cabinet soon to give local government greater prominence in the process of allocating resources, particularly in the budget process.

Proposals for the rationalisation and right-sizing of municipalities, which would have to be completed ahead of the next local government elections, are to be presented to the Cabinet in August this year.

provement to four crime prevention drives last year. These resulted in 1 603 arrests for serious crime, including the apprehension of 876 most wanted criminals as well as the recovery of substantial quantities of drugs, illegal firearms and ammunition and stolen vehicles.

Serfontein singles out the detective services which "under trying circumstances displayed great loyalty, dedication and professionalism to their task of reactive policing."

On the proactive side, he says that, in addition to the implementation of community policing measures, KwaZulu-Natal was the first province to establish, in partnership with the private sector, a Business Against Crime unit — a model being adopted countrywide. One of its successes, through a specialist task group, was to reduce fraudulent claims by R60m, along with the arrest and prosecution of a number of the perpetrators.

Among the achievements listed in the report is that murder in the province has fallen by 14,06%, armed robbery 3,1%, robbery 8,5% and motor vehicle theft and theft from motor vehicles 7,5% compared with 1995. In most cases, this exceeded expectations. One of the objectives of the police plan was a 5% reduction in serious crime over the year.

Specific targets of the plan nationally and provincially included housebreaking, armed robbery, murder, rape, assault, theft from vehicles, attempted murder and robbery. The province failed in respect of rape and assault, which rose. Housebreaking, which remained static at 1995 levels, is a preventable crime and Serfontein says this will receive more attention.

The province still has an average of 18 murders a day — a rate which Serfontein says peaks during the festive season when migrants return to rural areas from the mines and cities.

Murder, particularly politically motivated killing, decreased, but the number of massacres (through faction fighting) increased to 64, resulting in 230 deaths, compared with 1995's 21 faction fights with 90 deaths. Motives behind these incidents include revenge, political intolerance and taxi violence.

Durban bore the brunt of crime (47%) followed by the Midlands (17%), Umfolozi, (11%) Umzimkulu (10%), Tugela (9%) and Ulundi (6%).

Marshall says it's encouraging that progress is being made and that police

are on target in relation to the National Crime Prevention Strategy and the Justice Department's 2000 programme. The year-on-year fall in crime is partly due to easing political tensions and associated crime "which previously dragged us to the top." *Herb Payne*

LOCAL GOVERNMENT (262)

NO BALM FOR THE WOUND

AM 21/3/97

National government and the provinces are raising the annual intergovernmental grants to municipalities by only 3,5% to R1,6bn, despite the financial crisis in local government.

Local governments have a stronger tax base than provinces, Finance Minister Trevor Manuel said in his Budget speech — own revenues account for more than 90% of municipal budgets. The solution is to improve local authorities' fiscal capacity to realise Constitutional responsibilities.

His hands-off approach drew an angry rebuke from the Democratic Party's Mike Moriarty of Johannesburg.

Government is ignoring the expensive services performed by municipalities on behalf of other tiers of government, especially the provinces, says Moriarty.

"Johannesburg's ambulance service, for example, costs three times what the council gets by way of an intergovernmental grant, but this isn't acknowledged. Local governments are expected to provide greater services yet don't get more in return."

Manuel acknowledges the grave state of local government finances, noting that nearly 50 of the 425 municipalities are in arrears to the Local Authorities Loans Fund, owing R9m.

Rising expenditure and widespread nonpayment of rates and service charges have brought shortfalls in many local authority budgets. Total debt to them at end-October 1996 stood at 25% of annual rates and service income.

"This is excessive and reflects poor credit control procedures, inadequate mechanisms for dealing with the poor and the fact that only 69% of municipal residents are regular payers," says

Manuel.

The Masakhane campaign's failure to raise service payments in many areas prompted the formation of "Project Liquidity." The programme is intended to monitor local finances, with government intervening where necessary.

Manuel says this and tighter credit control measures introduced with the Local Government Transition Second Amendment Act have borne fruit.

Between August and October last year, the total debtors' book decreased by 5% "and is expected to improve significantly in 1997."

Current and capital expenditure was estimated to have grown by 10% last year. The 1997 guideline growth rate has been set at 8%.

Municipal budgets exceeded R47bn last year — about 7,5% of GDP, including capital expenditure of R11,5bn. Primary revenue sources of budgeted income are

- Electricity, water & sewerage charges — R17,8bn,
- Property rates — R6,5bn,
- Regional services levies — R2,1bn, and
- Intergovernmental grants and other revenue — R14,3bn

The Finance and Constitutional Development departments will focus on

- Designing a regulatory framework for municipal borrowing powers, credit-enhancement instruments and related intergovernmental supervision,
- Municipal revenue, including user charges and taxation,
- Municipal revenue flows,

- Intergovernmental fiscal relationships,
- Municipal accounting and financial reporting, and
- Defining the role of concessional loan finance and the Development Bank in municipal investment.

Government has set aside R500m for a programme of grants to municipalities to eliminate infrastructural backlogs.

It has since defined 1 089 projects to build local government infrastructure. Already, 369 are under way and 115 have been completed. Government claims the programme will provide about 250 000 job opportunities by the end of next year. *Peter Honey*



Trevor Manuel

One-third of municipalities in dire straits financially (262)

By WILLIAM-MERVIN GUMEDE

A third of about 850 municipalities in South Africa lack managerial capacity, have inadequate funds to deliver services at an acceptable level and have no reasonable prospect of generating income, according to a government report.

Co-authored by the Finance and the Provincial Affairs and Constitutional Development Departments, and released at a parliamentary briefing this week, the report paints a grim picture of the state of local government finances. It outlines the steps taken by the Government to turn the situation around. The report says the central task that confronts most municipalities is financial discipline.

It says restructuring of local government in South Africa has caused the municipalities to experience a host of financial challenges. The report says a dramatic increase in service responsibility, a substantial jump in staff and administrative costs, and a decrease in intergovernmental grants are taxing the municipalities. In addition, a loss in the number of experienced staff, a tiny increase in the fiscal bases of municipalities and the extensive non-payment of municipal accounts are a recipe for disaster.

The report says outstanding debts of municipalities represent an "un-

acceptable" 25% of total rates and service-charges income, which means that, excluding pre-1994 debts, between R2,3-billion and

R3,3-billion is unnecessarily tied up in debtors. In October last year the total outstanding debt to local government stood at R6-billion, a 5,7% decline from August of that year. Of accounts rendered, an "unaccountable" 32% - about 1,4 million accounts - were delayed or unpaid, the report adds.

Local authorities budgeted for a total deficit of R800-million in 1995-96 and R300-million in 1996-97, even though this was not legally permissible. No pro-

vision was made in municipal budgets for the non-payment of rates and services charges, which meant existing cash reserves, a delay in paying creditors or bank overdrafts were necessary to finance non-payment.

The briefing by Finance Minister Trevor Manuel and Provincial Affairs and Constitutional Development Minister Mohammed Valli Moosa heard that some municipalities had defaulted on their debt to private sector institutions. But the Government would not hand over financial information about the risk profile of individual municipalities - an estimated one-third of which are financially unviable - to the private sector because this would undermine its attempt to monitor their finances, Manuel and Moosa said.

The ministers said most of these defaulting municipalities

had told them they would pay when they could.

The private sector has also complained about the unintelligibility of municipal accounts and the fact that it is therefore very difficult to assess their risk.

Moosa said measures were afoot to improve the municipal accounting and reporting system.

According to the Budget Review tabled last week, municipalities had a total debt of about R26-billion at the end of June last year. Of this, R2,7-billion was in the form of overdrafts and loans from banks, which also held bills worth R605-million issued by municipalities, and had extended R70-million in leases and instalment credit to them.

Manuel pointed out that Project Liquidity was a government tool to monitor the finances of local authorities and would succeed only if the specific information on municipalities was kept confidential.

In any event, the Government had no power to demand information from local authorities. He was sure a domestic rating system would emerge as a bond market in municipal loans developed in future.

Constitutional affairs chief director of municipal infrastructure and finance Crispian Olver noted that the findings of Project Liquidity could be misleading as it provided insight only into the

cash-flow position of local authorities, not their financial viability. But he insisted that liaison with the banking sector would be crucial to put municipalities on a sound financial footing.

The latest findings of Project Liquidity indicated that about 92 local authorities had insufficient cash reserves to cover one month's salary bills and 20 had insufficient funds to pay for one month's electricity.

About 80 would need help in terms of a financial management support programme and several other might need direct financial aid, Moosa said. The cost of the transition had placed a heavy burden on many municipalities but he believed that the state of their finances had bottomed out and was now on an upward trend.

"The extent of poor financial controls has increased the high-risk perception of non-payment and changed the way in which municipalities are assessed as borrowers. Only the largest and financially strongest local authorities currently have access to the capital markets," Moosa said.

The report says the Government should review all municipal budgets and limit the extent to which these budgets are allowed to increase. It wants interim legislation to provide the Government with the legal basis to monitor and intervene when municipalities face financial problems. Municipal cash flows should be monitored through Project Liquidity.

Councils halt projects to pay electricity bills

(262) Star 25/3/97

Municipalities adhere to agreement with Eskom, but slow payment from consumers is creating cashflow problem

By **CECILIA RUSSELL**

Municipalities in Gauteng are diverting money from badly needed capital projects like roads to pay off arrears to electricity utility Eskom.

In terms of agreements signed last year, Eskom agreed to "write-back" arrears from before June 1995 in Alberton, Springs and Kempton Park. This amounts to more than R400-million.

The condition of the agreement was that councils should maintain payments on arrears accrued since June 1995 and pay their current accounts.

While all the councils had honoured the agreements, large payments to Eskom for arrears - coupled with continued low payment levels - increased the financial strain on already cash-strapped councils, said Laetitia van Staaden, Eskom's customer manager for

central local authorities

"Although we are coping with a precarious financial position, the low payment levels do affect planning," said Springs town clerk Henne du Plessis.

The council had put on hold a number of capital projects because it would not have the money to

Pre-paid meters to be installed

maintain them, he said

Springs could cope with the situation for the next six to eight months, but unless payment levels - currently standing at 30% for KwaThema - improved, the council would have to seek financial assistance from central or provincial government.

While the Kempton Park local council has already approached central government for a grant for the financing of low-level services for the poor, hopes are pinned on improving payment levels for electricity by installing pre-paid meters, at a cost of R30-million to the council.

In terms of Kempton Park's agreement with Eskom, the first payment of arrears is expected in June and the pre-paid electricity metering project should be up and running by then, said deputy director of finance Naas Rautenbach.

He said the council had had to put "self-funded" capital projects, such as the upgrading of roads, on hold.

The spokesman for Alberton said the dual effects of the repayment to Eskom and the low payment level would be seen only once the capital budget was finalised in April.

Provinces reach agreement on budgets

John Dlodlu

BO 22/4/97

(262)

PROVINCES have reached agreement with government at the budget council that there will be no more "bail-outs" from central fiscus on overspending

Provincial treasury officials believe a tentative solution is emerging on dealing with the three problematic votes — education, health and welfare.

The officials said yesterday efforts, co-ordinated by the national welfare department, were under way to "clean up" the welfare system which had been consistently among the overspending votes since the provincial system came into force two years ago

Finance ministry spokesman Jennifer Wilson yesterday confirmed the agreement "The budget council is there to discuss ways of implementing the FFC (financial and fiscal commission) proposals, but it is up to sectoral

MECs to carry them out," she said

The FFC was set up to deal with intergovernmental fiscal and financial relations, including budget reforms

The provinces have previously supported the proposal towards fiscal discipline, but some have expressed concern at overspending in education, health and welfare votes over which they have little control as standards and norms in these three functions are set at national level

Although there was some room for manoeuvre in health and education, provinces were constitutionally bound to carry out welfare obligations, such as social pensions "There's no way you can deny a pensioner his or her pension," KwaZulu-Natal treasury head Siphoshe Shabalala said

Gauteng planning and banking chief director Pradeep Maharaj said. "Every province will be failing in its du-

ty if it does not live within its resources". Gauteng was working with the three departments — health, welfare and education — to deal with problems of overspending. No "consolidated blueprint" existed on how to contain overspending in the three votes, he said. Each province had to devise strategies to suit its circumstances

Officials said a clear understanding existed between national government and the provincial governments that there would be no "bail-outs" on the 1997/98 block allocations "We never put anything in writing this is done within the spirit of co-operative governance (enshrined in the constitution)," Maharaj said

Mpumalanga finance department head Leon Botha said the provinces had also agreed that borrowing for capital expenditure would only start next April.

Shake-up in local government looms

(262)

A discussion document envisages the 'collapse' of local councils under one body

BY CECILIA RUSSELL

Before the new city fathers have been able to settle into the comforting familiarity which comes with time, local government is due to change

Media reports over the past week hint that the change is will be drastic. A "mega-city" model for local government in metro areas like Johannesburg, Durban, Cape Town, Pretoria, Khayalami and Vaal/Lekoa is favoured by many in the ANC.

By reversing the present system and transferring power from the substructures to the umbrella Metro Councils (TMC's) the model aims to collapse local councils under one body. If substructures are retained they would be reduced to mere administrative bodies.

Proponents of the megacity concept say it is the way to go to increase efficiency and give local government the political status it needs to effectively achieve its objectives. But there is resistance to the concept, mainly from smaller parties, who fear being swamped.

There has been criticism that it would lead to "politburo-style" central planning. Requests for consultation and angry demands for a referendum from opposition

parties have followed the release of the discussion document by Minister of Provincial Affairs and Constitutional Development, Valli Moosa.

The aim, Moosa says in the introduction to the document, is to initiate debate.

In terms of the constitution local government is not only there to ensure that the grass on pavements is mowed, but has to drive the economic developments in the area and to see that redistribution

Referendum, consultation have been called for

is carried out.

Whether, given time, the present two-tiered system could be effective is debatable, but fundamental cracks are already beginning to surface.

The Sandton rates debacle highlighted the lack of clarity about the powers of the substructures vis a vis the umbrella TMC, said the document.

More perturbing, after the outcome of the court case, was an accusation levelled at the communities living in wealthy areas that

they lacked the motivation or generosity to help their poorer neighbours.

The degree of autonomy accorded to substructures needs to be clarified.

"It is necessary to decide how much freedom municipal councils should be given to choose and develop their own structures," the document argues.

The two-tiered structure has led to massive duplication of resources. In Johannesburg, for example, each substructure and the TMC now boasts a mayor, a CEO, a chairman of the executive, five planning departments, finance departments, housing departments and so on. This system has "been inefficient and costly," says the document. "It is not able to respond to local needs and challenges as effectively and efficiently as required."

But all has not been negative. Small communities have benefited, probably for the first time, from a personal approach.

In Johannesburg the tiny informal settlement of Poortje has seen its first municipal services, a fire station at Orange Farm and high-mast street lights in Themba'lhle.

The document says most of councils' actions are "currently ad hoc and crisis driven."

If the discussion document de-

mands anything from those involved in the debate about the future of local government, it is not to speculate about what "might" happen - whether the preferred model for local government is a megacity, municouncil, two-tier or one-tier council - but to look at the smaller details: the community, the resources, the financial base and revenue system, the environment and its administrative ability, and to come up with a model which would help local govern-

Two-tiered system has led to huge duplication

ment fulfil its role as a service provider and development agency.

The changes envisaged for local government are far-reaching. The document envisages major changes to the financial system. Administration and the tax bases of councils need to be streamlined, the size of councils reduced and the functions of mayors, town clerks and committees changed.

In short, the discussion document points to a major reform of local government as we know it.

SA's cities need champions

ROY COKAYNE

Johannesburg — Drastic action is needed to revive Johannesburg's CBD, and in the short term local government may, for example, have to consider moratoriums on decentralised rezonings for office developments in the greater metropolitan areas, said Jon Eager, the executive director of Southern Life Asset Management

"The Johannesburg CBD, as the financial capital of Africa, must recover. The recovery process, however, has to speed up considerably and needs to be built around the renewed retailer confidence in the CBD and the very wide gap between city and decentralised rentals," Eager said at a function earlier this week to launch the Johannesburg office of EG Chapman Properties Gauteng, the Pretoria-based property group

Eager said that, according to some people, South Africa's CBDs were "all gloom and doom"

He stressed that, as an industry, property people could not afford to talk the markets down because it created "food for those investment managers who feed on negative sentiment about property's poor performance as an asset class

"If we tell ourselves often enough that our CBDs are doomed, we will convince many others into believing that our inner cities cannot recover," he said, adding that each of the country's major cities needed a CBD champion

He said that in much the same way as Cape Town had an Olympic Bid Committee, the various city authorities would have to form their own "bid committees", led by able and enthusiastic individuals, who would tackle the burning issues of crime, cleanliness, trans-

port and rejuvenating their cities

But Eager said there was not a "one size fits all" solution to South Africa's CBDs, as they had very different individual challenges and opportunities. The key requirement was innovative thinking and action

"Pretoria awaits the decision on the location of Parliament

"The Cape Town CBD, contrary to popular opinion, is not dependent on Parliament. The CBD is strong and vibrant, and the cosmopolitan makeup of the population ensures that the city's heart beats late into the night. This is probably the only CBD skyline that is dotted with building cranes right now

"Durban has never attracted major corporate headquarters or been a source of accommodation for big government departments," he said

CT (Be) 8/5/97

(262)

Common understanding is crucial to success

(262)

CT 14/5/97

ACHIEVING a common understanding of the role of the recently established National Council of Provinces (NCOP) is crucial to its future success. **JAMES SELFE** examines some of the key challenges facing the body which replaced the Senate.

WHEN people ask me how the National Council of Provinces (NCOP) works, I tend first to find out how much time they have to hear my explanation.

The NCOP is a complicated body and its operation is very convoluted. No precedent exists for it, and its members and officials are still wrestling with the complexities of trying to make it work.

The NCOP was inaugurated on February 6, 1997, one of the first government institutions to be set up under the new Constitution.

It has taken the place of the Senate, and was designed to forge a closer link between the provinces and the central legislative process. In the words of the Constitution, the NCOP "represents the provinces to ensure that provincial interests are taken into account in the national sphere of government".

"It does this mainly by participating in the national legislative process and by providing a national forum for public consideration of issues affecting the provinces."

The NCOP is thus a direct representative of the provinces, unlike the Senate which was a co-equal house but lacked a unique role.

Like the Senate, however, it is an integral part of Parliament and any action taken by Parliament without its approval would be invalid and unconstitutional.

The NCOP's composition and the way it takes decisions differs markedly from the National Assembly. The council, when fully constituted, consists of 100 members — 10 from each of the nine provinces and 10 (non-voting) members representing local government.

Each of the provincial delegations of 10 members consists, in turn, of six permanent members and four special or rotating members from the provincial legislature, one of whom must be the provincial premier or a designated substitute.



SIGNIFICANT POWER: "The constitution gives the provinces significant power through the National Council of Provinces. It is up to them to use it," says James Seife, a DP member of the council.

The idea behind this is to permit the experts in the province on any particular topic to debate this topic in the NCOP. Thus, for example, when an education bill is before Parliament, it will be possible for the nine MECs for education, who are responsible for implementing the legislation, to engage in debate with the national minister.

Two types of bill can be introduced to Parliament. Those which deal with "national" matters such as defence or foreign affairs (Section 75 of the Constitution) are debated in the NCOP along party-political lines.

If the council rejects the bill, or proposes amendments, it is referred back to the National Assembly which may decide either not to proceed with it, or to pass it with or without amendments. The president must give his assent to any bill which is passed by the National Assembly in this way.

The second category of legislation is "concurrent"

So far, so good, despite some uncertainty about exactly how provincial mandates work.

There are problems, however: the first lies in the fact that, while legislation can be relatively easily classified as "national" or "concurrent", much of the business of Parliament defies such comfortable classification.

Take parliamentary questions, for example: prisoners are a "national" matter but, when a number of prisoners escape from Westville Prison, it is a matter of intense concern to the inhabitants of KwaZulu-Natal.

This dilemma was most graphically illustrated in the debacle which surrounded the first substantive debate of the NCOP, which was due to be addressed by President Mandela on March 13.

Because the president was indisposed, the council was addressed at relatively short notice by Deputy President Thabo Mbeki. The chairperson, Mr Patrick Lekota, believed that the members of the council should consult their provincial legislatures before responding to the debate, and adjourned the council after a scant 17 minutes. The response to the debate has still not been scheduled.

Scheduling — the art of arranging sessions of the council, of its committees and of the provincial legislatures so that they don't clash — continues to be a headache. Unless the sessions are synchronised, legislation is likely to be delayed in the NCOP.

Perhaps the biggest challenge facing the NCOP, however, is the development of a common understanding of its role among its members.

Some provinces see it as nothing more than a postbox where delegations state the point of view of the province, vote and depart.

Others see it as an institution in which the provinces, acting in concert, can stare down central government.

Yet others see it principally as a house of review. Some, viewing the chaos of its early sessions, doubt its usefulness at all.

Achieving such a common understanding is crucial to the success or failure of the NCOP, which is the most important factor in determining whether political decision-making in South Africa will be decentralised to any significant degree.

The Constitution gives the provinces significant power through the NCOP. It is up to them to use it.

□ James Seife is a DP member of the NCOP.

Restraint on provinces 'not regrettable'

Susan Russell

IT WAS a matter for neither regret or surprise that the national constitution placed great restraints on the provinces' constitutional-making powers, the government's legal counsel submitted to the Constitutional Court in Braamfontein yesterday

Gilbert Marcus SC made this submission during argument opposing an application by the speaker of the Western Cape legislature to have the province's own constitution approved and certified by the court.

The application has also been opposed by the African National Congress (ANC) despite the draft document being unanimously ac-

(262)
cepted by the legislature earlier this year. It is now up to the court to decide whether the draft document meets all the national constitution's requirements for a provincial constitution.

The application comes in the wake of the Inkatha Freedom Party-controlled KwaZulu-Natal province having its constitution rejected by the court last year. The court found the province had attempted to give itself greater powers than it was entitled to in terms of the interim constitution

Key objections to the Western Cape constitution deal with provisions for a provincial electoral system which would allow for both constituencies and proportional representation, the size of the

BD 16/5/97
provincial legislature and the filling of parliamentary vacancies.

Counsel for the Western Cape Jeremy Gauntlett SC argued that the provisions were contemplated by the national constitution

Marcus said it was not inevitable that the only way to create a different provincial legislative structure was by means of provincial elections.

The way in which the legislature was composed was not inextricably linked to the electoral system. Rather, once members had been elected in terms of national legislation, he said, the province had latitude to create legislative structures that were different

Elections had to be held in terms of the national constitution

agents killed by ANC security officials.

Restraint on provinces 'not regrettable'

Susan Russell

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Improving life ... but who

By Tag Williams

A GOVERNMENT plan to improve life for South Africa's urban poor, through local councils, is facing a fresh hurdle blacks, coloureds and whites are unclear about who should foot the bill

With about 20 million South Africans officially known to be living in unhygienic conditions, Government attempts to turn the system around have created serious problems and, in some cases, reopened racial differences

Two years after the formation of nonracial councils, supported by a massive public campaign to restore community values, local governance still shows a gloomy glimpse into the future, say researchers

"Local government is the key to any meaningful democracy Sadly it is taking long to take root in South Africa and that spells disaster," says Jean Gibbons, a researcher with the United Nations Development Programme

"The slow pace at which local authorities are able to deal with development issues will continue to compound the Government's delivery problems"

Two main issues remain the continued culture of non-payment of services among blacks, which is threatening to strain the fragile racial harmony in big cities, and the apparent failure of provincial governments to integrate former homelands, with their bloated civil service, into new structures

Legal battle

To complicate matters ratepayers in Johannesburg's Sandton suburb, probably among the three richest in Africa, are locked in a legal battle with their council after adopting the same spirit of non-payment following their refusal to pay higher amounts and subsidise their poorer neighbours in Alexandra

Black workers in South Africa's townships campaigned against service payments as part of the struggle against apartheid When the new Government came to power in 1994 it launched the Masakhane programme, a

national scheme aimed at reversing that trend

"Civil society saw this as a pragmatic approach meant to cajole, exhort and encourage us to work together and rebuild the country" says Reg Prinsloo a former trade union organiser

"But ordinary people seem to have nothing to do with it They are not paying"

Under the system, which sought to ignore arrears spanning years, those who do not pay for their municipal services could now lose their homes in the quest to make local authorities viable

"These councils could then provide services, upgrade and maintain the infrastructure and implement the new Government policies," says Gibbons

In February four people died and scores were injured in clashes between police and residents protesting against rates and service charges in the coloured townships of Eldorado Park, Westbury and Riverlea in Johannesburg

Legal status

The trouble started after the council evicted defaulters, who immediately screamed racism, charging that no similar action was being taken against their black township counterparts

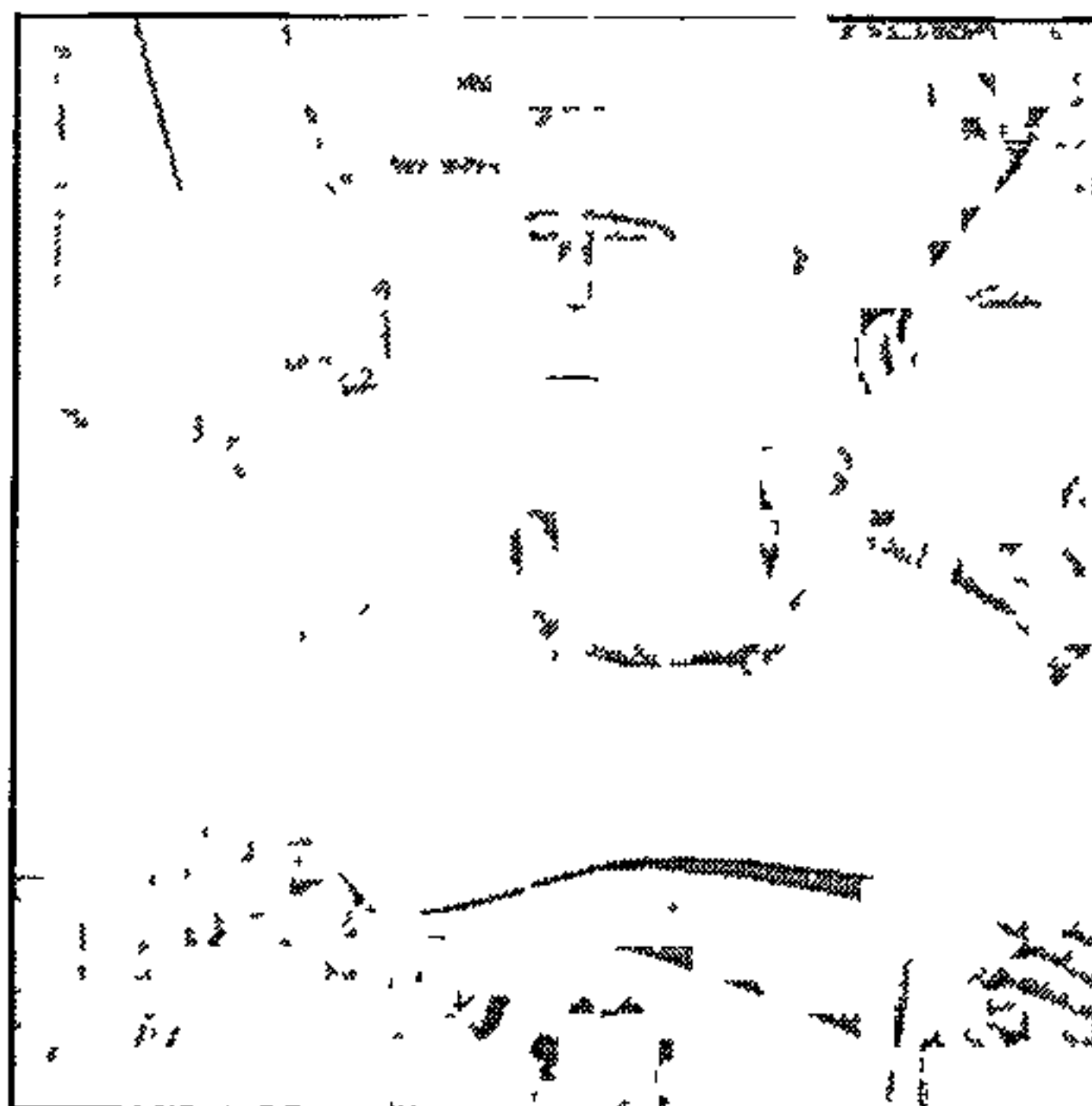
In Mdantsane, a township in East London, thousands of residents have not been paying for services for close to 10 years The legal status of the township remains unclear Under the apartheid government it was run by the Ciskei government

The East London municipal council says it cannot extend its services to the area until the Eastern Cape provincial government changes the law to make the township part of the city

Residents in black townships elsewhere cite poverty, unemployment and the poor or non-existence of services as a reason for their reluctance to accept the Masakhane campaign

"The present situation has to change because residents cannot afford to pay for their services," said Basil Douglas, a spokesman for the South Western Joint Civics Association

A coloured demonstrator in



Flashback

In February, residents protested against rates and service charges in Johannesburg's coloured townships.

pays for it?
Johannesburg 22/15/97

Johannesburg said "We had nothing under apartheid when they only looked after whites But now the blacks only look after themselves What must we do?"

The continued truculence of coloureds and blacks seems to have irked whites, whose areas are now joined to some townships They are finding the changes painful, given that their lifestyles have been protected by municipal boundaries for decades

New African National Congress-dominated councils are drawing up budgets aimed at affirming poorer areas and creating single city structures

That South Africa's townships have pressing development needs is clear Government policy papers show that the disparities in wealth among its citizens are the highest in the world

Extremely serious

"In addition," adds the ministerial report, "there is a disturbing increase in inadequately designed or operated waterborne sewerage systems, where the impact on the health of the community and the pollution of the environment is extremely serious"

The whole scenario and the feeble response to the Masakhane campaign severely limits the Government's choices The Sandton boycott has already

"There is no way to raise the money to uplift the lives of blacks in this country without taxing the rich"

For instance, an estimated 21 million people, half the population, do not have access to safe sanitation facilities Out of this 7,6 million (31 percent of the population) live in urban areas, says a report by an inter-ministerial task force on sanitation

"Some two million people still have to rely on the bucket system, which is generally not an acceptable system from a health perspective or in terms of

community acceptance," says the report

"Only rough estimates of service levels are available from the rural areas It is estimated that in these areas 14 million people do not have adequate sanitation services, which is 85 percent of the rural population"

The Government expected councils to take up such projects, immediately after their inauguration in 1995 "This is not happening because the councils are still facing birth pangs," says Gibbons

As a result millions of people have to use the bucket system, pit latrines or the bush, even in the cities

Extremely serious

"In addition," adds the ministerial report, "there is a disturbing increase in inadequately designed or operated waterborne sewerage systems, where the impact on the health of the community and the pollution of the environment is extremely serious"

The whole scenario and the feeble response to the Masakhane campaign severely limits the Government's choices The Sandton boycott has already

entered its seventh month

Blacks insist they are too poor to pay and coloured townships are still simmering after a botched attempt to force them to pay for services

Meanwhile arrears in Johannesburg alone reached R2 500 million in two years, while those of Gauteng are estimated at more than R4 billion

The amalgamation of councils has brought further discontent among residents Some whites and middle-class blacks, like Sandton resident Noel Nyathi, say the councils have become "such an omnibus that it is unable to move There are simply no services here either"

They also resent the fact that their poor neighbours are not being forced to meet their obligations under the one city concept Whites say they find it unacceptable to be isolated and pay for the mistakes of apartheid

However, a local government spokesperson says that out of the 800 local authorities, only a few have serious problems

"A number of our small towns are doing fine We only have a few bad cases nationally" - Africa Information Afrique

ANC signals end to chiefs' power

(262)

THE African National Congress fired the first salvo yesterday in the battle to remove automatic representation of chiefs in rural local government structures.

During a workshop on the needs of local government after the Transitional Local Government Act reaches the end of its life in the year 2000, ANC spokesmen clearly indicated that the party was becoming increasingly intolerant of chiefs whose vested interests did not necessarily comply with urgent needs for social and economic development in rural areas

ACT 5/6/97

The most outspoken was North West Local Government Minister Mr Darkie Afrika, who made no bones about the need to "remove" chiefs from rural district councils in the post-transitional era.

In response to questions from the Inkatha Freedom Party's Mr Peter Smith about steps being made to consult chiefs about their future role in local government, Afrika said there was a need to "talk" to the chiefs, but insisted that local government funds be released from being spent on traditional structures. — Political Staff

Natal firm unveils prepaid water meter scheme

Nicola Jenvey

(262)

DURBAN — KwaZulu-Natal-based Bambamanzi Trading SA has launched two pilot prepayment water schemes based on smart card technology, offering bulk water suppliers and local authorities an efficient tariff collection system for the rural areas

MD Niel Rodseth said yesterday that the system, developed in co-operation with the department of water affairs and forestry and funded by the Industrial Develop-

ment Corporation through government's programme for industrial innovation, enabled consumers to credit the smart card with advance payments. Credits were deducted from the card as water, either from communal stand-alone pipes or household taps. Bulk water suppliers and local authorities could recover capital costs within six years, and prepayment would slash administrative costs

The Pinetown-based company had invested more than R4m in re-

search and development since 1993 and Rodseth expected R18m in turnover for the current year. This was projected to R60m by 1999 as Bambamanzi negotiated export contracts with Africa, the Middle East, Europe, South America and the Far East

Pilot schemes involving 35 000 people were operating at Modderfontein for Rand Water and at Ndwedwe for Umgeni Water, and Rodseth expected the consumer base to grow to more than 1-million people within two years

BD 18/6/97

Council of Provinces struggled with a complex

PARLIAMENT broke up yesterday for its generous six-week winter recess. Unlike the first session, where MPs enjoyed considerable time off for "constituency work", the second quarter of the parliamentary year was characterised by new ventures, long hours and considerable controversy.

Perhaps the most significant development was the launching of the National Council of Provinces as the upper house in place of the old senate. This was a consequence of the new constitution which came into effect after being signed into law by President Nelson Mandela on March 21.

The abolition of the senate and creation of the council saw another landmark in the retirement from politics of former defence and justice minister Kobie Coetsee. The chairman of the new council was confirmed as the African National Congress's (ANC's) Patrick Lekota following his "redeployment" from the Free State.

The new structure has to face reality, says parliamentary correspondent Wynndham Hartley

The council has been struggling to come to terms with a highly complex legislative system which sees bills progressing through the council in three different ways. More importantly, scheduling and administrative matters began to get in the way.

On one occasion all the provincial premiers flew to Cape Town with their delegations to participate in a debate to be addressed by Mandela. This was changed to an address by Deputy President Thabo Mbeki and then cancelled. The meeting lasted a very short while and they flew home mumbling about the waste of time and money.

Senior cabinet members have also privately begun complaining about the council's complicated procedures slowing down the legislative programme. Some of this criticism undoubtedly stems from

problems in the ministries, where they have been slow in producing the legislation. The responsible minister then wants to race it through Parliament and onto the statute book.

On one level the six-week cycle for bills to get a mandate from each of the nine provincial legislatures and then return to the full council might be a blessing in disguise because it will slow the process down and hopefully produce more considered laws.

One of the harsh realities of the council has to be faced. It is operating in a system where, because seven of the nine provinces are controlled by the ANC, the majority party enjoys domination in the council exceeding the 62% majority it achieved in the election. The success of the council in dealing with vital issues close to the electorate is going to depend on it,

and indeed the provinces themselves, developing separate identities. This has not happened and opposition politicians believe the development of maverick ANC provinces which could buck the national ANC line in the council is highly unlikely.

However, should this ethos not develop, the council will be nothing more than an expensive token to provincial differences.

The National Assembly has, since it reconvened, processed the budget votes of all 38 departments and has processed a considerable number of bills. Debates have been characterised since April by increasingly harsh exchanges between the ANC and the National Party (NP). NP MP Willem Odendaal, an instinctive opponent of Health Minister Nkosazana Zuma, earned the dubious distinction of being the first MP to be or-

dered from the house for using unparliamentary language which he refused to withdraw.

Health-related matters scored another first two weeks ago when Zuma became the first minister to withdraw legislation from the National Assembly. Superficially the withdrawal of the bills looks as if the democratic process is working and that measures which have drawn wide criticism are being reconsidered. The proof that the legislature has succeeded in changing something from the executive will be when the bills return to Parliament. If they remain largely unchanged, and the ANC rams them through at the behest of the minister, then public hearings and opposition will have failed.

The issue of ministers being held accountable by Parliament has been a hot issue in recent weeks with opposition parties go-

ing so far as to say that the cabinet is holding the legislature in contempt. At issue is the attendance of ministers in the house during question time and hundreds of questions to which replies remain outstanding.

Some press secretaries to ministers, on the other hand, complain that MPs are asking silly questions which ministers should not be required to dignify with a response. The reality is that regardless of how silly the questions may or may not be, an elected representative of the people has asked it and it is the responsibility of the executive to answer.

Twenty-nine bills have passed through Parliament. A host are expected already and more are expected from the executive. Parliament is likely to sit almost to the end of the year in order to get them on the statute book. It looks as if year-long sessions are going to be the norm in the future.

system

The council that never took SA into account

Marion Edmunds

CONFUSION and administrative chaos have bedevilled the National Council of Provinces, the body which replaced the senate in February.

The politicians and technocrats who dreamed the council up at constitutional negotiations have been trying to breathe life into it. In a bold move this week, the Cabinet endorsed an ambitious plan to make the country's 11 law-making bodies — the nine provincial legislatures, the National Assembly and the council — march in step, work in sync, get online and surf the Internet

MTG 20-26/6/97

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(262)

Dissatisfaction among council delegates is palpable. This week its chair, Patrick "Terror" Lekota, promised it would work better after the parliamentary winter recess.

Many delegates do not fully understand the council's purpose nor its rules — there is a sense of hostility from the National Assembly, the council timetable shifts like sand and delegates scurry between Cape Town and their provincial bases.

To compound it all, this week Deputy President Thabo Mbeki's office had not realised his speaking time in the council was 10.30am rather than 2pm. The bells announcing the start of the council session

rang relentlessly for 20 minutes while they searched for Mbeki.

Lekota and council deputy chair Bulelani Ngcuka are shoring up the tide of despair, struck by the pressing need to tighten co-ordination between provincial legislatures, the National Assembly, the Cabinet and government departments.

"Given the fact that we are starting something new, given the fact that it is a very complex structure we are bringing in, we have done exceptionally well," Ngcuka said.

He admitted, however, that the council is too complicated for a country still trapped in structural and political transition. "I don't

think we took into account the level of development in South Africa when we designed the council. We did not anticipate some of the problems, particularly the lack of administrative capacity in the provinces. We are still a Third-World country."

During a recent tour of the provinces, Ngcuka and Lekota discovered that provincial delegates had been unable to read much of the information they had been sent because they did not know how to access e-mail from their computers. Now they are to go online and all delegates will learn to use modems and to surf the Internet.

"This is the age of networking. If

you can't do it, you have to get out of the council," said Ngcuka.

The council is looking at setting up video- and voice-conferencing facilities to save money on its travelling bill — R5,8-million for this 1997/98 financial year, with provincial governments shouldering part of the burden. The council's total budget is R37-million, just less than 10% of the R325-million budgeted for Parliament.

The council's first great test will be a debate scheduled for September 15 when the house will discuss border disputes — such as Bushbuckridge.

If this debate truly expresses provincial interests and if delegates arrive at the right venue on time, Lekota and Ngcuka can boast that the council is beginning to realise the hopes once attached to it.

Chiefs demand more financial perks

BISHO — Government should grant African kings state funerals and also change the way local government worked, the Eastern Cape's provincial house of traditional leaders decided yesterday.

In a morning session, the house ratified a 31-page document of responses to, views about, and actions on traditional affairs issues queried by the national department of constitutional development.

Clause 15 of the document states that kings (Kumkani) should be given state funerals and government should pay for the casket, roads for mourners, temporary toilets, groceries, water and a public address system.

Chiefs should be accorded similar benefits, it says.

Tensions between chiefs, kings, headmen and the predominantly San-aligned transitional rural councils were evident in a number of clauses.

Clause 12 states that rural councils were established without the participation of traditional leaders, and therefore do not have support.

"Still, we are willing to enter into negotiations with the government with a view to remedy the situation," the document reads.

Payment of traditional leaders is discussed in the document, asking the government to recognise traditional leaders' secretaries as town clerks and pay them accordingly.

Government is also asked to subsidise the cost of messengers, cleaners, caretakers and watchmen employed by chiefs and headmen.

On issues of land ownership, the document states land claims stretch back to the 15th century when "colonialists and imperialists" landed in the country.

The suggested solution for land claims against commercial farms was

incorporating the farm into a tribal authority, title deed notwithstanding, and allowing the farmer to continue as long as he paid royalties to the relevant traditional authority.

The document also holds the communal land tenure system up as being "highly secure", and further asks for housing subsidies to be available to "deserving families who are living on communal land".

The final clause of the house of traditional leaders' document reads: "The representations are not made in pursuit of confrontation or hostility towards the government" — ECN.

of the population — a total of 135 984 police members in March 1997 make for roughly one to every 279 people.

controlled permit system. Recommitting the union to its previous...

could disrupt farming, especially by one...

2 BUSINESS DAY, Wednesday, July 23 1997

ANC will not back moves to change provincial boundaries

BD 23 | 7 | 97

(262)

Kevin O'Grady

THE African National Congress (ANC) would no longer support moves by its members for provincial boundaries to be altered, ANC national executive committee member Valli Moosa said yesterday.

He said the committee had decided to endorse a recommendation by the ANC's national working committee that the party end three years of supporting government moves to have boundaries changed to solve provincial border disputes.

Moosa, who is also provincial affairs minister and responsible for dealing with boundary disputes, said "I am convinced this may not be the most popular way to go but it would be shortsighted to promote something that is not constructive for reasons of popularity."

He said the ANC realised it was difficult to bring about changes to the constitution needed for boundaries to be altered and "we think it's time we are able to announce certainty (on the issue) for everybody".

The constitution provided provincial boundaries for "administrative purposes" and it was accepted that the boundaries "may create administrative problems".

The solution to these problems, which he acknowledged existed in some areas, should be an administrative one "rather than have a hyped-up political issue and see provincialism rearing its ugly head".

Moosa said

the area he transferred from Northern Province to Mpumalanga, government would allow certain services to be provided to disputed areas by another province "if it makes good administrative sense and is in the interests of the citizens living there".

Moosa said government also accepted suggestions for the creation of cross-border municipalities in areas where former white towns were separated from townships by provincial boundaries and the ANC had called on government to take the steps necessary to achieve this.

There were also personal and political interests in having borders changed and he expected these would cause "continued agitation" on the issue.

But I think our argument is very cogent and we intend pursuing it," he said.

Farouk Chothia reports that ANC national chairman Jacob Zuma said yesterday that he would ask central government to urgently address the Kokstad border dispute between the KwaZulu-Natal and Eastern Cape governments.

A delegation

led by Kokstad mayor Mlungisi Nyembezi met Zuma yesterday, complaining that a group of residents pushing for the town's incorporation into the Eastern Cape were demanding the resignation of councillors and causing disruptions.

The group had recently firebombed the house of a councillor, and had barricaded the town entrance.

Nyembezi's delegation told Zuma that the situation could get "totally out of hand" given the fact that the patience of those residents opposed to the group had been "overstretched".

The delegation claimed that some policemen seemed to be part of the problem, as they were failing to act in cases where there was evidence of people having broken the law.

Zuma said he would report the matter to Deputy President Thabo Mbeki, and urge the relevant ministers — including Moosa and Safety and Security Minister Sydney Mufamadi — to help resolve the problems.

Councillors may have to pay out of own pockets

KARIN SCHIMKE
POLITICAL WRITER

ABOUT 164 district councillors in the Western Cape could find themselves personally responsible for every cent spent by their council — including the payment of employees and service providers, and their own allowances — should the current structure of district councils be found to be illegal.

Tenderers have been cautioned to deal carefully with district councils until the matter is clarified. This warning comes in the wake of

a battle of wills between the NP and the ANC in the province as to which law holds sway a proclamation by a provincial minister empowered by the Constitution or the Local Government Transition Act (LGTA).

"The implications are far-reaching," said ANC MP Mrs Melanie Verwoerd, who serves on the local government portfolio committee in the National Assembly.

"The councillors could be held personally liable for all the money that is spent," she said.

The warning also comes ahead of a meeting tomorrow between Provin-

cial Affairs and Constitutional Development Minister Mr Mohammed Valli Moosa and local government MECs from the provinces where the issue of district councils enjoy high priority on the agenda. Western Cape MEC Mr Peter Marais is expected to attend.

The ANC has called urgently for Valli Moosa to intervene and has suggested he seek a declaratory order from the High Court or issue regulations compelling Western Cape district councils to restructure as required by the LGTA.

District councils, during a transi-

tion arrangement, gave equal representation to councillors from towns and from rural areas, but in terms of the act the councils had to restructure according to a proportional representation model by July 7 this year.

Marais declared last month he would stand firm against restructuring so that "meaningful development of a rural model" could proceed. He threatened legal action against district councils that defied his proclamation.

ANC councillors in the province's district councils have withdrawn from all council business, not wanting to be part of what they regard as an

illegal structure.

Two legal opinions sought by the ANC have concluded that if district councils are constituted in breach of requirements of the act, "all acts and decisions after that date would be null and void and thus be liable to be set aside for judicial review".

The daily workings of the councils — including buying equipment, paying employees, providing services such as road maintenance — could be rendered illegal, making the councillors serving the district councils responsible for paying back any money they spend during this period

Most of the councillors affected belong to the NP. It is unclear whether it is business as usual for independent councillors or those from parties other than the ANC.

The Southern Cape, West Coast, Winelands, Breë River, Klein Karoo, Karoo and Overberg councils are affected.

Both parties have said they were aware the latest row could end up in court, but Marais' spokesman, Mr Johan Smut, denied yesterday that district councils were operating illegally. He said: "The MECs proclamation gives legality to the district councils."

(262)

CT 28/7/97

Pockets

Commission releases report on local government funding

BD 28/7/97 (262)

By Deborah Fine

THE Financial and Fiscal Commission (FFC) has released its eagerly-awaited discussion document on intergovernmental grants aimed at assisting cash-strapped local authorities to address municipal infrastructural backlogs and the provision of basic services.

Presenting the document at a local government conference in Pretoria last week, FFC deputy chairman Antony Melck said in terms of the constitution, municipalities were independent spheres of government and were thus entitled to an "equitable share" of nationally-raised revenues.

The FFC's task was to determine the share to which local government was entitled, given its constitutional obligations and functions. It would have to ensure funds were allocated to local councils where they were needed most, rather than on an ad hoc basis.

Melck said the FFC had recommended local government receive two types of grants from national government: conditional capital grants to address infrastructural backlogs, and unconditional operating transfers to subsidise basic services for those who could not afford them.

Both grants had been designed to address the basic needs of the poorest sector of the population to enable them to buy minimum quantities of services such as clean water, adequate sanitation, suitable roads and electricity.

The FFC recommended the grants be directed at upper-tier metropolitan or district councils for redistribution to their substructures. This was because metropolitan and district councils

knew the local conditions within their jurisdictions and would be able to reflect local priorities with confidence.

Melck said local authorities could raise their own revenues through Regional Services Council levies, cost recovery fees, property taxes, licences and trading services such as electricity, water, refuse removal and sewerage. Therefore, the FFC recommended grants be determined not only on the basis of need, but also taking into account individual local authorities' tax capacity, or revenue-raising potential.

If local councils had sufficient bases from which to raise their own revenues, they should be capable of addressing the needs of their inhabitants. The money made available to them through the transfer system would thus be accordingly reduced.

"The grants will be calculated as though local councils were collecting all of their potential revenues, even if they are not doing so. This will act as an incentive to encourage councils to improve their collection and credit control measures, make maximum use of their resources and get their houses in order financially," Melck said.

More substantial grants would be awarded to councils with genuinely-limited potential revenue bases.

He said the discussion document would be distributed to stimulate debate, after which a reworked document, if necessary, would be submitted to parliament for consideration.

Once national legislation about the transfers was in place, the formulation of the grants and handing down of funds would be carried out by the national finance department.

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Voter, rates bases could set councillors' salaries

Jacob Dlamini

BD 30/7/97

(262) (263)

CAPE TOWN — A graded scale based on the number of voters and the rates base of councils could be used to determine the salaries of councillors, Constitutional Affairs Minister Valli Moosa said yesterday.

Speaking after a Minmec meeting with local government MECs, Moosa said all the MECs had agreed on the need for a clear and uniform national position to be used to determine the salaries and allowances of councillors.

Moosa said the meeting had not accepted the recommendations of the Steyn commission, which was set up to look into the remuneration of councillors, but had instead used them as the basis for developing further proposals.

Moosa conceded that, in terms of the resolutions taken at yesterday's meeting, councillors in large areas would be entitled to larger salaries.

Moosa said a local government green paper detailing the size, structure, functions, electoral systems and financing of a new local government model would be published in September. The paper would be discussed at a special Minmec meeting next month.

Moosa said the meeting had discussed the Financial and Fiscal Commission's report on local government finances and had noted the commission's recommendation that nationally collected revenue be shared equitably between national, provincial and local government.

The meeting had resolved to support councils seeking to enforce credit

control measures in order to force residents to pay for services.

Moosa said there would be a Masakhane Focus week in the first week of September during which government departments would initiate activities to popularise the campaign.

Six new private-public partnerships had been approved which would focus on municipal services infrastructure. Moosa said R9m from the reconstruction and development fund had been made available to conduct a feasibility study on the projects, which include initiatives such as improving passenger transport, regional waste sites and inner-city management.

There would be a national workshop on August 22 on the restructuring of the electricity industry, Moosa said.

Meanwhile, Linda Ensor reports that Western Cape local government MEC Peter Marais said after the Minmec meeting that Moosa and he had agreed to meet within the next two weeks to attempt to find an amicable solution to the dispute between central government and himself over the constitution of district councils.

A bid would be made to find a compromise between the proportional representation required by the Local Government Transition Act and the 50/50 representation for town and rural councils which Marais had enforced through provincial proclamation.

Marais said a way of implementing proportional representation without negatively affecting the representation of rural councils on district councils would have to be found.

COMMENT & ANALYSIS

Financial resources a sobering reality

(262) 60 118 197

There is a widening gap between local government's status as an equal to national and provincial authorities and the financial realities, writes Deborah Fine

S A's constitution has ushered in changes in all spheres of government, but especially in local government which has been transformed from a mere extension of the provinces into a constitutionally recognised structure in its own right.

The constitution states that "government is constituted as national, provincial and local spheres of government, which are distinctive, interdependent and interrelated."

A seemingly simple clause — yet as Provincial Affairs and Constitutional Development Minister Vally Moosa points out, local government is no longer "a creature of higher tiers of government", but for the first time has a direct influence on national legislation and finance bills tabled in Parliament.

The constitution has granted local government a large degree of fiscal autonomy. Authorities are entitled to take their own financial decisions and determine their own priorities consistent with expenditure, taxation and borrowing powers assigned to them.

The constitution allows local councils to raise their own revenues through regional services council levies, cost recovery fees, property taxes, licences and trading services such as electricity, water, refuse removal and sewerage in order to carry out their constitutionally defined functions of sustainable service provision and the promotion of safe, healthy environments and socioeconomic development.

In theory, local government seems perfectly positioned to begin addressing past imbalances and provide a better quality of life for all citizens. The reality is far more daunting.

Along with this degree of fiscal freedom comes an even more significant break from the past in which both black and white local councils were kept afloat by provincial authorities through multiple grants to cover operating expenses and deficits.

Now central and provincial governments are no longer obliged to bail out councils which fail to collect the revenues they need to supply municipal services.

This imposes on local government a far greater responsibility than before for sound financial management. Clearly local authorities cannot be fiscally

autonomous unless they are financially sustainable.

Many of SA's 850 newly deregulated municipalities are confronting the sobering reality that access to financial resources does not automatically guarantee that the funds which are their due are actually received — particularly in regard to trading services charges which make up the bulk of their income.

On one hand, the new authorities are constitutionally obliged to eradicate infrastructural backlog in the formerly disadvantaged areas. On the other, unemployment, widespread poverty, a lingering culture of nonpayment, limited financial and human resources, a collective current and inherited debt of more than R6bn, as well as a lack of capacity and

financial expertise have led local government into a deepening financial crisis.

Up to a third of the councils are not financially viable, while many others are under severe financial stress, with cash-flow problems and difficulties in paying creditors. This is particularly true of rural areas where local councils face poverty levels of up to 74% — as opposed to the metropolitan 20% — as well as the doubly-high cost of infrastructural development as a result of extremely limited tax bases and vast distances separating communities.

Central government appears to be adopting a less than sympathetic attitude towards municipalities which cannot collect the revenues owed to them.

At a recent local government

conference in Pretoria, the Financial and Fiscal Commission revealed that a "tax capacity" or "revenue-raising potential" component had been worked into the proposed formula to determine the size of grants from central to local government for infrastructural projects.

The premise is that if councils have sufficient bases from which to raise their own revenues, they should be capable of addressing the needs of residents themselves. The money made available to them through the grants would be accordingly reduced.

At the conference, Deputy Finance Minister Gill Marcus said local government, which had a budget of about R47bn, had the fiscal capacity and resource base to generate over 90% of its own

revenue. This was in contrast to provinces, which had poor fiscal capacity and could raise only about 5% of their budgets from their own revenue sources. She emphasised that central government would no longer underwrite local government debts.

What is being done to enable local government to achieve long-term financial viability?

The constitution obliges national and provincial government, through legislative and other measures, to support and strengthen councils' capacity to manage their own affairs.

In line with this obligation, the provincial affairs and constitutional development department and the finance ministry have set up a national intervention programme known as Project Viabl-

ity to monitor the progress of local government and step in where individual councils are experiencing severe financial difficulties. Assistance is provided in the form of financial support programmes such as credit control measures, cash management and investment policy. A mentoring, training and capacity building programme for officials and councillors has also been approved by the national training board.

The department has set up the nationwide Masakhane campaign to address nonpayment, as well as the multi-million rand municipal infrastructure programme to assist local councils with infrastructural backlogs.

The local government white paper explores current and alternative models of local government to ensure maximum cost-efficiency and the optimal use of limited financial and personnel resources without unnecessary and costly duplication of functions.

In this regard, local authorities should be warned against favouring models for political leverage without due regard for the economic and financial implications.

Local councils are seeking to extend their tax bases and are investigating the possibilities of alternative revenue sources. These could include additional surcharges, for example, on electricity, water and telephone accounts.

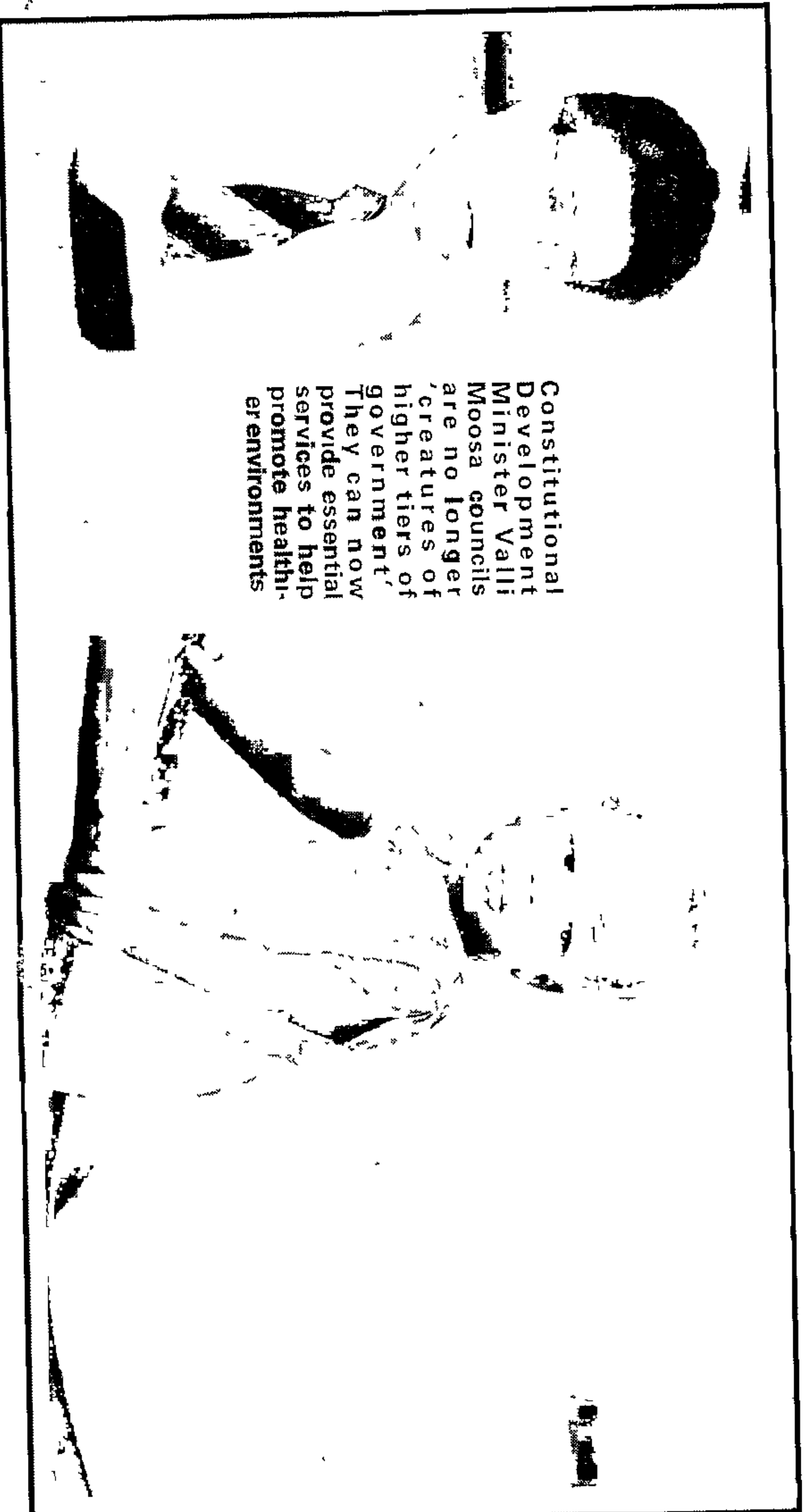
National authorities are considering imposing land taxes on the agricultural sector to generate additional revenue for struggling rural councils.

So, much is being done to assist local government. But no solutions can succeed unless local authorities are committed to efficient and effective administration and financial management.

This includes visible improvements in service delivery, public education campaigns, the establishment of accessible municipal payment points, the installation of proper metering and billing systems and an unshakable commitment to firm action against payment defaulters who are not genuinely indigent, including the defaulters within councils' own ranks, no matter how politically unpopular the decision.

The time has come for local government to take an unflinching stand against those who would undermine its birthright.

Constitutional Development Minister Vally Moosa councils are no longer creatures of higher tiers of government. They can now provide essential services to help promote healthier environments.



MUNICIPAL MEMBERS OF PARLIAMENT

Local councils in national debate

New Bill will give local government a voice in parliament

FM 8/8/97

Local governments will probably have parliamentary representation within the next three months

In a move believed to be unique to SA, a new Bill proposes that 10 representatives of the more than 12 000 councillors be given seats in the National Council of Provinces (NCOP), formerly the Senate

But councillors are complaining that the Bill does not go far enough as it precludes them from voting

The Organised Local Government Bill, tabled last week, would enable the representatives to participate, without voting, in debates concerning local government. SA will be one of the few countries to give representation in the national legislature to local government leaders

Chairman of the Select Committee on Constitutional Affairs Mohammed Bhabha

says he expects the Bill to be passed by the NCOP by August 21, and then passed into law by the National Assembly in September. It would be the first time the National Council passes a Bill ahead of the Assembly.

The Bill says SA's 800 councils would be entitled to 10 representatives in the NCOP. Representatives would be drawn from one national and nine provincial municipal associations. The national body is expected to be the SA Local Government Association.

This gives force to Section 163 of the Constitution which states that parliament must provide for the recognition of a national organisation and nine provincial organisations representing municipalities.

The Bill's memorandum states that "local government's participation in the NCOP is important as this will ensure that local government will for the first time participate in the lawmaking process when local government issues are at stake."

The Bill is being driven by Provincial Affairs & Constitutional Development Minister Mohammed Valli Moosa. Ministry spokesman Mpho Mosimane says it is an important step towards inculcating a spirit of co-operative governance in SA.

"The fact that the representatives cannot vote now is not that important," he says

"Our Constitution and the times we live in show that the process of consensus is more important than vote-counting."

He allows, however, that voting rights may be conferred on the delegates at a later stage, if deemed necessary. For the moment, however, government considers it important only that the delegates' views be aired when decisions are made.

The Bill also addresses financial shortages municipalities face by proposing that two representatives from the national municipal organisation be appointed to the financial and fiscal commission.

Participation of local government in the commission is "of the utmost importance," the memorandum says, because the commission advises parliament on the equitable division of revenue between national provincial and local governments.

Enactment of the Bills would be "the last piece in the jigsaw of co-operative governance," says Bhabha, adding that even without voting rights the elected representatives would have clout because they represent "an important constituency."

"Local government is starting to interact more and more with the other tiers of government. That culture is taking root and this Bill in many ways entrenches that," says Mosimane.

Justice Malala

Councils' missing millions in spotlight

(262) Star 12/8/97

Local governments in 1994-95 left legacy of R1-billion in debts and an administrative shambles

By **LEE-ANN ALFREDS**
City Desk

Widespread financial mismanagement by several former local authorities has left municipalities around Gauteng in financial disarray and unable to account for millions of rands.

The mismanagement was revealed during the first day of hearings into the accounts of local governments in 1994 and 1995 by Gauteng's public accounts committee.

Discrepancies were also tabled in a report by the auditor-general, submitted to the committee
The Greater Johannesburg

Transitional Metropolitan Council (TMC) and the former town councils of Akasia, near Pretoria, Daveyton, on the East Rand; Diepmeadow, in Soweto; and Evaton, Sharpville and Sebokeng in the Vaal Triangle came under the spotlight yesterday.

Pretoria, Mamelodi, Munsieville, Thembisa, Thokoza, Zonk'izizwe and Refilwe will be discussed today.

Yesterday's hearings revealed that poor financial administration - mainly by former black local authorities before the local government elections in 1995 - was still having repercussions, and millions in ratepayers' money was still unaccounted for.

Councils failed to register their assets, used money allocated for capital expenditure for salaries and other operational costs, and wrote off vehicles worth millions without permission.

The report also identified several instances where loans were not administered properly and where inadequate credit-control measures led to only a small percentage of arrears being recovered.

The auditor-general noted that in the Johannesburg council, "allowances of R16-million" had been paid to councillors even though they had not been approved by the premier. The report also expressed reservations about the TMC's

ability to recover arrears of R1-billion and noted that the council had failed to assume liability for loans taken out by Soweto, Diepmeadow, Dobsonville and Alexandra.

Responding to the report, TMC chief executive officer Nicky Padayachee said the R16-million had been used to pay the salaries of councillors in the period before the establishment of the transitional council.

He said the decision had been referred to the premier but they had "received no response until today".

Metropolitan council finance strategic executive Lukas Opperman said the auditor-general was supposed

to have removed the item from the books after a meeting where the matter was explained, but had failed to do so.

Padayachee and Opperman said credit-control measures had been tightened up and arrears were being recovered.

Representatives of the other councils indicated they were still unsure of their financial position.

Several said they were still finalising reports on the assets and financial positions of the former black local authorities.

Their financial situations also looked bleak because of the accumulated debt they faced, they said.

State gets to grips with apartheid's 12 500 'untouchable' workers

CHRIS BATEMAN

THE destruction of apartheid has left 12 500 civil servants in limbo, and they now treat their employers with contempt at a R1-billion annual cost to taxpayers, experts say.

Town councils to which the staff report are powerless to ensure they put in an honest day's work. Because they are still paid, and officially employed, by provincial governments.

This exempts the new breed of "untouchables" from laws governing municipalities. They have become a virtual law unto them-

selves with hundreds simply not arriving for work — and others going home at any hour they please.

Their conditions of employment fall under the Public Service Act designed to serve only first and second spheres of government, not local authorities.

The "untouchables" are mainly in KwaZulu Natal and the Eastern Cape and most are drawn from the former Black Local Authorities, which merged with their white municipal counterparts after the 1994 elections.

To correct this, the Portfolio Committee on Constitutional Affairs yesterday began discussing

the Transfer of Staff to Municipalities Bill.

"It's part of the legacy of the old system — having people employed and paid by the wrong level of government and performing functions at other levels of government," said committee member Mr Salle Mame.

The biggest problem facing legislators will be to avoid dumping huge salary bills on already beleaguered and, in some cases, bankrupt municipalities — and giving provinces unexpected financial buoyancy.

Yesterday committee members across party lines strongly urged that the bill compel staff to transfer to municipalities.

They also suggested that the new law allow for staff to be seconded to municipalities, with provinces continuing to foot the bill.

However, legislators will have to negotiate their way around a minefield of labour law to deal with the apartheid "untouchables".

State law adviser Mr Anton Venter told the committee that the Department of Constitutional Affairs would look into suggestions that an arbitration committee, set up under the draft bill, should also resolve disputes between staff members and town clerks.

At present the bill proposes that the arbitration committee keep the peace between the

provincial MEC for Local Government and town clerks as they each try to unravel the apartheid legacy.

Mr Jaco Maree (NP) said the 12 500 "untouchables" got their salaries from the relevant province or Pretoria, and had no legal obligation to carry out tasks for town councils.

"Unless we do something, they could still be sitting in municipal offices doing nothing two and a half years from now," he added.

Maree said that to suggest that staff move voluntarily "from this heavenly situation is a fallacy I just cannot accept".

CT 13/8/97

The new bill allows the MEC for Local Government to limit the number of staff members transferred to town councils to those required to "render efficient municipal services", provided their conditions of employment are no less favourable.

Mr Mohammed Bhabha, (ANC), gave the example of Howick in KwaZulu-Natal where he said a tour by the Portfolio Committee revealed the town clerk to be "totally handicapped" with no control over staff affected by the legal anomaly.

Yesterday was the expiry date for public submissions to the bill.

Private-sector service deal

By Joshua Raboroko

THE Government is to launch 16 pilot projects with the private sector aimed at delivering essential services that will reduce the burden on municipalities already owed more than R6 billion

It is hoped the projects, between small and medium size businesses and local authorities, will economically empower enterprises, particularly blacks, and create jobs

(262) *Sowetan* 14/8/97
Constitutional Development and Provincial Affairs Minister Valli Moosa told a Press conference in Pretoria yesterday the introduction of the projects would not necessarily relieve municipalities of the responsibility to provide services

"The municipalities still remain the providers of services whether this has been delegated to a third party or not. Whether it is the public or the private sector, the organisation that is provid-

ing the service must be accountable to the people that are being served," Moosa said

He said the Government was considering starting with services such as refuse removal, electricity and transport - undertakings that are expected to yield millions of rands

Local authorities would continue to cut off essential services to defaulters to enhance the Masakhane campaign, Moosa said

Administration of provinces 'chaotic'

BD 14/8/97

(262)

David Greybe

CAPE TOWN — It would take at least 10 years to build the necessary management skills in the public service because of the chaotic state of administration in the provinces, public service director-general Paseka Ncholo said yesterday.

Ncholo — author of a damning provincial audit report — said the cabinet would discuss the report, which included recommendations, on Wednesday "and give directions on what needs to be done".

His brief last October was to investigate the preparedness of the nine provinces to implement government policy and determine whether they had the administrative capacity to formulate and implement corrective measures.

Ncholo refused to discuss the details of the report, but conceded government had underestimated the crisis in the public service at provincial level, particularly those which had inherited homeland administrations.

SA was "now paying" for the lack of investment in skills development under 40 years of National Party rule "Throwing money at the problem now

will not solve it," Ncholo said.

He "personally" believed the provincial set-up "is not affordable and needs a rethink. From an administrative point of view the system is expensive, chaotic and unaffordable." However, it could be affordable if the provinces operated more on the lines of "political entities" as under the former provincial set-up.

However, Ncholo stressed, he was a public servant and not a politician and it was not for him to put the issue on government's agenda.

He said SA's skills shortage in the private and public sectors was so acute that even "a combined effort between blacks and whites will not resolve the problems overnight." He called for closer co-operation between the two sectors, particularly in training where, in areas such as nursing and security, the state was the sole provider.

Government's options included introducing a training levy on business and "binding people much longer if trained by the state." Government could no longer afford the high rate of poaching by business. However, again, the decision was a political one.

Ncholo said Public Service Minister

Zola Skweyiya would release the much-awaited report after Wednesday's cabinet meeting.

Ncholo said his audit team had not gone out looking for corruption, but had sought a global self-analysis picture of the public service based on all the provinces.

He said the new government in April 1994 had made "a lot of dangerous assumptions", thinking it could depend for skills on SA's 1,27-million public servants.

He conceded SA "can not afford 10 years (to build the necessary skills) but we have no choice". It was calculated that 22 000 public servants would have to be trained a year.

The worst affected areas were at personnel and financial management level, particularly in the Eastern Cape and Northern Province. Provinces which had not inherited homelands, like Gauteng and the Western Cape, were in fact "managing very well".

Government had already secured a R212m grant from the European Union for training and capacity building mainly in the provinces, with longer-term funds to come from the United Nations and Commonwealth.

King Adam: A Kok and bull story?

Leaders deny claims of 'Khoisan monarch'

BOBBY JORDAN

A KHOISAN chief, who claims to be the long-lost "King of the Coloureds", this week kicked off a two-week royal tour of the Western Cape — and prompted an angry reaction from traditional leaders who claim he is a fraud.

Flanked by a royal entourage, relatively unknown King Adam Kok V left his small council house in Campbell outside Kimberley earlier this week on a two-week fund-raising drive on behalf of the Khoisan people, considered South Africa's oldest inhabitants.

He's been whisked in and out of plush business and government offices, has aired his views on a radio show and visited a squatter camp outside Cape Town.

However, many Khoisan leaders believe the "royals" have duped their hosts and are trying to wriggle onto the gravy train by pretending to be the official representatives of a scattered ethnic minority.

"There is no such thing as a Khoisan king," said Cecil Le Fleur of the Griqua National Conference, one of the Khoisan organisations involved in a leadership tussle. "While not disputing Kok's ances-

tral claim, other Khoisan leaders expressed concern that the ignorance of the Khoisan people was being exploited for personal gain.

Dressed smartly in suit and tie, the "monarch" met senior provincial political and business leaders including Economic Affairs MEC Chris Nissen, and Andrew Noble of the British High Commission. He also made a guest appearance on Radio Good Hope.

Royal spokesman Dan Fletcher condemned those who sought to undermine Kok's authority.

"We're putting the monarch where he belongs. All through history the monarchy has been destroyed and we're trying to restructure that and work towards the unification of the entire Khoisan nation," Fletcher said.

He said Kok's status as monarch was indisputable, and the two-week trip was intended to further raise the profile of the royal house so that petty squabbles could at last be laid to rest.

"I have no doubt in my mind that he's king," Fletcher said. University of the Western Cape academic and an authority on Khoisan culture, Professor Henry Bredenkamp, said Adam Kok V was not widely known and had not yet produced genealogical evidence to

back up his claims to the Khoisan throne.

Speaking after his meeting with Nissen in Cape Town, Kok said he felt "very positive" about his two-week tour.

"I really wish that our people will be unified and that our living standards should be much higher," he said.

Funds raised during the tour would be deposited in an Adam Kok Trust, Fletcher said, which could be used to uplift the scattered Khoisan groups.

Traditional leaders do not generally dispute his ancestral claim, but some believe Kok is exploiting the sketchy nature of Khoisan history for personal gain.

"Certain people are misusing the ignorance about the Khoisan," said Raymond Beddy, 69-year-old representative of the Free State Griqua/Korana Committee.

"Even if you're of royal blood, you have to be appointed by the nation in a public assembly to be accepted as a king," Beddy said.

Le Fleur said a 1995 government report had shown Adam Kok V had no legitimacy as a major Khoi leader because he lacked support.

A spokesman for the Department of Provincial Affairs and Constitutional development, Mpho Mosimane, this week said it was not the government's role to appoint traditional leaders, and the authorities were reluctant to "interfere in disputes".



MAKING WAVES: Adam Kok V goes on the air to claim the Khoisan throne as Radio Good Hope DJ Clarence Ford stands by. Picture: Terry Shean



'Most provincial govts sick'

(262) Star 21/8/97

E Cape, N Province and Mpumalanga seek international assistance

Gauteng, with access to highest levels of skills, given a clean bill of health

OWN CORRESPONDENT
Cape Town

National government departments are stepping in to help their provincial counterparts in the wake of a top-level report which exposes serious problems in provinces, including inadequate financial and human resources management.

Also singled out as a problem was widespread political interference in the administration of provincial departments.

Expert staff are being seconded to provincial governments to unravel problems which are slowing delivery.

The National Assembly is poised today to approve two new laws, the Public Service Laws Amendment Bill and the Public Service Commission Bill, expected to pave the way for better management and action against misconduct.

Dr Zola Skweyiya, Minister for the Public Service and Administration, presented the Cabinet yesterday with reports on each provincial administration, compiled by a team headed by Public Service Department director-general Paseka Ncholo.

Skweyiya called for the cooperation of all public servants, citizens, and the media in resolving the problems.

A number of provincial administrations, including those of the Eastern Cape, Northern Province and Mpumalanga, working with international advisers, have already begun addressing problems.

Specific findings included:

■ New policies are often set at national level without considering whether provinces have

the money and organisation to deliver.

■ Current public service regulations work against excellence in service delivery.

■ Financial regulations do not favour the "value for money" principle.

■ There is confusion in the direction given by the national Government in the management of the public service.

The reports highlight political interference as hampering the administration of provincial departments "There is a poor definition of the different roles of politicians and administrators."

There was over-centralisation of management control. Strategic planning at provincial level was often weak and poorly implemented. There was a shortage of staff with the appropriate skills and experience, a lack of discipline and prevalence of misconduct, and the voluntary service package had not reduced the numbers sufficiently in the public service.

'Prescripts and directives were not properly followed by departments and provinces in managing the voluntary severance, the task team found. Some provinces were using multiple and incompatible financial management systems.

The reports concluded there was a need to increase the skills of staff, ensure accountability for actions and make sure misconduct was dealt with speedily.

Skweyiya told a press briefing that capacity building at provincial level would from now on be a focus of government efforts. A clear training policy has been formulated which had the support of all stakeholders.

OWN CORRESPONDENT
Cape Town

The Gauteng province is well run, says a report by a national inquiry into provincial governments.

The report, compiled by a task team headed by Public Service Department director-general Paseka Ncholo, was among those presented to the Cabinet yesterday by Zola Skweyiya, the Minister for the Public Service and Administration.

Other provinces fared less well, with the inquiry having found serious crises in financial and personnel management.

"The provincial administration of Gauteng has competent, dynamic and creative managers... it is in the fortunate position of having access to the highest level of skills in the country"

However, Gauteng is not without problems. The report said there was a lack of clarity on the respective roles of politicians and heads of departments.

This resulted from the initial role of MECs when the province was established, when prior to the appointment of heads of departments, MECs performed dual functions of political and administrative leadership.

There was also a lack of clarity about whether heads of departments were accountable to their director-general or MEC.

Some departments said that systems of monitoring and implementing cabinet decisions were still inadequate. When the headquarters of the old Transvaal Provincial Administration was transferred to Gauteng's new base in Johannesburg, there was a lack of uniform application in the relocation policy for staff.

There was no uniform policy on the retention of privileges applicable under the previous administrations.

On financial management, the report said the Provincial Tender Board changed specifications set by departments without reference to the originators.

The financial management capacity of many of the departments in the province is not commensurate with the tasks that they needed to perform or the budgets managers were required to oversee. There were also shortcomings in information management.

The report, which has been forwarded to the Gauteng government, recommended clarity on the roles of MECs and heads of departments, and urged the province to speed the finalisation of its overall policies.

The office of the director-general should ensure there is a mechanism to co-ordinate the restructuring processes of the various departments. There should be uniformity and equity in the provincial relocation policy.

The report said the backlog in misconduct cases should be addressed as soon as possible.

Personnel management should be decentralised to departments as soon as possible.

It said the Tender Board should not change specifications without referring to the line departments. Financial managers should be appointed into line departments, at a grade no less than one rank below the head of department.

Budgets and planning should be prioritised, and departments should be aided in this with financial management skills that would identify implications of various spending options.

PROVINCIAL AUDITS

Task team suggests changes

BD 21/8/97

(262)

David Greybe

TASK teams in the Northern Province, Eastern Cape and KwaZulu-Natal have compiled a number of recommendations.

The provincial task team to the Northern Province suggested that a small team be created to prioritise and co-ordinate the implementation of the recommendations. These included

- Establishing a top management development programme covering strategic development and operational planning, policy development as well as financial, performance and general management skills;
- Separating and clearly defining the roles of the director-general's office and the public service commission;
- Redefining the tender board's role and implementing an effective system to manage tenders;
- Creating, as a matter of urgency, a planned internal audit function;
- Conducting a detailed review of the provincial administration's structure and functions;
- Undertaking a payroll audit of all departments to establish the actual number, grade and status of staff in the Northern Province "and eliminating ghost workers";
- Finalising the provincial restructuring as soon as possible to lift the uncertainty inhibiting efficient service delivery;
- Identifying staff for redeployment and marketing voluntary severance packages to

individuals who cannot be redeployed;

- Appointing a financial manager in the premier's office to support the director-general in accounting and to assist the finance and expenditure department in developing provincial financial systems;
- Setting up a detailed financial management project, including time scales for the implementation; and
- Getting the public protector or a judicial commission of inquiry to review the awarding of major capital projects, as well the public protector investigating provincial parastatal ownership.

The recommendations for the Eastern Cape administration by the provincial task team included:

- Addressing the "political/administrative vacuum created by weak leadership" giving consideration to the restructuring and re-organisation of the administration's top management. This would not "necessarily deal with" the Eastern Cape's "indecisive political leadership";
- Conducting a detailed review of the provincial administration as a matter of the highest priority;
- Reviewing in detail the personnel management needs at headquarters, regional and district levels;
- Eliminating "ghost workers" by means of a complete payroll audit of all departments;
- Targeting excess staff for voluntary retirement;
- Setting up a detailed financial manage-

ment project; and

- Conducting a thorough review of all provincial legislation to determine whether office bearers are administratively empowered to perform their functions efficiently.

The provincial task team's recommendations for the KwaZulu-Natal administration included:

- Clearly defining the director-general's role, and transferring the provincial service commission's executive functions to him "with immediate effect";
- Investigating the disciplinary restrictions placed on management according to the Public Service Act;
- Recognising that the thorny issue of the capital, which would not be resolved in the short term, was "severally detrimental to the efficacy and efficiency of the administration". However, where possible, whole departments (excluding regional offices) should be located in one centre. If this was not possible, whole functions should be consolidated;
- Appointing a financial manager at a suitably senior rank in each department and building financial management capacity into departments through a financial management development programme driven by the provincial finance department;
- Rationalising the management of the provincial inventories; and
- Developing a provincial vehicle management policy jointly between the transport and finance departments.

PROVINCIAL GOVERNMENT

(262)
FM 22/8/97

Report exposes provincial chaos

Provincial system needs rethink, says civil service chief Ncholo

A report which constitutes a damning indictment of the civil service is due to be considered by Cabinet this week

It paints a picture of a bloated public service crippled by corruption, maladministration and inertia. It points to the Eastern Cape and Northern Province — where the most tribal homelands were located — as the most chaotic.

The FM obtained an advance copy of part of the report — dealing with the Northern Province — which has been kept under wraps for months. The report's principal author, Public Service & Administration director-general Paseka Ncholo, expresses deep disillusionment, saying it will take at least 10 years to build the management skills needed in SA's civil service.

Ncholo says the country's entire provincial structure "needs a rethink. From an administrative point of view, the system is expensive, chaotic and unaffordable."

The report says there is little effective coordination or leadership of provincial administration, no accurate provincial management data to inform strategic planning and routine management decision-making and no linkage between budgetary process and strategic planning.

It points to "poor discipline, rampant corruption, fraud and staff perceptions of nepotism, favouritism and ethnicity in ap-

pointments." Four salary systems exist but "no complete, accurate asset registers are kept and the administration is not registered for Vat." There is also no provincial internal auditing service.

On strategic planning and management, the report says "various strategic plans exist but lack action plans (performance indicators and targets)."

Disciplinary measures are said to be "excessively bureaucratic."

The report was drawn up by Ncholo and a

The Eastern Cape in particular has no accounting systems, no properly trained staff and low morale among public servants who report for duty and do no work.

In the Northern Province, provincial director-general John Malatji resigned in July as a result of the findings of the Semenya Commission which was established as part of a recommendation by Ncholo. More heads are likely to roll in provincial civil service structures.

The report cites "poor knowledge and understanding of budgetary systems and treasury/provincial regulations, poor financial controls and the lack of a financial management information system."

It says capital purchases were made without following Treasury Tender Board rules. There is "poor administration of transfers to statutory institutions and banking and cash management is centralised in the Department of Finance."

The report recommends "a detailed review of the structure and functions of provincial administration to reduce duplication of functions and ensure more cost-effective use of resources."

It calls for a commission of inquiry into several controversial purchases by provincial administrations.

Justice Malala



Ncholo "the system is expensive, chaotic and unaffordable"

task team which visited all provinces to take stock of the 1,16m civil servants. The team comprised Ncholo, two British advisers, six senior managers from his department and a public service commissioner.

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'Ghost' runs racket

EP 24/8/97 (262)

By CHIARA CARTER

THE CLASSIC stereotype of a public servant as someone who needs to complete a form in triplicate to obtain paperclips has been refined in some parts of South Africa to a "ghost" employee running a stationery theft racket under the noses of colleagues.

This ghost is the one a government-appointed review team led by director general Paseka Ncholo found to be running a R50 million a year fraud-racket with government vehicles in one province.

He is a familiar figure in the Eastern Cape, North Province and KwaZulu-Natal whose administrations have been identified as close to collapse.

The team also found serious problems in the Free State and Northern Cape. Gauteng and Western Cape were said to be best run regions.

It is no coincidence that the worst-run regions were those who inherited large bantustan "maladministrations". Take a bloated, inefficient, corrupt and rigid public service operating according to antiquated systems, restructure with new appointees working uneasily alongside an old guard, offer voluntary severance packages which attract the more capable to leave. Add in some cases, regional political dynamics such as the in-fighting in the Free State ANC, the interference by MECs in KwaZulu-Natal, and poor leadership in the Eastern Cape.

The end result is the manifold problems highlighted by the audit including critical shortage of skilled staff which leads to bad leadership and internal tensions coupled with failure to plan strategically.

An illustration of the serious state of affairs is the report's findings on departments of education where eight administrations overspent, one department estimating that about R200 million would be overspent, as well as one province offering severance packages to science and maths teachers despite there being a shortage of such teachers.

One of the critical issues which government is unable to tackle at the moment is the question of retrenchments.

The report makes it clear that the voluntary severance packages and re-deployment system has not worked

and that some other system for getting rid of "dead wood" and encouraging skilled staff has to be found. The government will also have to look sooner or later at outsourcing - getting the private sector to do what the public sector can't deliver.

Downsizing the public service is hampered by the negotiated settlement which secured public servants' jobs until May 1999.

In other critical areas however, government has already moved to prevent things falling apart.

Rev Arnold Stofile is premier for the Eastern Cape where the provincial and the national government are implementing a rescue plan with the assistance of international experts.

A similar attempt to improve administration is underway in the Northern Province where a commission of inquiry was established recently to investigate allegations of irregularities with state property.

Headcounts are taking place around the country to banish ghost workers.

Two bills debated in Parliament this week seek to rectify some of the serious problems experienced in the civil service while discussions are underway about a draft white paper which aims to change public service delivery.

The chairperson of the Public Service and Administration committee in the National Assembly, Mr Salie Manie, this week told parliament that for a long time in the public service "one had to steal or murder or die to lose one's job".

This would now change.

Public Service Minister Zola Skweyiya said the emphasis would be on performance not length of service with a culture of accountability.

Authorities would be given leeway in making appointments allowing skills, not just formal qualifications, to count and the way will be clear for affirmative action in terms of gender, race and disability.

Ministers and MECs will gain power and can decentralise management authority freeing senior managers from dealing with low-level matters.

Provisions for dealing with misconduct are to be tightened.

The Public Service commission would now report to Parliament.

Steering the provinces

(262) CP 24/8/97

PATRICK "Terror" Lekota's loyalty to his home province evoked national mirth when he proposed Bloemfontein "as an ideal site for Parliament"

As it turned out, the legislature did not relocate to Bloemfontein but rather the reverse occurred - the former Free State premier is now hard at work in Cape Town

Seven months ago, Lekota's controversial "redeployment" to Parliament, after a bruising tussle with some fellow ANC leaders in the provincial government, was the talk not only of Free State households, black and white alike, but of the whole country

But now the conversation of the genial National Council of Provinces (NCOP) head centres not on the gentle hills and not-so-gentle politics of the Free State, but on ensuring the council is up and running - and stays that way.

He has also been approached to stand for various positions on the ANC executive, which will be elected at the end of the year

Lekota said he was considering whether to run on an "on-going basis"

"Let's say I would probably make myself available for certain positions but definitely not for others," he said.

Lekota's experience and commitment in regional government has stood him in good stead when steering the NCOP.

The Senate had come to be seen as something of a veterans' talkshop

Consequently, the NCOP is to provide regional and local government input to national legislation and to give the second and third tiers of government a national perspec-

AS head of the National Council of Provinces "Terror" Lekota has the all-important job of welding together a task force to make provincial governments more effective, writes **CHIARA CARTER**.

council's deliberations.

However, Lekota acknowledges that all does not rest on efficient timetabling, a new body involves learning new lessons

"The NCOP is the property of provinces, it represents the coming together of provinces and its success depends on the extent provincial leaders, executive and back benchers, participate. Provincial leaders are on a learning curve with the NCOP," Lekota said.



ENERGETIC TASK... "Terror" Lekota, who became National Council of Provinces head seven months ago, must ensure that the council is up and running and stays that way

tive on regional matters.

Despite the NCOP's somewhat stumbling start during the last parliamentary session, Lekota has high hopes for the new body and argues that those who are criticising it are being "too complicated" and have not taken the trouble to understand how it works

A timetable for the NCOP, and an agreement that regional legislatures will not sit during NCOP plenary sessions, should iron out a fair part of the administrative hitches experienced during the last session - and ensure provincial leaders participate in the

Whether already stretched provincial governments have the time and energy to engage in the process is not a valid question, according to Lekota their involvement is unavoidable

"One can't run provinces without focusing on national matters Not only does national legislation impact on provinces, but without an understanding of the national picture, regions might pass laws which conflict with national legislation, wasting time and taxpayers' money"

While some might argue that regional governments by and large have so far not been a great success story either in terms of political maturity or good governance, Lekota

says "problems of capacity" indicate a need for provincial government muscle to be "beefed up"

He said many of the problems experienced by regional government was because there were "too few people with too much to do".

An answer might lie in rethinking how people were deployed And sending fewer representatives to national parliament; and more to regional government

Which brings us back to his move from the

Free State to the national political stage.

Lekota's energy for his new task is obvious - but given the heated emotions his redeployment aroused, is he reconciled to his new role?

His answer is politically correct he has been a loyal and disciplined member of the ANC for many years and the apartheid era saw him and others take on tasks which carried with them many dangers

He has the same attitude today and is guided by the majority view of members - who are represented by the party's national leaders

Audit team calls for clean-up in provincial administrations

(262) CP 24/8/97

A government audit team found some disturbing trends in the fledgling provincial administrations. But efforts to clean up some provinces were praised. **CHIARA CARTER** reports.

THE CLASSIC stereotype of a public servant as someone who needs to complete a form in triplicate before obtaining paperclips, has been refined in some parts of South Africa to "ghost" employees running theft rackets under colleagues' noses

Such a ghost was found by a government-appointed review team, running a R50 million-a-year fraud-racket with government vehicles in one province

He is a familiar figure in the Eastern Cape, Northern Province and KwaZulu-Natal – the three regions whose administrations the audit team identified as close to collapse

The team also found serious problems in the Free State and Northern Cape.

It said Gauteng and the Western Cape were the best-run regions, Mpumalanga had strong leadership by senior management, and the North West had combined various administrations and was now moving towards service delivery

It is no coincidence that the worst-run regions were those which inherited large bantustan "maladministrations"

Take a bloated, inefficient, corrupt and rigid public service operating according to antiquated systems, restructure it with new appointees working uneasily alongside an old guard, offer voluntary severance packages which make the more capable leave, add, in some cases, regional political dynamics (in-fighting in the Free State ANC, the interference by MECs in KwaZulu-Natal and poor leadership in the Eastern Cape), and the end result is the manifold



NEW BROOM . . . Eastern Cape Premier Arnold Stofile is heading a concerted effort to improve the administration



CLEANING UP . . . Northern Province Premier Ngoako Ramathlodi set up a commission to identify corruption

problems highlighted by the audit

These include

- Poor communication between national and regional government and regional administrations as well as within departments,
- MECs undermining the role of heads of department,
- Bad leadership and internal tensions,
- Failure to plan strategically,
- A critical shortage of skilled staff, with qualifications stressed above experience or ability,
- Inadequate procedures to deal with rampant misconduct,
- Poor financial administration,
- Restrictive national guidelines which stop provinces from using a value-for-money approach and delay delivery, and
- Failure to monitor delivery, dampening of initiative and no emphasis on performance

An illustration of the serious state of affairs is the report's findings on departments of education.

- Eight administrations overspent – there was little evidence of proper controls
- Unqualified financial personnel administered budgets of billions
- One province offered severance packages to science and maths

teachers, despite there being a shortage of such teachers

- Training did not equip teachers to implement the new education system
- Schools were inequitably resourced and seven provinces had too few classrooms
- Five did not have all their personnel files, while the management of logistics for acquiring books was poor countrywide, leading to theft and fraud
- Most provinces had not set norms for teacher-pupil ratios, supply of resources to schools and the like
- One province had separate compounds for ex-administrations – each with their own administrative system
- The report makes it clear that the voluntary severance packages and redeployment system have not worked, and that some system for getting rid of "dead wood" and encouraging skilled staff has to be found

In other critical areas however, government has already moved to prevent things falling apart

Arnold Stofile is now Eastern Cape premier, and the provincial and national governments are implementing a rescue plan

A similar attempt to improve

administration is underway in the Northern Province.

Headcounts are taking place around the country to banish ghost workers

Two bills debated in parliament this week seek to rectify some of the serious problems experienced in the civil service

The chairperson of the Public Service and Administration committee in the National Assembly, Sahe Manie, this week told parliament that for a long time in the public service, "one had to steal or murder or die to lose one's job" This would now change

Public Service minister Zola Skweyiya said the emphasis would be on performance, not length of service, with a culture of accountability

Authorities would be given leeway in making appointments, allowing skills and not just formal qualifications to count, and the way will be clear for affirmative action in terms of gender, race and disability.

Ministers and MECs will gain power and decentralise management authority, freeing senior managers from dealing with low-level matters.

Provisions for dealing with misconduct will be tightened

The Public Service commission will report to parliament

States of the nation = Good, bad and the ugly

Provincial bureaucrats a law unto themselves
ST 24 | 8 | 97 (262)

POLITICAL PROBLEMS

IN THE Eastern Cape the task team found a lack of administrative and political co-ordination or leadership, which had resulted in "paralysis" of the administrative system, low morale among staff, and indecisiveness.

"In order to address the political and administrative vacuum created by weak leadership, consideration will have to be given to the restructuring and reorganisation of the top management of the administration.

"However, the above will not necessarily deal with the indecisive political leadership. Weak political leadership continues in one way or the other to undermine the growth of an administratively responsible core public service," it says.

It has been recommended that another task team, with the relevant competence, be set up urgently to look into the operation of the executive in the province and its impact on the administration.

In KwaZulu Natal, politicians' failure to resolve the provincial capital struggle, between Ulundi, Maritzburg and Durban, has hampered efficient administration.

"In some cases people have been intimidated to leave their posts to greet political leaders at the airport. On those particular days, work in

When Dr Zola Skweyiya, the Minister of Public Service and Administration, commissioned a report on South Africa's provincial administrations, he did not expect them to be without shortcomings. But the picture that has emerged has exceeded even the most pessimistic expectations, writes CYRIL MADLALA

some departments has come to a standstill."

In the Free State, says the audit report, it appears the MECs see themselves as the accountable officers of the line departments.

"There are cases where politicians have sat in interviews and where officials have been compelled to make irregular appointments. Officials find themselves in an awkward position when they have to implement national policies that are not favoured by the provincial politicians.

"The highly unstable political environment in the Free State has resulted in the destabilisation of the administrative fabric."

Public servants' different political alignments "seem to work themselves out in personal conflicts."

Political squabbles have resulted, for instance, in the department of public works, roads and transport having no strategic plan or formal policy. This has been aggravated by the fact that in an 11-month period, this department has had five MECs

MISCONDUCT

IN THE Free State's department of public works, roads, and transport, the head of department indicated that anxiety and indiscipline prevailed.

For example, a director went abroad for three months without prior permission and, when confronted, became rude and refused to discuss the matter. He is still in the service and no disciplinary action has been taken against him, the audit report noted.

In Northern Province's department of health and welfare misconduct and the theft of government property was found to be widespread.

The department had 114 cases awaiting disciplinary action by the director general, including 24 where individuals had already been found guilty by courts.

"In one case a male nurse who raped a patient in a hospital and was sentenced to three years' imprisonment is still awaiting a disciplinary hearing."



TASKMASTER: Dr Zola Skweyiya has introduced corrective legislation in Parliament

IN GAUTENG there has been fraud amounting to R50-million in the department of welfare and development, and assets worth R10-million have been lost in the past two years.

Some Free State officials work with crime syndicates. Eastern Cape police are investigating over 650 cases of

FRAUD AND CORRUPTION

fraud and corruption involving R30,8-million of public funds.

In KwaZulu Natal the department of works voted R12-million which was spent on a

stadium that was never built. The province's department of transport cannot account for 2 000 vehicles.

In the Northern Province there are questions about the establishment and ownership of Gateway international airport, for which R450-million was voted. It was also impossible to ensure that officials in the province did not

FINANCIAL MANAGEMENT

IN THE Western Cape, the primary issue facing the province is the reduction of its budget for the 1997/98 financial year by R1,25-billion.

The province wants to raise its own revenue to compensate for the reduction, but is restricted by national legislation.

While Premier Hennis Kriel's government battles to balance its books, problems of lack of capacity and technical skill in the department of education in Gauteng have resulted in an over-expenditure of R454-million, and the failure to close the books on time last year.

In the Free State it has been recommended that a commission of inquiry be set up to investigate alleged irregularities in the awarding of certain state tenders, particularly circumstances surrounding the double payment of R21-million for stationery. The department of education is still involved in litigation over this matter, and could be held liable for a third payment for the stationery.

In Northern Province the salary bill is distorted by double payments, improper promotions, the lack of or late processing of leave applications, resignations, retirements, and deaths of personnel, and the retention of casual workers beyond their contracted periods.

Also in this province, the task team found questionable the decision by the public works department to buy an R18-million building for the department of safety and security, which had only seven staff members. The department also spent R33-million building a complex for members of the provincial legislative assembly without an authorisation of the tender. This amounts to R1-million per townhouse. The department has subsequently sought permission to transfer R95,7-million from its personnel budget to pay for the government complex.

In Mpumalanga a, insufficient

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ing South African identity numbers, former Venda identity numbers and specific personnel salary numbers

Mpumalanga has paid R1-million for a school that does not exist. One civil servant said he had received cheques for about R1,6-million for overtime pay last December.

Even aliens cross the province's borders to collect pensions using forged identity documents

delburg traffic officers having to share three vehicles

In the Northern Cape there have been cases where voluntary severance packages have been approved for individuals convicted of crimes related to their work. Since there are not enough staff to deal with misconduct in the province, the voluntary severance package was used as a mechanism to discharge them.

In the Eastern Cape, officials in the director general's office concede that the information at the disposal of the director general is insufficient for him to make well-informed decisions.

PERSONNEL PROBLEMS

IN THE North West Province, the department of public works and roads inherited 3 000 casual workers from the former Bophuthatswana

These workers have been intimidating other workers and disrupting the smooth functioning of regional and district offices. Staff morale is low. Many of the casual workers have been employed for about five years, and the department is battling to address this politically sensitive problem.

In the Eastern Cape, the implementation of the recommendations of the Browde and Judge White commissions, which investigated provincial fraud and corruption, is likely to result in many police officers receiving negative salaries in the next few months. This may increase the risk of lawlessness among police officers, especially in the former Transkei.

In Kwazulu Natal, investigators found that efforts to improve teaching standards had not been helped by large numbers of under-qualified teachers. But in terms of an agreement reached in the national bargaining chamber, these teachers may not be replaced by better-qualified teachers.

The education department is also facing pressure from teacher organisations demanding that staff attend meetings during teaching time. There have been no promotions in schools in the past two years, which has eroded staff morale.

In Northern Province a staff attitudes survey found that many perceived "ethnic favouritism" in appointments to be a major problem.

Many staff have not been relocated due to accommodation problems. Staff are being put up in hotels and boarding houses at the administration's expense, despite the fact that government houses lie vacant.

In the department of health and welfare, the investigation found critical shortages of all categories of health professionals. Of the 290 doctors, only 20 are South African nationals. Local doctors are not prepared to work in the province's rural environment.

In the Western Cape, the department of education has lost experienced staff to voluntary severance packages, but communities oppose the appointment of staff from other areas.

Vandalism and gangsterism remain a huge problem at some schools.

SOLUTIONS

THE audit report makes specific recommendations to solve the problems in each province. Some suggestions have already been implemented, such as the deployment of senior staff from the national Department of Public Service and Administration to assist in the Eastern Cape.

Dr Zola Skweyiya, the Minister of Public Service and Administration, introduced legislation in Parliament this week to correct some of the serious issues raised by the task team headed by the Director General, Paseka Ncholo. The Public Service Laws Amendment Bill, the Public Service Commission Bill and the Abolition of Public Administration Commissions Bill will deal with misconduct and discipline problems, and put in place an effective system of managing conduct.

The auditor general and the public protector will be asked to investigate specific cases. The government will also be asked to revise some of its agreements with the unions.

Political heads who ignore budgets could now

Jacob Dlamini

CAPE TOWN — Political heads who ignored their budgets could face criminal prosecution, and provinces which overspent on their allocations would not be bailed out by central government, Constitutional Development Minister Valli Moosa said yesterday.

At the end of an intergovernmental forum meeting in Parliament, Moosa said it had been noted that overexpenditure on budgets was against the law. The early warning system which had been introduced to monitor and report on spending patterns would be used to check possible overspending by national and provincial departments.

Current patterns indicated possible overspending in the current financial year and the forum had decided to stop the trend by asking that finance MECs' approval be required for all tenders, introducing the use of better cash management systems, and asking that the treasury approve all additional expenditure.

The forum had agreed on the introduction of a database which would be used to monitor all development projects to remove blockages.

There would be a quarterly inspection to ensure government's target of a 4% deficit would not be overrun, said Moosa.

He announced that the cabinet, at a meeting last week, had approved a set of recommendations on the payment of councillors.

The maximum remuneration would be set at R162 000 a year, while the minimum would be R6 000. Municipalities would be graded according to 16 different categories and the rates income and number of voters in each municipality would be used to determine the amount paid to councillors.

Moosa said government held that councillors were not full-time employees and remuneration would be considered merely a stipend.

Councillors serving on two councils, such as those in the greater Johannesburg metropolitan council, would be entitled to a full-time stipend for one council only.

However, they would be given an allowance for attending meetings of the other council. The allowance would be calculated according to a set scale, varying between R250 and R500, and would be given on condition that councillors claimed only for a maximum of four meetings a year.

Remuneration would be adjusted from July this year, while adjustments in the amount determined for each category would be made annually using recommendations in the Steyn report into the remuneration of public representatives.

Moosa said the recommendation had given government the ability to set uniform remuneration scales across the country. He said that while this would not be imposed, he believed that councils would abide by it as it had been taken in a cooperative manner.

Face prosecution (262) BD 26/8/97

Partnerships unlock private sector resources for

Private sector involvement in local government is taking off. Constitutional development department municipal partnerships director **Moeketsi Mosola** provides the background to the trend

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THE emergence of public sector-private sector partnerships has become an increasingly pervasive international trend. While some problems have occurred, there is a growing list of successes.

Although a limited number of such partnerships have been tried domestically, SA lags significantly behind many other parts of the developing world.

While this is problematic, it also provides SA with the opportunity to learn from international experience and to adopt international best practice.

Accordingly, SA is increasingly recognising the importance of public-private partnerships in the delivery of services. Government has encouraged partnerships to address the country's development challenges. This requires that public and private sectors, as well as labour and communities, work together to achieve sustainable socioeconomic development.

Because the concept of public-private partnerships is relatively new to SA, a number of challenges

need to be addressed in order to establish them in the infrastructure and service delivery arena. These challenges include:

- A lack of capacity at local government level to design and implement partnership projects;
- Financial constraints at all levels of government in relation to infrastructure backlogs and growing needs;
- Poorly functioning municipal administration and management; and
- A culture of nonpayment for services and related poor quality of existing services.

The fundamental reason for partnerships is their capacity to unlock resources from the private sector in order to assist in delivery of the basic infrastructure goals of the reconstruction and development programme.

Massive infrastructure backlogs and upgrading needs are be-

yond the capacity of the public sector to deliver alone.

Characteristics that allow partnerships potentially to make a positive contribution to government's objectives in providing municipal services include:

- Unlocking investment capital from the private sector;
- Promoting efficiency and effectiveness gains;
- Providing access to nonfinancial resources, and
- Containing fiscal and macro-economic benefits.

However, major concerns regarding public-private partnerships have been expressed in SA. And it must be acknowledged that private sector involvement in what are traditionally public sector functions can lead to problems.

Some of these are:

- Loss of sovereignty. Delegating local government functions to private sector operators implies some

responsibilities must be handed over for a specific period of time. It is usually possible to accommodate these concerns through contractual arrangements for key areas of responsibility.

Job security. Organised labour is rightfully concerned about the loss of jobs associated with private sector involvement. In many countries, like the UK, privatisation of municipal assets has disadvantaged workers considerably. However, our proposed scale of expansion of municipal infrastructure means that there will be a net increase in employment in the municipal sector even with private sector involvement. Indeed, some partnership arrangements in SA have improved worker conditions significantly.

"Cherry-Picking". The profit motive and risk aversion of private operators means that they are often inclined to service affluent communities and exclude communities which have problems meeting service charge payments. Such "cherry-picking" can be consciously avoided by contractual obligations.

Profiteering and corruption. The awarding of contracts can be associated with corruption of politicians and officials. It is important to ensure a sound competitive process that is open to public scrutiny.

Local authorities entering into partnership arrangements might not have the necessary skills and capacity to address all of these concerns, but it should be possible to ensure that correct approaches are adopted through a clear regulatory framework.

This framework must ensure that benefits accruing for partnerships are actually achieved, that consumers are protected, and that the problems are avoided. It must

create an environment conducive to private sector activity while at the same time achieving government's socioeconomic and macro-economic goals. Some of the following are aspects the constitutional development department feels meet a proper regulatory framework (accountability and transparency), Good governance (standards and tariffs), Protecting consumers (standards and tariffs), Efficiency (competition and periodic regulations), Promoting local options, Monitoring performance; and Involving stakeholders. The department is acutely aware that the success of public-private partnerships depends on building good relationships among all stakeholders. These include labour, local government, business and nongovernmental organisations. To this end, the department has been consulting all stakeholders to ensure success, and has put a comprehensive policy programme into place.

New unit will help local govt in partnerships with private sector

Deborah Fine

A MUNICIPAL infrastructure investment unit is being set up by the provincial affairs and constitutional development department to help local authorities to engage in service delivery partnerships with the private sector

Municipal economic development and partnerships director Moeketsi Mosola said last week that the unit would provide top level technical advice and support to local councils wanting to enter into public-private partnerships to speed up the creation of municipal infrastructure and acceptable levels of service delivery in their areas of jurisdiction.

Apart from advice about issues such as tenders and the drawing up of contracts to give adequate protection and safeguards to local authorities and ratepayers, the unit will offer financial grants to assist with feasibility studies, tender procedures and hiring private consultants to oversee the partnership process

The unit will include a board made up of members of the national finance and constitutional development departments, the De-

velopment Bank of SA, the SA-Local Government Association, investors and donors. The board will act as trustees for the unit's grant fund, which had already been allocated R20m in addition to donor funds

Mosola said the department hoped the unit, which would also provide the necessary technical assistance to local authorities, would be fully operational by the end of October

The unit's creation followed an acknowledgement by government that the public sector simply did not have the funds and other resources to create bulk infrastructure and deliver municipal services at the required rate

Involving the private sector would bring additional capital, management capacities and technical skills into the delivery process. Private sector involvement could also bring about service delivery improvements, cost-efficiency and recovery

Government was thus encouraging local councils to consider private sector partnerships by means of 25 to 30 year concessions or 6 to 10 year leases whereby private companies would manage

and operate infrastructure facilities on the council's behalf at commercial risk. Firms would derive income and recoup capital spending directly from services tariffs

Other public-private options included service or management contracts by contracting out specific operations and maintenance activities. Such contracts could be used for the operation and maintenance of standpipes, meter reading, billing and collections, park and garden maintenance, refuse removal, ticketing, cleaning and catering

Provincial Affairs and Constitutional Development Minister Valli Moosa has stressed, however, that final responsibility for service delivery would always remain with local authorities

For this reason his department had set up the new investment unit to ensure that inexperienced local authorities were not "left at the mercy of unscrupulous profiteers" who could seek to draw up "one-sided" partnership contracts with which to exploit both councils and ratepayers

In addition, his department was also devising a regulatory framework for such partnerships

BO 28/8/97 (262)

In search of harmony in NCOP 'mess'

By JOVIAL RANTAO
Political Correspondent

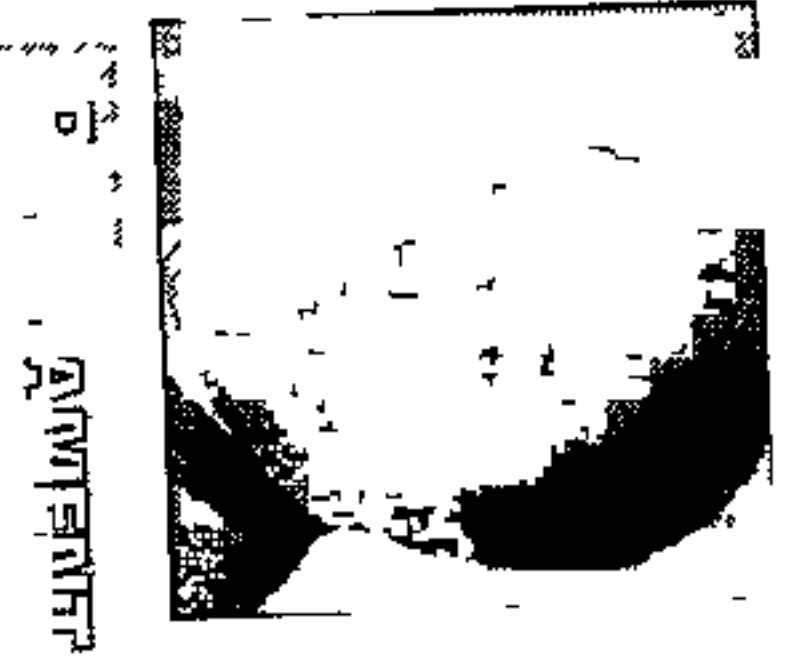
Against the backdrop of spring rains, the strains of the wanyamazane Adult Choir echoed through Mpumalanga

It sang a song penned in memory of May 10, the day Nelson Mandela was installed as President.

It also sang a song for Mpumalanga premier Mathews Phosa who was celebrating his 46th birthday and about the National Council of Provinces (NCOP).

The lyrics of the song provided inspiration for top NCOP officials and delegates who met for three days last week in White River - in search of the soul of the NCOP.

Bugged by problems that the NCOP - which was hailed as a mechanism that would ensure the participation of provinces at national level -



REVIEW

By Jovial Rantao

was not working as efficiently as anticipated, the leadership of the NCOP went to work

Its chairman Patrick Lekota and his deputy Bulelani Ngcuka arrived in Mpumalanga to identify problems in the NCOP.

Lekota and Ngcuka said they were shocked at the rev-

elations that their eight months-old operation was a "mess".

Delegates to the workshop said it was mess because:

- Politicians did not understand their role in the NCOP
- Provincial politicians were not involved and therefore not committed to the NCOP
- Many provincial politicians did not see how the NCOP can be useful or helpful at the national level
- Some saw the NCOP as a threat.
- Chaotic programming involving the NCOP, the National Assembly and the provincial legislatures and poor organisation around NCOP activities
- Bills that required provincial mandates arrived too late and had often been returned without being properly debated
- Poor communications in all areas

Another shocking revela-

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tions was that many special delegates to the NCOP - who would be sent by their provinces when a specific matter is due for debate - treated their trips to Cape Town as a holiday rather a business trip.

Lekota urged delegates to implement cost-saving measures.

On the other hand, Ngcuka identified the lack of capacity as the major problem and believed that training programmes should be established to empower MPs and delegates

Phosa called for a total overhaul of the NCOP to combine both national and provincial interests.

He called the NCOP expensive and bureaucratic

"The bloated system of flying members of the national and provincial legislatures to and fro to each others' debates clearly leaves room for streamlining and dramatic

improvement"

He observed that the resource base of NCOP permanent representatives as well as special delegates to participate meaningfully in debates was shockingly absent.

Inputs into debates were not informed by professional research or the necessary administrative back-up.

In addition, a small number of permanent NCOP members were exposed to a massive amount of committee work which left them little room for quality inputs or much needed specialisation.

The best way to resolve any "mess" is to scrupulously identify what the causes are. Recommendations adopted at the workshop should be implemented.

The NCOP can play a role in promoting true democracy and good governance, but a war is only won when the battle plan is adhered to.

Central body should hold town planning rights

Robyn Chalmers

SANLAM Properties has called for development rights, including town planning and zoning rights, to be taken away from metropolitan structures and centralised in a body formed by the private sector and government.

Sanlam Properties MD Bannus van der Walt said yesterday the liberal granting of rights to develop office, blocks, retail centres and other projects in decentralised ar-

reas had created one of the most serious problems in the property industry in SA. "It will not simply disappear unless decisive action is taken," he said.

Control over the granting of rights in decentralised areas should be taken away from metropolitan structures such as municipalities and town councils and be established in an umbrella organisation.

The privatised body should consist of experts in town and re-

gional planning as well as representatives of the authorities, Van der Walt said.

Although the central co-ordination of rights might seem a radical course of action, Van der Walt said it was common practice in cities like London, Paris, Singapore and Hong Kong. The granting of rights and development in decentralised areas such as Sandton and Rosebank in Johannesburg was having a direct impact on central business districts (CBDs).

This was reflected in the high vacancy ratios in these districts, and particularly in Johannesburg's CBD. Of the total 5,58-million m² of available office space in SA's CBDs, approximately 887 000m² or 15,2% was vacant.

The estimated capital worth of this vacant space was about R3,1bn and the annual loss of rent R132m, he said.

Van der Walt said the oversupply of office space in SA had also been a factor in his decision to pro-

pose a centralised decision-making body. "In SA the economy grows at a rate of 2% a year at a time when commercial (or office) space is being created at a rate of 10% a year.

"I am certain that without intervention in the local market, we can expect in the short term to see smaller developers running in to difficulties with no takers for their services," he said.

Sanlam Properties, which has about R2,2bn invested in SA's

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CBDs, recently decided to halt any new investment in city centres.

Van der Walt said investors in city centres were under pressure due to high vacancies and high service fees.

The capital worth of buildings in CBDs was being written down by institutional investors and finding buyers for buildings was becoming increasingly difficult.

The demand for new investments in city centres was dramatically reduced, he said.

Rights

Who needs the provinces?

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Shenanigans and infighting in the provinces have led the ANC to consider restructuring regional government. Marion Edmunds reports

The African National Congress in central government is increasingly worried about the ability of its comrades in the provinces to deliver. So much so that strategic thinkers in the higher ranks are starting to think that the only way to meet election promises is to curb provincial autonomy drastically.

Current discussions are still at an informal level, but ANC ministers have made plain their disillusionment about how provincial governments are operating. Few ministers and senior officials would speak on the record this week about such concerns. The train of thought, though, was hinted at by Constitutional Development and Provincial Affairs Minister Valli Moosa.

"We would have to take a very hard look at how to reorganise the administration in order to ensure government services are delivered in the most efficient manner," he said. "Clearly at this stage the question of a greater role for national government departments in provincial administration should be on the agenda."

Alongside such strategic thinking, the ANC and its partners, the Congress of South African Trade Unions and the South African Communist Party, agreed at their summit earlier this month to set up a task team headed by Deputy President Thabo Mbeki and backed by the party's policy chief, Tito Mboweni.

The team, which doesn't yet have a formal brief, is expected to look at improving the public service. Many believe it should go further, and examine ways to restructure the state, to tailor it for ANC delivery. It is difficult to get a straight answer on the

team's ambitions but it is taken for granted that if the ANC gets a two-thirds majority after 1999, it will amend the constitution to entrench the changes it wants.

The recent release of the government's provincial audits by Public Service Minister Zola Skweyiya provides a convenient springboard for such initiatives. The reports, drafted by public service head, Dr Paseko Ncholo, exposed a litany of incompetence, corruption and mismanagement in provincial government.

The reports did not name individual ANC leaders, but they damned the collective reputation of provincial government's politicians and public servants. What Ncholo exposed, party leaders have long feared: that with the provinces in their current chaotic state, it could become impossible to maintain party and government unity, let alone improve on delivery.

And the questions now facing the ANC's strategic thinkers and constitutional experts are frightening. Can we afford the provinces? Are we able to govern them? How do we harness them? Can we get rid of them?

The provinces' response to the Ncholo reports — that they were politically motivated, and painted the picture far darker than it really is — suggests they are painfully aware of government's intent. It is becoming clear to them that their independence will hinge on their ability to implement central government's game plan.

The starting point for the rethink



Gang of nine: Provincial premiers are losing the faith of their national colleagues. PHOTO: ERIC MILLER/AFRIKA

is that the provinces cannot simply be dissolved. The existence of provinces is anchored in constitutional principles that cannot be amended.

An enormous amount of time, energy and money has been spent trying to make the system work. The interim Constitution gave birth to nine small political empires, two bearing the stamp of opposition parties. Provincial identities are starting to become real, even within the ANC, and central government would have

difficulty reversing the tide.

But the problems posed by the provinces' failings are legion. The collapse of national policy implementation

in health and education, bruising battles of ego — like those in the Northern Province and the Free State — rebound on the party at national level.

The almost daily exposure of provincial scandals is leaving the electorate with the impression that it is being ruled by cats even fatter than their Nat predecessors. Clearly the party goes on, as it did before 1994, this time presided over by unhappy but often powerless ANC premiers, tangled in nets of patronage.

In many instances, the problems are not of the provinces' making

Look at what they inherited: dead wood, a dearth of skills and capacity, homeland egos and ethnic networks that can paralyse administration in provinces such as the Northern Province. Central government is asking them to run when in many cases they are barely able to crawl.

Attempts are now being made by provincial task teams to remedy such problems. They do not, however, command much enthusiasm from Cabinet members. Public Service Minister Zola Skweyiya said this week that his ministerial colleagues had been reluctant to lend some of their "better people" to help the provinces. Several party pundits suggest this indicates a swing in national ANC leadership against investing in provincial rule.

There are also signs that the party's centrist faction — a comparatively small group — is exploiting the provinces' mishaps to promote local government. Their aim is to reduce provincial government, sandwich it between strong municipalities and mega-cities that deliver, and a mighty national government that devises the plans. Another suggestion is to reduce the provinces to regional administrations, cutting off their political heads, and turning them into delivery machines.

The political independence and waywardness in the provinces worries the ANC more and more. Through the battles between the

ANC national executive committee (NEC) and grassroots ANC members in the Free State, the Northern Province and Gauteng, the ANC has experienced, firsthand, the disadvantages of allowing the creation of nine empires beyond the grip of the centre. The provinces have created turf for new heroes, which grassroots members build up to suit their own needs, not necessarily those of the ANC's ruling elite. It is getting more difficult to rein in provincial governments.

The Director of the School of Public Management at the University of the Witwatersrand, Dr Mark Swilling, believes that politics is as much of a problem to the ANC as the provinces' lack of capacity. "I think there is a fairly good chance of the ANC losing its majority in Gauteng to a coalition of opposition parties, and a chance of the ANC NEC losing out to people it does not favour, in some provinces," he said.

"The emergence of provincial leadership of this sort is an international trend that many governments which have adopted neo-liberal economic policies are struggling with. They have found strong leftward shifts at provincial and local government level."

The Cabinet sat on the Ncholo reports for months before making them public. And with good reason: the reports signal the start of a long, possibly bitter, struggle.

Real world does not march to one beat

THUS reflected outgoing US president Harry Truman on the fate awaiting his successor. Dwight Eisenhower, in 1952. "Poor like He is a soldier he will issue commands and press buttons — and nothing will happen."

The point holds, many times more, for SA politicians and officials in 1997. They, too, believe that a disorderly, difficult, world can be made to bend to their will if only it can receive instructions from a single place. And they, too, find that the world is a great deal more complicated than that.

Witness the proposal for a Johannesburg "megacity." It has inflamed passions on both sides of the debate and prompted much heated rhetoric. Inevitably, the issues are more complicated than either side claims.

What gives the issue wider importance is one important strand of reasoning behind the proposal. It is an approach which is common in government today, and which plays an important role in ensuring that many of its plans never translate into reality.

Advocates of a single city government argue that it will help put to rights the "apartheid city" with its glaring disparities between rich and poor areas, the former overwhelmingly white, the latter entirely black. These problems cannot, they add, be addressed by a "fragmented" and "uncoordinated" city government structure in which there are four local councils. Only a single municipality with, presumably, a single will can tackle the problem by launching an "integrated" development programme.

Anyone who has studied recent official documents will find all this familiar. Compliments about "fragmented" structures abound, followed by a promise to establish new systems which are "co-ordinated" or "integrated" or "coherent."

At face value, all this sounds sensible and, in some cases, it is. If prosecutors in the justice department and police officers responsible for the safety and security ministry are working at cross purposes, many criminals will walk free

Demands for a megacity have become a 'magic mantra' to wish away the problems of urban government, says Steven Friedman

BD 15/9/97

(262)

If the policies of the home affairs department clash with the growth strategies of the finance and labour ministries (as they do), the economy may not grow. And if budgeting policy clashes with the plans of the social service agencies, poverty will remain untouched.

The complaint about "fragmentation" and the demand for "co-ordination" is rarely as specific as that. The opponents of "fragmentation" hardly ever explain precisely what is fragmented and how its fragmentedness prevents them doing their jobs. Nor do they say how setting up systems which are "co-ordinated" or "integrated" will help them to work better.

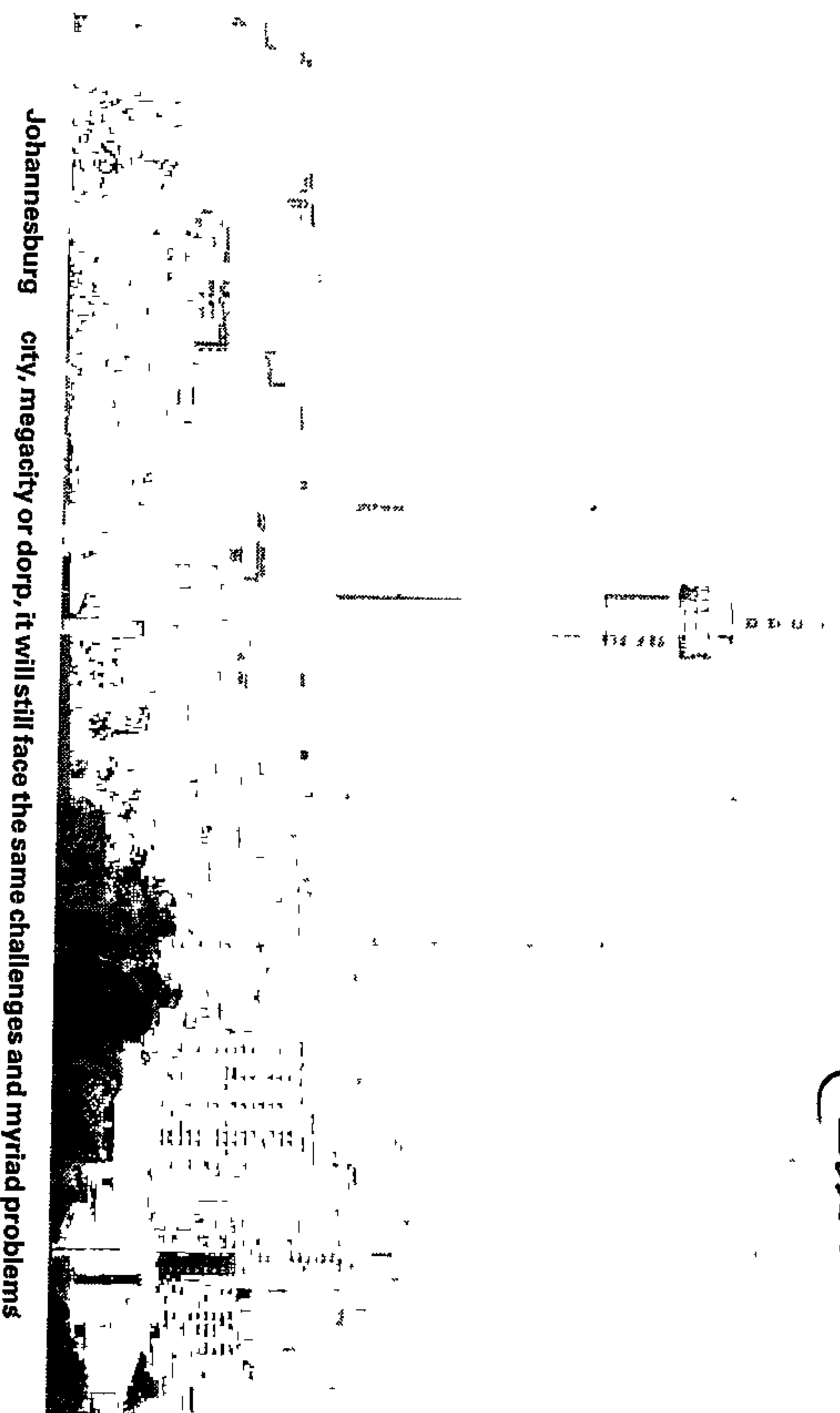
This creates a reasonable suspicion that "co-ordination" has become a magic mantra, designed to wish away real problems of governing in a complicated world.

Having assumed office with ambitious plans and high expectations, many in government have found the world — and the public service — much more messy and immune to government plans than they had hoped. The fault, they have concluded, lies not in a mismatch between their expectations and reality, but in a failure to set up systems which will ensure that government (and society) marches to one beat.

If decisions are taken in only one place, the messiness will disappear and all will work towards a common goal.

The only problem with this reasoning is that, whenever it is tried, it fails.

For example, PW Botha's national security management system was supposed to "co-ordinate" the work of government departments to ensure that they united against the "total onslaught." Many apartheid opponents insisted that government had been melded into an awesome machine,



Johannesburg city, megacity or dorp, it will still face the same challenges and myriad problems

geared up ruthlessly to stamp out popular opposition. Only a few years later, the "integrated" machine had collapsed. Not long afterwards, the majority rule it was designed to prevent was a reality. There is much evidence that the various parts of the "machine" often worked at cross-purposes with each other.

But, "co-ordination" addicts will no doubt say, that was an illegitimate government. The attempt failed not because "co-ordination" did not work, but because the system it was supposed to protect did not.

How then explain the failure of the reconstruction and development programme (RDP) office in the new order? It, too, was meant to "co-ordinate" development —

something the vast majority of citizens support. It lasted only two years, partly because its attempt to direct development from a single nerve centre did more to prevent action than to ensure it.

Time will tell whether current attempts at co-ordination, such as the attempt to get provinces working to a common purpose through the National Council of Provinces, will fare any better. It seems unlikely.

One reason is that what appears to officials and politicians as "fragmentation" is often simple diversity. Democratic governments rarely well-oiled machines with a single purpose — there are different interests and priorities, depending on where you sit and the problems you face. This cannot

be wished away by setting up new structures for "co-ordination": it has to be recognised and managed.

The point applies even more strongly to societies. Democracies work only when politicians and officials take "fragmentation" as a given and work with it to reach their goals, not when they try to wave it away with the magic wand of "co-ordination".

Another is that the strategies used to encourage necessary "co-ordination" are flawed since they assume that gathering decision-making in one centre will produce harmony in the real world.

It does not, because the causes of disharmony or duplicated effort are never addressed. "Co-ordination" is far better at setting

up structures than making sure the law and incentives for public servants encourage co-operation.

On the first score, amending an immigration control regime whose main functions are to inhibit economic growth and provide scope for former pass law bureaucrats looking for new people to control, may do far more to increase economic effectiveness and better policing than a host of "co-ordinating" structures.

On the second, ensuring that public servants are rewarded when they co-operate with others is far more likely to enhance a common purpose than concentrating (usually illusory) control in a single office.

The relevance to the "megacity" debate is clear. In a letter to this newspaper last week, an advocate of the megacity says sub-councils will not tackle urban problems, but a single metropolitan council will. Other advocates of the idea insist that cities such as Johannesburg face severe problems in addressing apartheid backlogs — tight budgets, heavy spending on suburban infrastructure, resistance from affluent residents. Only a single council will be able to deal with this.

Again, the belief is that difficult problems will be solved if they are all dealt with in one place.

Why this should be so is never explained — for good reason, since there are no grounds to believe it.

All the problems which megacity advocates describe are real. But they will remain real whatever the shape of local government. Making a city which worked for one fifth of the population work for everyone requires careful financial and political management: it will do so whether the problem is handled from one office or five. Finding a way to extend services to underserved areas while ensuring that the affluent are happy enough with municipal government to pay for it will become no easier if a single structure is created in the hope that it will magically dissolve difficult challenges presented by the real world.

□ *Friedman is director of the Centre for Policy Studies.*

Guide details success stories of municipal 'privatisation'

BD 16/9/97

(262)

Deborah Fine

SEVERAL SA local authorities had contracted out certain municipal services to the private sector, which had resulted in notable savings, prevention of retrenchment, creation of jobs and more effective delivery.

This was according to guidelines developed by the National Business Initiative and First National Bank's Development Investment Unit to inform local authorities about alternative methods of service delivery and private sector involvement in line with global trends.

Government has committed itself to private-public sector partnerships as a means of leveraging funds, management and technical expertise to meet SA's huge demand for municipal infrastructure and provision of basic services.

The move has been criticised by organised labour, which has expressed concern that privatisation would lead to retrenchments, increased service costs and loss of state

control over essential services.

The guide, however, cites a decision by the Benoni Town Council to contract out its fire and emergency services operation to a private company in 1992. Stringent performance standards, financial penalties should the standards not be met and the presence of two city councillors on the company's board has enabled the council to effectively monitor the service.

At the time of the takeover the company took over all 178 people employed by the council to carry out the service, with no loss of benefits. The company's staff had since risen to 200, with staff owning 20% of the company's shares.

The contracting-out had resulted in estimated savings of R16m for the council over the first contract period of five years. The contract was renewed earlier this year.

The Stilfontein Municipality, near Klerksdorp, had opted to privatise its town engineering department to prevent re-

trenchment of half of its staff in 1990 when operating costs exceeded budgetary allocations.

The company took over the department's 182 employees, offering similar salaries and benefits. The company is obliged to maintain water, roadworks, stormwater systems and kerbstones and has saved the council an estimated R1m a year.

The Springs Town Council, also on Gauteng's East Rand, had elected to open its bus transportation services to the private sector in 1993 as a result of annual losses of about R2,4m. Contracting out the service had saved the council an estimated R2m a year in capital expenditure. In addition, the council earned extra revenue by leasing out its bus terminus, depots and offices to the company. Service standards were monitored.

The guide said it had been acknowledged that "the role of local government is not to do everything but to make sure everything is done".

Urban sprawl problem hard nut to crack

GOVERNMENT intends to re-engineer SAs cities and towns spatially in the delivery of housing and municipal and social services, economically and, ultimately, socially.

Government aims to bring us together and to break the physical and social distance inherited from apartheid where the lack of social connections left us with different world views and without shared meanings.

"Compact cities", "densification", and "integration" are typical of the new goals of urban policy.

To achieve these ends, government hopes to promote high-density low-income residential development alongside middle- and high-income neighbourhoods, mixed-use higher-density residential developments in the old "white" parts of town, decentralise jobs to the townships, construct intrametropolitan "development corridors" and so on.

The Development Facilitation Act is all about facilitating high-density, compact developments.

I too have written articles and books promoting compact cities and densification and have consulted to government suggesting how this might be done.

Now, having completed a study on urbanisation trends for Gauteng's government, I have come to the conclusion that the preoccupation with compact cities is misguided. We should rather explore how best to improve the circumstances of low-income households in condition of urban sprawl.

This seems an inevitable conclusion, a belated recognition of reality, due to two trends.

First, the jobs being created in Gauteng — there are not many — are mostly being created for relatively skilled people along the M1/N1 between Johannesburg and Pretoria; also in Kempton Park around Johannesburg International Airport.

These are jobs whose linkages with other manufacturers, transport, research and business services, require them to be where they are. They are not amenable to being redirected to the south of

The preoccupation with compact cities is misdirected and will not work. Urban policy is being contradicted by economic reality writes **Richard Tomlinson**

BD 26/9/97

(262)

Johannesburg

Second, the vast majority of new households in Gauteng are settling in southern Johannesburg and on the East Rand. They are settling in and on the edges of existing townships, most often on their outer edges.

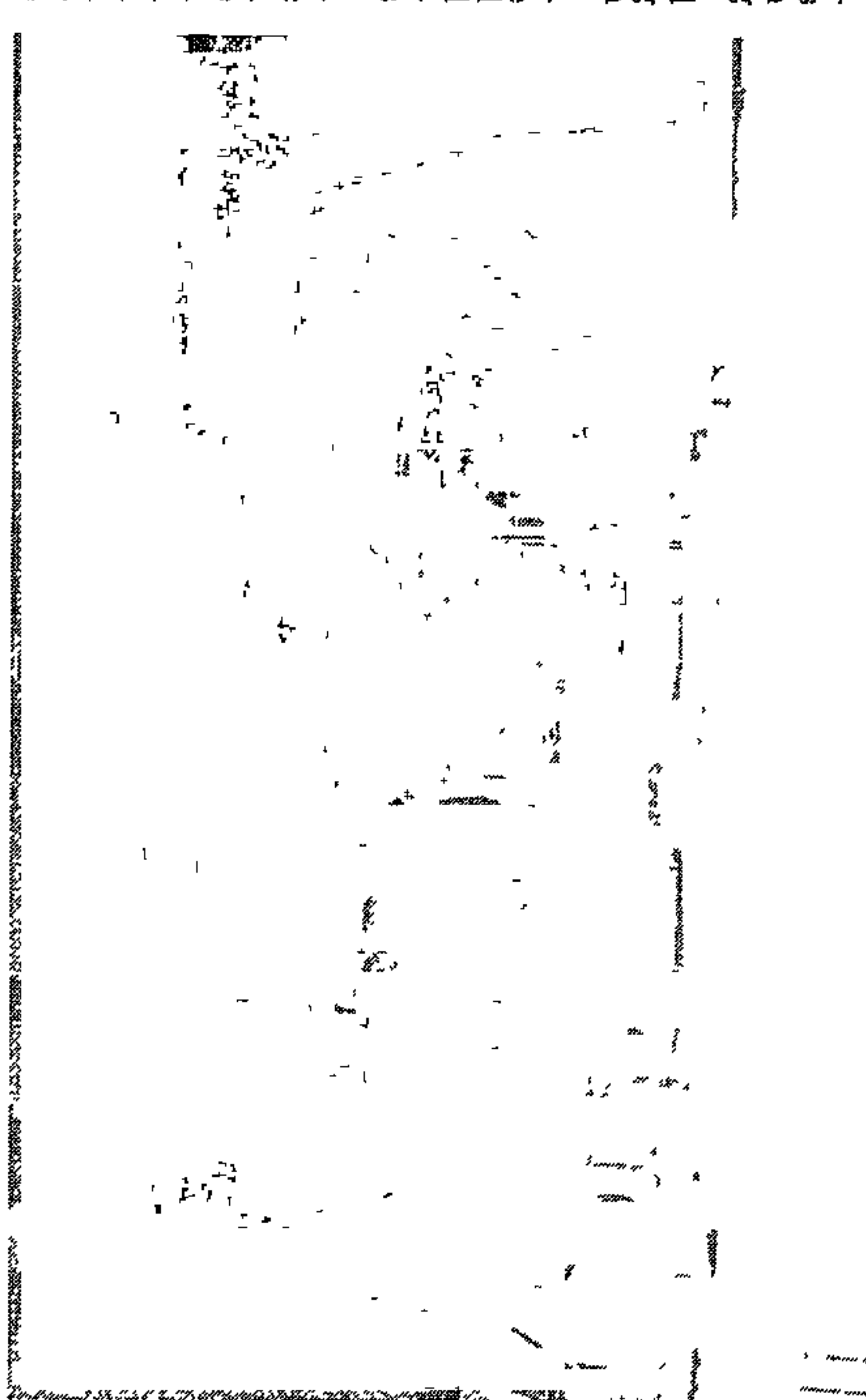
Many people are heading outwards. This is true of informal housing and government's subsidised housing. This is a phenomenon which requires an explanation.

The most obvious answer lies in economic trends. On one hand, land values, rents, and house prices are much higher in the city, and higher even in the backyard shack in Alexandra, than in or on the edge of distant townships. It costs more to live in the city.

On the other hand, there is high unemployment. New unskilled entrants to the labour force find it especially hard to get jobs. The economy is shedding low-wage labour. People settle where they can afford to, urban policy is contradicted by economic reality.

People settling where they are is anyway a natural extension of expanding family networks moving out, but not away. It takes money to break ties. For the poor, support networks are an important means to economic security.

The decisions of people settling in or close to the townships are also inadvertently being structured by government policies. For example, the transport subsidy reduces costs of commuting to work. Of course this is true only for people who use subsidised buses and trains, not for people using taxis



Most people are settling on the outer edges of existing townships

Also, government-subsidised low-density housing goes to the townships' edge owing to the housing subsidy structure; R15 000 does not allow much money for land and developer-driven housing to the urban periphery.

This is anyway a response to political opposition to low-income housing closer to middle- and high-income suburbs. The holding costs of a loan while political and legal struggles play out are enormous. It might also be noted that government-subsidised housing is being sustained by infrastructure grants. Government infrastructure grants are also going to locations which infringe government policy, but do facilitate rapid delivery and achievement of spending targets.

Thus, while government may aim to promote compact cities, it does the reverse. Is this bad? What would reverse the trend?

The answer, most likely, is that it would require coercion. It may also require a lot of money, although this is debatable. In the first instance, relative to the number of households living in and around the townships, the limited extent of land invasions seems to validate the argument people are settling where they want to. If this is true, then government would have to act against the wishes of low-income communities.

Coercion, of course, would also have to be directed against middle- and high-income households opposing low-income neighbours. In regard to money, the argu-

ment for high density is that

It costs less to provide municipal services when people are living close together;

The transport subsidy can be sharply decreased in high-density urban environments;

High densities concentrate the market and increase small business opportunities, and

High densities enhance access to opportunities such as day jobs, information about jobs, social services, and a larger retail market and lower prices.

These points are irrefutable. Yet one then has to consider that it would also cost a great deal more than the R15 000 subsidy to settle low-income households in the city because of the higher land costs and also higher level of services and better top structure appropriate to high-density living, and that would anyway be demanded by ratepayers.

The ultimate irony would be that the "winners" would not be low-income households, since if government actually supplied well-located relatively decent support would go to better-connected political constituents. It would be naive to expect otherwise.

And if, by chance, the houses actually were to be allocated to low-income groups, they would be driven out by the high cost of rates and services and through a process of "downward raiding" arising from the housing market's appeal to higher income groups. The low-income households would end up where they came from, albeit

with a capital gain from the sale of the house. Both processes are well known worldwide.

What should be done? Surely what matters most is the material circumstances of low-income groups. For government this means focusing on job mobility in low-income areas; enhancing technical and business skills, ensuring there is data about business and job opportunities, and seeing to it that residents can get to these opportunities. The focus should be on education and training information and communication, and transportation.

A further critical issue concerns living conditions, better housing, municipal and social services and environmental conditions. If these services are provided, then they would make up for many of the other advantages of high-density living.

Neither group of policies involves relegating the townships, yet again, to a labour reservoir.

Government should seek to promote investment in and around the townships by large and small investors. The point is only that this policy should not be practised with the determination of apartheid planners, whose industrial decentralisation policy forced an extraordinary level of inefficiency (or corruption in order to evade the law).

Notably, in one way or another, government has formulated policies to develop business skills, to enhance technical skills, to provide housing and to remove services backlogs. Programmes and budgets are in place, some more than others and some more effectively than others.

Nonetheless, what is lacking for most of them is a rationale for choice of project location, and for where subsidies are being provided. Lacking in particular is an exploration of how government investments in outer urban areas can best combine to serve the needs of millions of people who live there, rather than to have as a goal investing somewhere else.

Tomlinson is a consultant in urban economic development.

QUESTIONS

Indicates translated version

For written reply

Amounts spent on various Masakhane campaigns

1053 Mr C W EGLIN asked the Minister for Provincial Affairs and Constitutional Development

- (1) What amount was spent on the various Masakhane campaigns in each year during the latest specified period of three years for which information is available.
- (2) whether he or his Department intends launching another Masakhane campaign, if not, what is the position in this regard, if so, at what cost.
- (3) whether he or his Department has set any targets to be achieved during such campaign, if not, why not, if so (a) what are these targets and (b) what steps will Government take to (i) ensure that these targets are met and (ii) monitor the effectiveness of the campaign? N1806E

The MINISTER FOR PROVINCIAL AFFAIRS AND CONSTITUTIONAL DEVELOPMENT

- (1) 1994/95 R 1 528 538,45
1995/96 R19 552 887,83
1996/97 R 4 133 993,30

(2) No The present Masakhane campaign is an ongoing operation A Focus Week took place from 1 - 7 September 1997 on a nation-wide basis A new publicity programme is at present in operation This *inter alia* entails advertising on TV and radio The free media will be used to maximally communicate progress of the campaign Billboards are extensively used in rural areas Promotional material such as T-shirts, banners, pamphlets, folders and caps are being distributed to focus attention on the campaign An amount of R30 million has been budgeted for the campaign during this financial year

(3) No Masakhane is a philosophy in terms of which every individual can contribute towards an improved quality of life It is therefore not

Handwritten: Handboard

possible to set targets whereby the success of Masakhane can be measured The Masakhane campaign is targeting every community to acknowledge the challenges and opportunities emerging from our new democracy, and rise to the moment The short term objectives of the campaign are to promote

- active community involvement in the reconstruction and development process,
- qualitative social partnerships among various stakeholders towards the attainment of the RDP objectives and favourable conditions for an improved quality of life for all South Africans,
- participation by municipal residents in municipal planning and budgeting processes,
- improved customer management and service delivery,
- stakeholder involvement in service delivery, and
- active participation by municipalities in Project Viability to improve municipal governance

Distribution of "Towards a White Paper on Local Government" (262)

1077 Mr C W EGLIN asked the Minister of Provincial Affairs and Constitutional Development

(a) How many copies of the publication entitled "Towards a White Paper on Local Government" were printed, (b) to what categories of organisations, and persons were these copies distributed and (c) in respect of each of the above organisations and persons, (i) how many copies were distributed and (ii) when were they distributed? N1830E

The MINISTER FOR PROVINCIAL AFFAIRS AND CONSTITUTIONAL DEVELOPMENT

(a) A total of 10 000 copies of the publication entitled "Towards a White Paper on Local Government" were printed

(b) Copies of the publication were distributed to all of the 843 municipalities, certain provincial government departments, all national

government departments, the National Parliament, all Provincial Legislatures, Organised Local Government (SALGA), tertiary institutions and private organisations, including Organised Labour, Business, political parties, and the NGO-sector Copies were also distributed at conferences and workshops, as well as on request to the public

(c)(i) Two copies of the publication were forwarded to every municipality, and further copies were made available on request Ten copies of the publication, were forwarded to Local Government MECs in the nine Provinces, and further copies were made available to all the Provincial Legislatures and the provincial local government departments A total of 750 copies was forwarded to the National Parliament, and 350 to SALGA One copy each was distributed to a number of private organisations Further copies were made available to institutions and the public on request

(ii) The bulk of the copies was distributed during the months of April and May 1997, while the remaining documents are distributed on request

Review of National Accelerator Centre by international experts

1152 Mr M CASSIM asked the Minister of Arts, Culture, Science and Technology

(1) Whether the National Accelerator Centre

was reviewed by a panel of international experts, if not, what is the position in this regard, if so,

- (2) whether the review has been completed, if not, why not, if so, what was the outcome,
- (3) whether the review has been completed within the (a) given budget and (b) terms of reference of the panel, if not, why not, if so, what are the relevant details? N1949E

The MINISTER OF ARTS, CULTURE, SCIENCE AND TECHNOLOGY

(1) A review of the National Accelerator Centre (NAC), arranged by the Foundation for Research Development, by a panel of international experts was undertaken in 1996

(2) The review has been completed The outcome was as a series of findings which indicated that the organisation is efficiently run and has made important scientific contributions The institution's contribution to the national system of innovation will be considered during the system-wide review of science, engineering and technology institutions that will commence shortly The report on the NAC review will be used as a base document for the system-wide review

(3) The review was completed within (a) the given budget and (b) the terms of reference of the panel

care such as foster care or a children's home
- they should be prepared for independent living

Outreach Programme

A programme currently used, which has proved to be very successful, is outreach work on the streets, undertaken by welfare organisations. This programme is implemented

- During the day, and also after hours the outreach worker works on the streets with the aim of becoming known to the street children.
- When the outreach worker has obtained the trust and acceptance he or she will be informed about new children on the street. The outreach worker is then able to link these children to the nearest resource centre in that area which might be a soup kitchen, night shelter or a shelter.

If a child can be identified soon after he first appears on the street and before he gets too "streetwise", the chances of returning him to his family and community are more successful. Outreach work is done by volunteers who receive the necessary training through a welfare Organisation.

- (2) yes there is a considerable number of programmes in provinces to deal with street children. Street children normally experience behavioural problems due to the circumstances which they had been subject to such as poverty, uncontrolled discipline, violence at home abuse and neglect and alcohol abuse of parents. If a child reveals such behaviour the social worker involves him in a programme to enable him to address his problems effectively. These might include behavioural modification and life skills such as conflict management. The social workers are also sensitised to address the child's needs according to his developmental needs.

Expected annual demand for diesel by year 2000

*48 Mr S SIMMONS asked the Minister of Minerals and Energy †

- (1) What will be the expected annual demand for diesel by the year 2000,

Parliament: SA's accession to the Lomé Convention ratified

*50 Mr P I BIKITSHA asked the Minister of Trade and Industry

- (1) Whether Parliament is to ratify South Africa's accession to the Lomé Convention, if not, why not, if so, what are the relevant details.

- (2) whether he will make a statement on the matter? N2094E

The MINISTER OF TRADE AND INDUSTRY

- (1) The matter was discussed on 2 September by the Joint Committees of the Portfolio Committees responsible for Foreign Affairs, Trade and Industry, Water Affairs and Agriculture. They decided to postpone the matter until there was more clarity about the accumulation provision in the Lomé Convention. In the meantime, an explanatory statement has been received from the EU which will allow the committees to revisit the matter on 16 September. The matter has also been discussed by the Select Committee of the National Council of Provinces.

- (2) The Minister of Foreign Affairs will make a statement.

Maladministration/corruption at provincial level: measures

*51 Mrs J DE BEEER asked the Minister for the Public Service and Administration

- (1) Whether there is any national co-ordination of measures to address the problem of maladministration and corruption at provincial level, as exposed in the Provincial Review Report, if not,

- (2) whether he or his Department intends taking any measures in this regard, if not, what is the position in this regard, if so, what measures,

- (3) whether he will make a statement on the matter? N2095E

The MINISTER FOR THE PUBLIC SERVICE AND ADMINISTRATION

- (1) A suggestion was put forward at a Cabinet meeting, 20 August 1997, that all national departments second two of their best members of staff to form a special team to go to the provinces and assist provincial departments with the implementation of the recommendations of the Report. This would have awaited approximately 62 members to undertake remedial programmes in the Provinces over a nine month period. Cabinet was of the view that this recommendation would not be practical given the capacity constraints already experienced by national departments. To this end, the said Cabinet meeting urged Ministers to address problems related to their line functions along with their colleagues in Provincial Administrations, and to submit recommendations to the Minister for the Public Service and Administration on how they plan to deal with these.

- (2) The Department of Public Service and Administration acknowledges that some of the provinces do not have the capacity to implement the remedial measures suggested in the report. The matter has now been left to the national Ministers and Departments, together with their provincial colleagues, to address those problems related to their line functions and to submit recommendations on how they plan to deal with these to the Minister for the Public Service and Administration. The Minister for the Public Service and Administration is also in the process of negotiating donor assistance to support the provinces in the implementation of corrective measures.

- In Mpumalanga a programme of assistance is being funded by the German Technical Co-operation (GTZ)
- In the Free State Province the British Department for International Development has provided assistance
- SIDA is providing assistance in the Eastern Cape. Negotiations are underway with GTZ to provide assistance in building financial management capacity

- In the Northern Cape a current programme of assistance has been extended to provide for remedial measures suggested in the report
- Gauteng and Western Cape have the capacity to address the issues identified in the report independently
- A request for assistance was received from the Director-General of KwaZulu-Natal only yesterday (16 September 1997) My department will be processing this request shortly

(3) No

Reapplications for pensions: procedure facilitated

*52 Mr P C MCKENZIE asked the Minister for Welfare and Population Development

- (1) Whether any steps will be taken to facilitate the proposed procedure regarding reapplications for pensions, especially in respect of the elderly and infirm, if not, why not, if so, what are the relevant details,
- (2) whether he will make a statement on the matter? N2096E

The MINISTER FOR WELFARE AND POPULATION DEVELOPMENT

(1) Yes, steps will be taken to facilitate the process of re-registration for the elderly and infirm. Each province has to present a plan for this purpose and this includes a communication plan

The Eastern Cape province has provided for re-registration at old age homes, radio broadcasts requested that the elderly must contact the Department if there is a problem in getting to the facility for re-registration, re-registration forms will be given to individuals and then they may be taken to the local police station, and the re-registration team will either go to the pay point, or if necessary, to the individual. For the other provinces, it is premature to comment on the details at present.

(2) no

Trade negotiations between SA and European Union

*53 Mr D DE V GRAAFF asked the Minister of

Trade and Industry

- (1) Whether the present trade negotiations between South Africa and the European Union are progressing, if not, why not, if so, what are the relevant details,
- (2) whether he will make a statement on the matter? N2097E

The MINISTER OF TRADE AND INDUSTRY

(1) The Minister of Trade and Industry and the European Commissioner, Pinheiro, who is responsible for negotiations with SA, last met on 18 July 1997 and issued a document entitled *Joint conclusions on the state of play of EU/SA negotiations*. A copy is enclosed. The intention is to have a draft text on the table for consideration by the parties in January 1998. This will hopefully allow enough time for an elaborate ratification procedure on both sides, especially in the EU, with a view to implementing the agreement with effect from 1 January 1999.

(2) Statements have already been and will be issued from time to time

Joint conclusions on state of play of EU/SA negotiations

On 18 July 1997 European Commissioner João de Deus Pinheiro and South African Minister Alec Erwin met in Brussels to discuss the state of play of the ongoing negotiation process between the European Union and the Republic of South Africa. The two parties agreed that the following conclusions are an accurate reflection of the current situation

(1) Parties are committed to work towards a *comprehensive bilateral agreement* between the government of South Africa and the European Union, which will cover *Trade Development* and a series of other aspects of *Co-operation*

(2) As regards the *trade chapter* of the bilateral agreement both parties confirmed their intention to negotiate a text which will provide for progressive and reciprocal liberalisation of trade with a view to establishing a *Free Trade Area* between the European Union and South Africa. The FTA will be based on three principles

(a) Full WTO compatibility

- Establishment of a Free Trade Area in *all sectors*,
- *Covering substantially all trade*,
- With a transitional period of maximum *ten years* (for certain products possibly *twelve years*) at the EU side and *twelve years* at the SA side

(b) Respect for sensitive interests and products

- EU will eliminate its tariffs for SA faster than SA will eliminate its tariffs for the EU ("*principle of asymmetry*"),
- Both EU and SA acknowledge the fact that certain sensitive sectors and products will require *special treatment*,

(c) Benefits for the Southern African region

- Both parties agree that SADC countries will have *equal or better access* to the SA market than the EU,
- *Appropriate rules of origin* under the FTA will stimulate intra-regional trade in Southern Africa,
- Both parties agree to pay special attention to the impact an FTA would have on the economies of the BLNS and SADC and other ACP countries

(3) The bilateral agreement should contain provisions to support the *adjustment* efforts that will be undertaken in various economic sectors. The agreement should contribute towards regional integration and balanced development in Southern Africa and should facilitate trade, investment and economic growth in South Africa and, indirectly, the region as a whole

(4) Parties also confirm that the bilateral agreement will include undertakings in a series of other areas which both Parties consider essential. These include, *inter alia*

(a) *Political dialogue* and Human Rights,

(b) *Trade related issues*, including the right of establishment and supply of services, movement of capital, competition policy, government procurement, intellectual

property standardisation and conformity assessment, customs co-operation,

(c) *Economic co-operation* on Industrial issues, Investment promotion and protection, trade development, SMEs, Information Society, Telecommunications and Information Technology, Energy, Mining and Minerals, Transport, Tourism, Agriculture, Fisheries, Services, Consumer Policy,

(d) *Development co-operation*,

(e) *Co-operation in other areas*, including Science and Technology, Environment, Culture, Social Issues, Information, Press and Audiovisual, Human Resources, Fight against Drugs and money laundering, (possibly) Judicial and law enforcement co-operation and fight against serious crime, Health,

(f) *Financial aspects of co-operation*

(5) Parties reconfirm their readiness to negotiate separate sectoral agreements on issues of mutual interest such as co-operation in the area of *Wines and Spirits* and on *Fisheries*. Whereas discussions on the first subject are at an advanced stage negotiations on a Fisheries agreement will resume early in 1998

(6) Parties are committed to an intense and dynamic timeframe of negotiations and aim to conclude the technical discussions on the bilateral agreement in the course of 1998

Brussels, 18 July 1997

SADC summit: political situation in member states discussed

*54 Mr D DE V GRAAFF asked the Minister of Trade and Industry

Whether the political situation in member states of the Southern African Development Community is to be discussed at the forthcoming SADC summit, if not, why not, if so what are the relevant details? N2098F

The MINISTER OF TRADE AND INDUSTRY

Since the question refers to the political situation in member states of SADC, it is suggested that the question be referred to the relevant Department, i.e. the Department of Foreign Affairs

voluntary retirement, (ii) retirement packages, (iii) transfers to her Department and (iv) retrenchment packages and (b) what position did each of these persons hold? N1298E

THE MINISTER FOR WELFARE AND POPULATION DEVELOPMENT

(a) Division Ministerial Services

- (i) 1
- (ii) 0
- (iii) 8
- (iv) 0

Division Deputy Ministry

- (i) 0
- (ii) 0
- (iii) 2
- (iv) 0

(b) Division Ministerial Services

- (i) Assistant Administrative Secretary
- (ii) not applicable
- (iii) 3 Private Secretary

Administrative Secretary
Public Relations Officer

Typist
Messenger
Driver

- (iv) not applicable
- Division Deputy Ministry
- (i) Not applicable
- (ii) not applicable
- (iii) Administrative Secretary

Defence Force stores: weapons stolen

*61 Mr P J GROENENWALD asked the Minister of Defence † [Written Question No 766]

- (1) (a) How many weapons of each specified type were stolen from Defence Force stores in (i) 1993, (ii) 1994, (iii) 1995 and (iv) 1996 and (b) how many such weapons of each specified type have been recovered.

- (2) (a) how many cases of weapon abuse occurred in (i) 1993, (ii) 1994, (iii) 1995 and (iv) 1996 and (b) how many members of the (i) public, (ii) South African National Defence Force and/or (iii) South

African Police Service were (aa) killed or (bb) injured as a result of such weapon abuse.

- (3) how many members of the SANDF were absent without leave in (a) 1993, (b) 1994, (c) 1995 and (d) 1996? N1314E

THE MINISTER OF DEFENCE

The information requested by the hon member is contained in the three tables attached to my reply. Madam Speaker may I suggest that I table this reply rather than read out approximately two hundred items which will be very time consuming.

(1) Table One

(a)	(i)	(ii)	(iii)	(iv)	(b)
Weapons Stolen	1993	1994	1995	1996	Re covered
Pistol Signal	1	2	1	0	1
Revolver 38 S & W	2	6	1	2	2
Pistol 9mm Star Short	0	7	0	1	1
Pistol 9mm Star	54	46	36	21	25
Pistol 9mm Z88	0	13	2	2	5
Pistol 9mm SBW (Z88)	0	41	0	0	8
Pistol 9mm Barretta	0	5	2	3	2
Pistol 9mm H & K	0	3	0	0	2
Pistol 9mm Browning	1	0	1	1	1
Pistol 22 Pardin	0	2	0	0	1
Pistol 32 Pardin	0	2	0	0	0
Rifle 303 (7mm)	3	3	2	103	2
Rifle 7.62mm Winchester	0	1	0	0	0
Rifle 7.62mm GRI Super	0	1	0	0	0
Rifle 7.62mm Target	2	1	0	0	1
Rifle Anschütz	0	0	2	6	2
Rifle 7.62mm RI	70	19	64	27	58
Rifle R4	79	18	39	25	61
Rifle R5	0	57	8	0	3
Rifle 22	0	2	0	0	0
Rifle 12 Bore	0	10	0	0	0
SMG 7.62mm	0	1	0	0	0
40mm Sapper	1	0	0	0	0
MG Browning 7.62mm	0	0	2	0	2
MG Vickers 7.62mm	0	0	0	2	0
LMG 7.62mm	0	0	0	1	0
RPG	0	0	4	0	1
Flamethrower	1	0	0	0	0

(2) Table Two

(a)	Incidents	(b)(i) Public		(ii) SANDF		(iii) S.A.P.S	
		Killed	Injured	Killed	Injured	Killed	Injured
(i)	1993	Regrettably accurate figures are no longer available for 1993					
(ii)	1994	182	21	46	12	65	0
(iii)	1995	185	30	103	19	83	1
(iv)	1996	193	29	95	13	76	2
Total		567	81	255	44	227	3

(3) Table Three

Year	Number AWOL	Total Strength Full time Force	% AWOL of the Full-time Force	
(a)	1993	1 695	99 670	1.70
(b)	1994	3 255	88 473	3.68
(c)	1995	4 844	106 670	4.54
(d)	1996	5 038	103 106	4.90

*62 Mr K M ANDREW - Finance [Written Question No 794] [Question standing over]

Department: participation in Minnec

*63 Mr K M ANDREW asked the Minister of Finance [Written Question No 796]

- (1) Whether his Department participates in any (a) structures of the Forum for MECs for Local Government (Minnec) and/or (b) equivalent structures, if so, in respect of each such specified structure, (i) for how long has it been in existence, (ii) how frequently are meetings held, (iii) what were its estimated running costs from the date of its establishment up to the latest specified date for which information is available, (iv) what are its principal functions and (v) what is its anticipated lifespan.

- (2) whether any measures exist to evaluate the performance and cost-effectiveness of these structures, if not, why not, if so, what measures? N1389E

THE MINISTER OF FINANCE

- (1)(a) The Department of Constitutional Development (DCD) convenes a MINMEC for local government MECs which means

Handwritten: Hansard.

four times a year. The Department of Finance (DoF) attends these MINMECs on a regular basis. The Minister and the Deputy Minister of Finance attend when it is necessary. Within the MINMEC itself, there is a technical MINMEC committee comprised of officials from the DoF and DCD, which also meets four times a year.

(b) There are no other forums involving local government MECs which the Minister or the Department of Finance participates in. However, there are lower level structures like the JCMF (Joint Committee on Municipal Finance). The latter came about as a result of an amalgamation of DCDs FWG (Finance Working Group) and the DoFs PFLC (Permanent Finance Liaison Committee). The JCMF currently consists of representatives from provinces (who in turn comprise of two delegates one from the local government department and the other from the provincial treasury), DoF, DCD and SALGA (South African Local Government Association).

Regular bilateral meetings are held between the DoF and DCD over local government finance issues.

(i) and (ii) The JCMF will on average meet bimonthly. The Department has been participating in the MINMECs from 1994/95. The JCMF is fairly new (about a month), however, its predecessors have been in existence since 1981 (PFLC) and 1995 (FWG).

(iii) The DoF is not in a position to provide the full costs that are incurred as the meetings are hosted by DCD. The DoF only finances its own transport and accommodation costs (when meetings are held outside Pretoria). Administration and other related costs are borne solely by the DCD. Each department at the provincial and local level pays for its own transport and accommodation costs.

(iv) The principal function of the above structure is to discuss only issues affecting local government.

(v) These are ongoing structures necessary to facilitate co-operative relations between the three spheres of government on local government issues.

Hammond

- (2) The DoF is not aware of any performance measures to assess the effectiveness of this forum. The question should however be referred to the DCD as they are the convenors of this forum.

Our view is that these meetings are cost effective as stakeholders and affected parties are informed and consulted on policy issues very early in the formulation stages. Possible duplication of effort and the resulting inefficiencies from possible "urf battles" are thereby eliminated. This forum, in addition, contributes to good governance and co-operative relationships.

For written reply

T16 road to Mkenane Locality in Maluti:

574 Mr G Q M DOIDGE asked the Minister of Transport

- (1) Whether the T16 road to the Mkenane Locality under the Luidi Tribal Authority, Maluti, is being maintained by the relevant authority, if not, why not, if so, what maintenance has been and is being carried out,
- (2) whether there is an adequate access road in the area, if not,
- (3) whether the relevant authority has any plans to address this issue, if so, (a) what plans and (b) what are the time-frames in this regard? N959E

THE MINISTER OF TRANSPORT:

The T16 Road to the Mkenane Locality is in the vicinity of Mount Frere and falls under Maluti at this stage. It is in the Eastern Cape.

As this matter falls under the jurisdiction of the Eastern Cape Provincial Government, the hon member is kindly requested to pose this question to the relevant authority who will be in a position to provide him with the necessary information.

Nigel: RDP projects

- 787 Mr J A RABIE asked the Minister of Finance +
- (1) Whether any Reconstruction and Development Programme projects have

- been launched/initiated in Nigel, if so, (a) which communities are involved, (b) how many job opportunities have been created, (c) what does the remuneration amount to in this regard and (d) what are the further relevant details, if not,

(2) whether any such projects are envisaged in order to prevent Nigel from declining into a ghost town, if not, why not, if so, what are the relevant details,

(3) whether he will make a statement in order to give the community of Nigel the assurance that the RDP, in all its facets, will also benefit Nigel? N1380E

THE MINISTER OF FINANCE

- (1) There have been Reconstruction and Development Programme projects launched/initiated in Nigel

Duduzu Roads and storm-water drainage R2,700ml
Upgrading of water R1,300ml
Connecting of water R1,200ml
Sewerage network R2,050ml
Water provision R1,600ml
Sewerage network R2,700ml
Reservoir R2,460ml

Jameson Park Upgrading of sewerage works R0,570ml
Upgrading of water network R0,570ml
Provision of sewerage works New school R0,250ml
Provision of water New school R0,190ml

Alra Park Sewerage for Alra Park extension II R0,330ml
Ceruthville Water Connections R0,130ml
Total R16,050ml

- (a) All disadvantaged communities in Nigel have been involved
- (i) Duduzu and extensions
- (ii) Jameson Park

- (iii) Ceruthville
- (iv) Alra Park and extensions
- (b) Approximately 450 job opportunities have been created

Due to the diversity of the projects in process, and the completion of some, the exact total of job opportunities created cannot be determined. Take note that local labour within the Nigel community is being used. Local contractors and the unemployed are advantaged and where necessary in job training is given.

(c) The total amount of remuneration of the mentioned projects amounts to approximately R4,37 million. Most of the casual labourers work at a rate of R40,00 per day.

(d) Relevant details. The recent commencement

RDP projects for Nigel

MIP	Beneficiaries	Employment (man days)	RDP Funds	Counter Funding	Total Project Cost	Progress until June 1997
Duduzu Waterborne sewer system	11 000	642	R2 736 000	R0	R2 736 000	15%
Alra Park Metered water connections	1 500	785	R65 000	R171 781	R13 678	100%
Ceruthville XI Sewer and toilets	3 050	1 521	R330 702	R0	R330 702	57%
Masejhaba View Sewer connections	9 800	7 139	R2 052 000	R0	R2 052 000	35%
Nigel Sewer connection to school	3 000	2 473	R249 728	R0	R249 728	100%
Nigel Upgrade sewer network	3 000	3 168	R570 000	R0	R570 000	58%
Nigel Upgrade water supply to school	3 000	1 284	R191 748	R0	R191 748	100%
Nigel Upgrade water network	3 000	6 303	R370 000	R0	R370 000	100%
Duduzu Provide water network	11 000	3 379	R1 595 863	R0	R1 595 863	64%
Duduzu Repair water network	30 000	2 127	R1 300 000	R100 000	R1 400 000	22%
Masejhaba View Stand water connections	7 000	1 991	R1 200 000	R0	R1 200 000	72%
Totals for MIP Projects	85 350	30 812	R10 861 041	R171 781	R10 999 719	

EMIP	Beneficiaries	Employment (man days)	RDP Funds	Counter Funding	Total Project Cost	Progress until June 1997
Duduzu - Water reservoir	44 100	0	R3 260 400	R0	R3 260 400	13%
Herbert Bickley - Sewer treatment plant	not available	0	R5 750 000	R1 700 000	R7 450 000	14%
Totals for EMIP Projects	44 100	0	R9 010 400	R1 700 000	R10 710 400	
Grand Total for Nigel	129 450	30 812	R19 871 441	R1 871 781	R21 620 119	

N2 at Mount Ayliff: dangerous traffic situations

827 Mr G Q M DOIDGE asked the Minister of Transport

- (1) Whether it has been found that the exit point off and entry point onto the N2 used by motorists traveling to or from Mount Ayliff

of the upgrading of the Councils sewerage works, also a RDP project, amounts up to R5,57 million. This is a specialised project (e.g. schooled labour are used for the concrete shuttering and building of the reservoir) which is not labour intensive. (This project is not included in the above-mentioned list)

According to the City Engineering Department of Nigel, this town can be given as an example for larger cities in view of the progress made on the reconstruction and development programmes. All further details can be obtained from the Local Authority and the City Council of Nigel.

See attached Table for more information

(2) whether he or his Department intends taking any steps in this regard, if not, why not, if so, (a) when and (b) what are the further relevant details? N1469E

LOCAL GOVERNMENT FINANCES

(262)

When national government transfers are justified

The first resort is for the richer areas to subsidise basic services for the poorer

FM 3/10/97

The 1995 demarcation of new municipal boundaries created strange bedfellows — look at Sandton and Alexandra. And the reshuffle sparked a continuing debate about who has to pay for the suburbs that can't afford basic services.

Now the Financial & Fiscal Commission (FFC), under Murphy Morobe, has produced an outline for when transfers of funds by national government are justified and how they should take place. But the first resort, says the commission, should be for richer communities to subsidise poorer ones.

The FFC is an advisory body provided for in the Constitution. Its main function is to advise government on the borrowing and taxation powers of the provinces, and the transfer of funds from central to regional administrations.

"It is important that all municipalities should generate own revenue and maximise their tax effort," says the FFC.

But sometimes recipients can't pay "for even basic services."

It argues intergovernmental transfers are justified, first if a jurisdiction's revenue sources don't match the services needed, and second if there are disparities in basic service provision between jurisdictions.

By basic services, the FFC means "access to clean water within a reasonable distance of one's dwelling, basic sanitation, and in some cases, limited access to electricity and roads with storm water drainage."

But intergovernmental transfers are

viewed as something of a last resort. The FFC says subsidies should be calculated according to the tax capacity of the whole municipality rather than by looking at the circumstances of a poor community within what may well be a rich municipality.

The first resort is for the relatively rich communities to cross-subsidise service provision to the poor. This, argues the FFC, would benefit the rich because it would control "spillovers." For example, if one suburb can't afford sanitation, neighbouring suburbs share the risk of disease. If people in one suburb don't have electricity and use fires instead, neighbouring suburbs suffer from the pollution.

However, if there is not enough money for basic services, and not enough well-off people to solve the problem, transfers should go directly to metro (urban) or district (rural) council level, to ensure efficient allocation.

"Metro and district councils have sufficiently intimate knowledge of local conditions within their jurisdictions to be able to reflect local priorities with a justifiable degree of confidence," says the FFC.

Transfers will be based on three things:

- A conditional capital grant, which must be used to eliminate the basic infrastructure backlog,
- An unconditional operating transfer, to enable the poor to purchase the minimum quantities of essential services, particularly clean water and adequate sanitation, and



Murphy Morobe Financial & Fiscal Commission proposals taking shape

□ A tax capacity equalisation component. The FFC warns governments should not be "subsidised in such a manner that their tax effort is less than their tax capacity," so an accurate measure will be needed of each metro or district council's ability to subsidise its own poor.

In the short term, this apparently won't cost any additional money. The FFC acknowledges "overall financial constraints and the requirements of the other spheres of government make it impossible to increase the total amount flowing to the local government sphere rapidly." But until additional funds are found, it is hoped the formula will help allocate the existing money more constructively. *Adrienne Roberts*

is an Audit...

JONGA DLAMINI has been selling sheep heads on Guguletu's dirty sidewalks for seven years

The 60-year-old man complains about the rats which infest the roadside stalls where locals buy their meat, which is prepared in dangerously unhygienic conditions

He says the cold, rain and wind not only make his job unbearable sometimes, but the elements often dictate whether he can earn a living

"But," he says with a smile, "it's going to change"

Across the dusty street from Dlamini's stall where he skins, boils and roasts sheep heads, he and dozens of other informal "butchers" watch daily as Guguletu's first meat market takes shape

When it is completed in two months time, the market will comprise spaza shops, cold storage facilities, offices, toilets, electricity and the infrastructure which is taken for granted by shoppers in developed areas

Dlamini and scores of other traders will, for the first time, be able to store their own meat and other perishables in cold rooms, operate and trade in clean conditions, and earn a living no matter what the weather

Behind the market project lies an ambitious plan, spearheaded by Cape Town's city council in conjunction with intense community involvement, to reverse the concept of "apartheid cities" which relegated blacks to ghettos well beyond the city's limits

The market is only one of hundreds of projects which combine to comprise the Philippi-Lansdowne Corridor Development Programme, aimed at bringing some of Cape Town's most disadvantaged communities back into the city's fold by investing massive infrastructure as well as industrial, commercial and other developments into poverty-stricken areas

The plan is one of four pilot programmes in the country identified and backed by the Department of Transport. The other three are the Warwick Triangle development in Durban, Johannesburg's Bara Link

Talking apartheid Out of our cities

ST 5 | 10 | 1977

(262)

CRAIG DOONAN reports on a development project in Cape Town's Philippi-Lansdowne area, one of four aimed at improving SA's metropolitan centres



MOVING AHEAD: Berthwell Flans will soon be able to prepare mutton for his customers in a clean market in Guguletu, thanks to an innovative development plan aimed at making South Africa's cities better places for everyone. Picture: RICHARD SHOREY

port, leaving less money for food and housing and a resultant demand for higher wages

Impressive progress is being made a far cry from apartheid planning which sought to use labour by day and shunt it to ghettos by night — President Mandela

"The economy becomes unprofitable and the government picks up the tab at the end of the day," Youngue adds

The aim of the development corridor is to bring industry and business closer to disadvantaged communities by supplying the necessary infrastructure such as space, transport facilities, roads, sewerage, and general services

Ketso Gordhan, director general in the Department of Transport, which is pumping R320-million into programmes to address the legacy of apartheid city planning, says the spatial distortions created by separate development are costing the government over R2,5-billion a year in transport subsidies alone

starting to show — some roads which were once badly rutted and pot-holed now provide valuable links between Guguletu, Philippi and other townships with main routes into the city

"This (the Cape Town project) and other similar programmes are an attempt to reorganise our cities and address the government's spatial problems which place a huge expense on our economy and create a host of social problems"

And residents are able to watch daily as a fire station, community halls and new taxi ranks take shape

Gordhan said the Philippi-Lansdowne programme had been singled out because of its success in the working partnership between national, provincial and local government, as well as in mobilising private sector funds

Youngue says the city council is spending R124-million on the project in this financial year

To ensure the programme is ultimately grassroots driven, city councillors are involved in workshops with community organisations to ascertain their needs

"But development is never ending and we're dealing with immediate priorities," she said

The Guguletu meat market is one of the projects which emanated from workshops with the informal butchers who made it clear they needed formal working premises like their counterparts in the city

Other projects include upgraded taxi ranks, new roads and community halls — all of which have been financed by funds from the Western Cape Reconstruction and Development Programme office, the Cape Town city council and the Cape metropolitan council, as well as from foreign and local aid

The results of the programme are

Corridor and the Mabopane-Centurion Corridor in Pretoria

The Cape Town programme has been so successful since its inception in November 1995 that President Nelson Mandela hailed its progress in Parliament recently

They will change the city's face

skirts have to travel long distances to work — using subsidised transport funds, she explains

Youngue says the Department of Transport pays up to R60-million a year in subsidies for commuters travelling into the city from Cape Town's south-eastern suburbs alone

Long journeys to work mean less time with families and the community. It also means paying for trans-

port, leaving less money for food and housing and a resultant demand for higher wages

the lives of Jonga Dlamini and other traders — and has led to jobs for dozens of unemployed Guguletu residents; many of whom will now be able to seek further work as semiskilled labourers

One of them, Nicholas Makhandia, says the market will change the lives of scores of residents "People are tired of buying meat on the road. They're happy about this place because it will be clean and has space for spaza shops where all kinds of things will be sold.

"It will attract people and make a difference to our lives"

Govt absorbs provincial debt of R11bn

(262)

BD 9/10/97

Linda Ensor

CAPE TOWN — Outstanding debt of the provinces, unaudited, totalled R12,4bn, finance director-general Maria Ramos told Parliament's public accounts committee yesterday.

During questioning on the auditor-general's report on the finance department, she said most of this debt had been transferred to central government and integrated into government debt instruments on maturity.

Ramos did not expect any "surprises" over and above this amount, though the figure had not yet been audited.

Neither did she expect any mishaps in the repayment of the debt as the capital market instruments matured.

The biggest portion of the debt, loans advanced by the Development Bank of Southern Africa, had been audited and confirmed by external auditors of the bank.

Only R1bn of the debt had not been rolled into government debt. This included the R500m advanced by the foreign affairs department for co-operation and development. The cabinet had decided that these loans would be dealt with in a different manner.

Ramos did, however, express unease about government's housing guarantee fund for public servants.

Guarantees to financial institutions in the 1995/96 fiscal year amounted to R24bn and the institutions had been approached to verify that they had the guarantees on their books.

"The housing guarantee fund in the public service has to be dealt with as a whole. From a financial management point of view, I don't know how sustainable the whole issue of housing

guarantees is. It is very difficult to keep track of when staff leave and notifying the institutions that the guarantees are no longer current."

The issue was being treated within government as a bigger project. "It probably is an issue which will ultimately have to be negotiated with the public sector trade unions as it is part of a package. It is not a very modern way to extend benefits and involves a substantial risk to the state."

Finance department chief director of pensions administration Peet Maritz said government had paid out R7bn for more than 43 000 voluntary severance packages since the introduction of the scheme in May last year.

Responding to complaints raised by committee chairman Ken Andrew that there were long delays in paying out the packages, Maritz said 80% of applications were received after the applicant had left the public service.

Andrew, who is also Democratic Party finance spokesman, said he had received several complaints about long delays in payments.

Ramos said national and provincial departments failed to forward their approved applications to the finance department immediately on receipt. She said the finance department often received the applications in big batches which it did not have the capacity to process fast enough.

Maritz said processing of applications had improved to 60 days and it was hoped to bring this down to 30-35 days. He conceded that the department's communication with the 1,2-million government pension fund members was nonexistent, a fact which Ramos said she had found astonishing.

Big shake-up of councils proposed

By DONIWALD PRESSLY
AND CECILIA RUSSELL

Radical changes to the nature of local government have been suggested in a discussion document launched by Provincial Affairs and Constitutional Development Minister Valli Moosa

Among some of the suggestions contained in the Green Paper on local government released yesterday are the reduction of the number of councils and councillors, a countrywide uniform levy of property rates, changes to the manner in which councils manage their finances, and the introduction of a land tax to finance rural councils

The green paper says that because there are nearly 12 000 elected councillors in its 843 councils, "it is unlikely that municipalities will be able to afford to provide basic logistical support" such as access to tele-

phone and other community facilities unless the current number of councillors is reduced.

"More does not necessarily mean good," the document says

The paper also hints strongly at beefing up the powers of metropolitan governments, and suggests a "single city" or an integrated two-tier system with strong metro councils.

The document says other models of local government - for example, one with weak metropolitan councils which have powerful local councils - are "less able to redistribute and address systemic inequities across the metropolis (the inequities built into the apartheid urban system)".

Its proposals on changing the rates base, including adopting a national rates system instead of having municipalities set their own scales, also advocate extending the rates base to previously excluded black areas of

towns and cities.

On voting systems, the paper says the mixed electoral system, which combines proportional representation with a ward system, will continue to provide the best solution for representivity. It adds, however, that decisions on appropriate electoral systems cannot be finalised until there is clarity on the types of municipalities.

Moosa said he favoured a direct system of representation

Johannesburg ANC chairman and deputy chairman of Jo'burg's executive committee Kenny Fihla said the paper paved the way for legislation to be tabled which would make local government more effective

The DP's Frances Kendall said she feared the bias towards strong metropolitan councils meant the door was closed to the principles of "devolution of power and keeping the government closer to the people"

SPAR 17/10/97 (262)

Local govt still structured for previous era

BA 17/110/97

Deborah Fine

THE present system of local government was still structured to meet the demands of the previous era and a "fundamental transformation" was required to enable local authorities to deliver on their new, democratic municipal mandates.

So says a green paper on local government launched in Cape Town yesterday by Provincial Affairs and Constitutional Development Minister Valh Moosa.

The paper said that while the 1993 Local Government Transition Act, which provided the current framework for local government, had achieved the deracialisation of local authorities through the amalgama-

tion of formerly racially-based municipal structures, "real transformation" had yet to occur.

It was clear that the old institutional framework set out in the act and the various constraints imposed by it would not permit local authorities to overcome poverty, huge infrastructural disparities and the spatially entrenched socio-economic imbalances created by the previous order.

The paper was aimed at stimulating wide debate on a range of issues pertaining to the restructuring of local government to create a new municipal system capable of addressing those challenges.

Although the paper took few strong positions on the various options available for a

new system, there were certain instances where firm recommendations were made.

The paper came out firmly in favour of strong metropolitan forms of government for SA's major cities — forms of government which covered large metropolitan areas instead of dividing metropolitan areas into many smaller, autonomous municipalities.

Given SA's current needs, the paper recommended the single city model (popularly known as the megacity model) or the "integrating" two-tier metropolitan system as the most appropriate models for the country's densely populated urban areas.

The latter model provided for locally based councils and an over-arching metropolitan tier with co-ordinating and re-

gional and councillors was reduced.

Examining the way in which municipal political systems should be organised, the paper listed various internationally common forms of political municipal structures as future options. It said, however, that whatever form of political structure was adopted, national legislation should provide for local authorities to establish supervisory, management or advisory committees to assist councils in fulfilling their functions.

On local government finances, the paper said various weaknesses in the current financing system combined with service backlogs, collapsed infrastructure, decreased creditworthiness and borrowing ca-

distributive roles. In addition, the metropolitan tier assumed functions seen as essential for the integrated management of the metropolises as a single economic and social entity.

The costs and benefits of the two types of metropolitan government needed to be assessed as part of the process of deciding which of the types was most appropriate for the governance of SA's major cities.

The paper recommended a reduction in the number of SA's 843 municipalities and close to 12 000 elected councillors. Apart from other problems, it was unlikely that councils would be able to provide even basic logistical support, such as access to telephones, unless the current number of coun-

pacities, administrative inefficiencies and non-payment had brought deterioration of the local government financial position.

It was essential, therefore, that new policies, including significant improvements in local government finance information systems, means of increasing the incoming revenues of local authorities, changes to the current system of intergovernmental grants and a formula to devise local government's equitable share of national revenues, were devised urgently.

The paper highlighted the fact that municipalities would need a more developmental approach if they were to ensure maximum impact on poverty alleviation as well as meet the basic needs of communities.

green paper

(262)

ST 19/10/97

Leaner and meaner local government on the cards

CYRIL MADLALA
Political Correspondent

SOUTH Africa should have fewer and more efficient local governors after the 1999 elections, suggests a green paper on local government published this week

It was unlikely that municipalities would be able to afford to provide even basic logistical support, such as access to telephones, unless the current number of 843 municipalities and 12 000 councillors was reduced

The country has several types of local government institutions, formed as a temporary measure to bridge the gap between the old racially exclusive councils and a new non-racial system

The green paper identifies several common problems which affect local government

It notes that amalgamation of previously divided areas has markedly increased the population which municipalities must serve without a corresponding increase in the tax base. Combined with service backlogs, collapsed or deteriorating infrastructure, deteriorating creditworthiness and borrowing capacity, administrative inefficiencies and non-payment, South African municipalities are experiencing financial stress and, in some instances, crisis

The green paper does point out, however, that many are "financially stable and healthy"

"Administrative problems experienced by municipalities include a reluctance to enforce staff discipline, a lack of performance management systems and a complex and ineffective national training system"

Many apartheid-era laws and regulations re-

man in force. These inherited pieces of legislation are often applied differently in different parts of the country, causing confusion

The transition process has brought about its own problems

"Municipalities have also had to put in place a system of democratic and equitable governance, often in the face of resistance from a range of local players who benefited under apartheid

"Serious consideration needs to be given to reducing the number of municipalities and councillors to ensure viable local government," the green paper notes

The government also has to plan properly for the future as changes in population distribution affect the size of functional boundaries. An estimated 70 percent of the population will be urbanised by 2020

The Constitution provides for three categories of municipalities

National legislation must determine the different types of municipalities that are established in each category

The green paper emphasises the importance of establishing equitable metropolitan governance. It notes that municipalities have an interest in excluding people who cost the tax base more than they contribute, such as the urban poor

It also assesses options that could be appropriate for South Africa and discusses the pros and cons of a single, megacity metropolitan government as opposed to the two-tier system

What is certain is that the number of councils and councillors is set to be reduced.

The deadline for comment on the green paper is December 1

SA citizens losing faith in local govt's ability — HSRC

BD 20/10/97 (262)
PRETORIA — A growing percentage of South Africans had little faith in local government's ability to solve community problems, the Human Sciences Research Council (HSRC) found in its latest survey released yesterday.

A national survey was conducted by the HSRC among 2 197 respondents, the research council said. The largest proportion of respondents (46%) disagreed with the statement that local government was able to solve community problems. This figure had increased 19%, compared with the results of a similar survey last year.

HSRC chief researcher Ian Hirschfeld said these figures showed a growing crisis in popular perceptions of the capacity of municipal structures.

The survey found that 32% of the respondents believed that these structures had no effect on their lives, while 33% thought that their lives had improved and 29% felt that their lives had deteriorated since the local government elections.

The legitimacy of local government structures was measured by their perceived fairness, effectiveness, transparency, strength and integrity, the HSRC said. Although most respondents (52%) rated their local government structures positively, 36% rated their local government negatively.

Respondents indicated four major service priorities. Thirty percent rated the provision of running water as the most important priority, while 20% chose housing, 15% chose electricity and 9% rated health care as the most pressing need.

The services to which respondents gave the lowest priority were rubbish removal (1%) and libraries and transport (both at 3%), the HSRC said.

Eighty-two percent of the respondents agreed that everyone should pay for services provided, as opposed to 14% who disagreed. Thirty-five percent, 42% and 25% of black, coloured and Indian respondents respectively supported eviction for nonpayment of services, compared to 76% of whites.

Respondents were sharply divided on whether everyone should pay the same rates and taxes, irrespective of where they lived.

Forty-eight percent agreed with this proposition, while 46% disagreed — Sapa

Provincial spending is causing concern

Government's deficit target is under pressure. Economics editor **Greta Steyn** says controlling provincial spending will be a key determinant of whether it is met

(262) BD 20/10/97

THE provinces are again battling to stay within their budgets, raising fears that Finance Minister Trevor Manuel's deficit target of 4% of gross domestic product (GDP) will not be met. What are the reasons for the regional governments' fiscal problems, and what is being done about them?

Depending on whom one asks, the reasons for the provinces' fiscal problems are many and varied. They range from bad budgeting and bad luck to incompetence and mismanagement.

There is also a view that central government has not grasped the full implications of functional shifts to the provinces, and has placed the regions in an impossible position. In other words, they were dealt a losing hand by central government.

The extent of the problem at this point in the fiscal year is difficult to quantify, especially as Manuel and his team remain optimistic that the 4% target is still within reach. But there are ominous signs — Western Cape is talking of a spending overrun of more than R1bn, KwaZulu-Natal says it is looking at R1,4bn and Northern Province and Eastern Cape are also facing overruns. The latter is said to be running a substantial overdraft.

The monthly exchequer statement, which shows the overall spending and revenue picture for government, suggests also that an increase in spending this fiscal year of only 6,1% will be difficult to attain.

Finance director-general Marra Ramos says the provinces' problems are the result of "capacity problems" and the overhang from the apartheid system. "The capacity to budget properly does not yet exist. This fiscal year is the first in which provinces have had to do their budgets on their own. Things had to be done virtually from scratch, as the base was not

that good despite two years of trying to pin it down."

She says provinces like the Eastern Cape are still battling with the amalgamation of several apartheid administrations into one provincial government. Not enough progress has been made in getting rid of large numbers of superfluous staff resulting from bureaucratic duplication.

Other officials highlight bad management, but are quick to point out that some provinces, such as Gauteng, do not have a problem on that score.

University of Cape Town academic Tanya Ajam puts a different perspective on the problems, which suggests provinces were dealt a rotten hand. Writing in the latest edition of Budget Watch, she argues that provincial resources have not increased enough to match their responsibilities. The mismatch between their resources and their functions could "render the system dysfunctional and jeopardise service delivery, compelling the provinces to overspend." Ajam believes central government should be streamlined to reflect the shift of functions to the provinces. The centre will have to become leaner to reflect the devolution of power.

She says the provinces' situation is exacerbated by the fact that they are not yet able to raise their own revenue through charging a surcharge on personal income tax. Even if there are deep-seated structural reasons for the provinces' problems, the markets are not going to be sympathetic if there are substantial spending overruns this fiscal year. Some

fire-fighting is needed in the short-term. On the plus side, government picked up many problems early on — which is a credit to its control systems.

In addition, some of the provinces' claims should be taken with a pinch of salt.

Every year the provinces complain that they have too little cash, and then a game of "who blinks first" starts with the state expenditure department. The regional governments tend to overstate the problem, as they know they will probably have to make do with less than they are asking for. Some pretty horrific figures in past fiscal years were brought down to much more manageable

levels after state expenditure sent its teams in to check out the true state of affairs.

In previous fiscal years, provinces have complained of too little cash at the same time as being unable to spend large parts of their budgets. Spending items were carried over to future fiscal years in the form of "rollovers".

The rollovers ballooned from R3,4bn at the end of the 1993/94 fiscal year to R6,8bn at the end of 1995/96 and a massive R8,9bn at the end of the 1996/97 fiscal year. Obviously, if the rollovers had been smaller, the spending overruns would have been much higher in past fiscal years. However, it seems that the de-

livery problems which resulted in huge rollovers have come to an end. That makes the pressure so much more intense.

Officials are trying to sort out the provinces' problems by helping them find savings elsewhere that they can use to finance their overruns on education, health and welfare. But they say the task is difficult, as capital projects are coming on stream, making scope for reallocation more difficult.

To some extent the pressures on education budgets can be alleviated by laying off temporary teachers. Apparently many of the new teachers employed this year were not taken on permanently, and can be laid off relatively easily. How effective that will be remains to be seen.

On the face of it, it is not a pretty picture. But many economists remain unworried about the deficit. They believe Manuel — by hook or by crook — will produce a deficit of below 4,5% of GDP. "It is an accounting exercise, after all," says one economist.

As far as the future is concerned, the provinces' budgeting capacity will be greatly improved by the introduction of a medium-term expenditure framework.

The framework is a detailed costing exercise of government's policies, and is the way in which fundamental reprioritisation will be achieved. Its advantage is that it shows the financial knock-on effects of implementing government's social goals such as building of schools and clinics and improving pupil-teacher ratios.

In a sense, one can see the framework as a restatement of the

reconstruction and development programme. It is the RDP with a price tag attached.

In theory, the framework will be able to prevent a repeat of some of the disasters of this fiscal year, when many provinces hired more teachers than they could afford as they wanted to meet targets for pupil-teacher ratios in previously disadvantaged schools.

Ramos says the framework will prevent provinces from implementing policies without having the funds to do so. "This kind of budgeting represents a culture change for government. We are helping provinces develop systems to implement the framework, and will do intensive training next year."

When the framework is released next month, it should inspire confidence in fiscal controls, and in government's transparency. It will drive home the point that government is serious about cutting its coat according to its cloth.

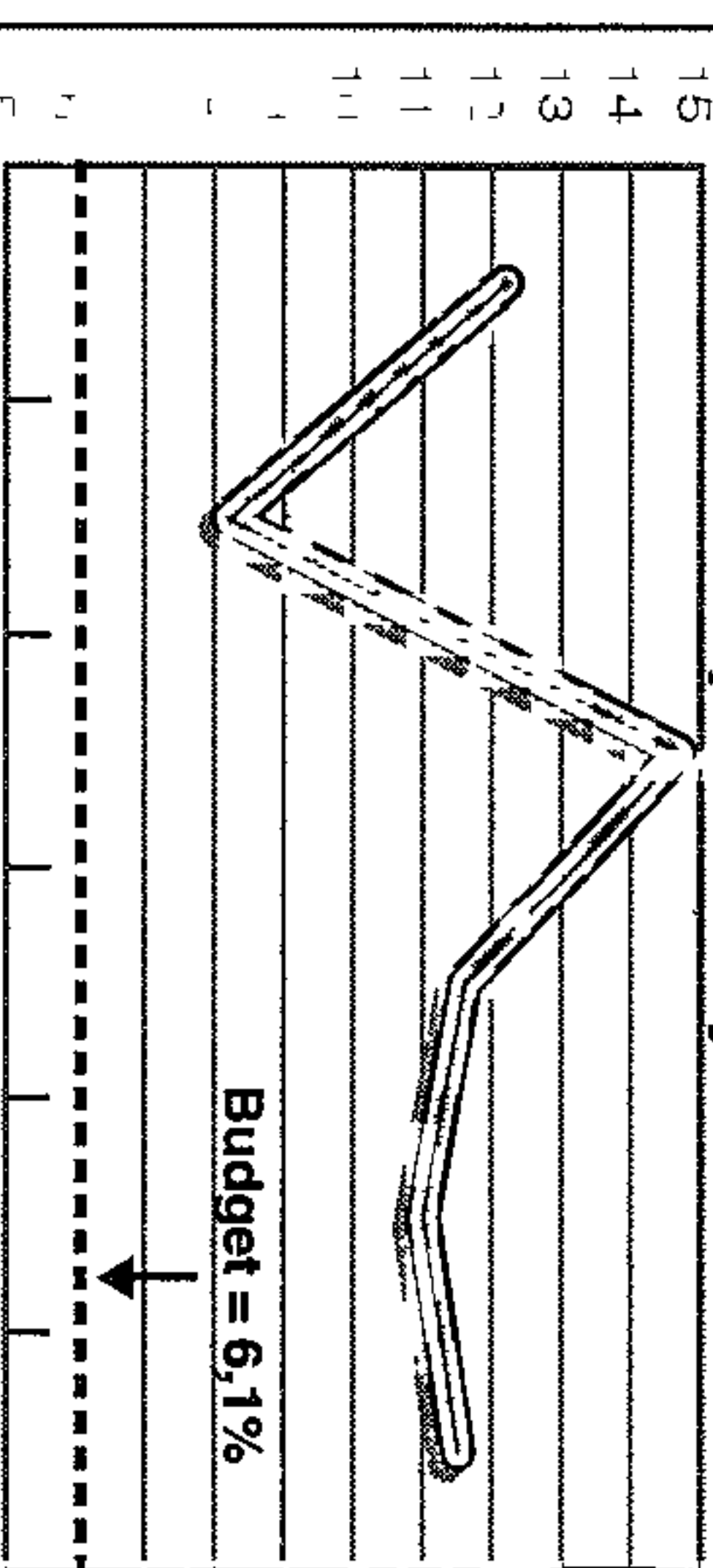
Of course, the effect would be spelt if government used optimistic GDP assumptions to project future spending. However, economists believe that the finance department will be conservative, and that it will refrain from basing budgets on the projections in the growth, employment and redistribution (Gear) strategy. The Gear projections are seen as too optimistic for realistic budgeting.

In the medium-term, there is reason to be hopeful that provincial budgeting will improve, especially if government tackles the size of the bureaucracy. But government will have to look also at the assertion that the centre is taking too big a slice of the cake at the expense of the regions.

In the short term, everyone will be watching to see if Manuel manages to pull a rabbit out of his hat in the form of a deficit not too far above the 4% of GDP mark.

Government spending

Cumulative increases from same period last year



Graph: KAREN KOOLMAN FOR IRANI ELET

Free State ANC executive council averts

(262)

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Pule Molebeledi

BLOEMFONTEIN — The Free State African National Congress (ANC) executive committee, aided by the charring style of former premier Patrick Lekota, averted a clash with regions at the weekend's provincial council meeting, sources said.

The centre of the dispute was the "incomplete and inaccurate" secretariat report drawn up by provincial secretary-general Sello Dithebe, they said.

The executive committee's report tabled by Dithebe said there were problems between the committee and regions. The relationship between the committee and many regions, traditionally known to be behind the former ANC chairman Pat Matosa and his deputy, Ace Magashule, had broken down completely.

The report said regional leaders did not send in reports and even criticised the committee's decisions in the media. Sources said Lekota refused to allow

these issues to be discussed, referring them to plenary sessions.

The council meeting was held seven months after new leaders were elected in an attempt to stop feuds between provincial ANC leaders like Lekota, Matosa and Magashule. The bitter rivalry had affected the organisation to such an extent that many members had lost interest and never renewed their membership cards.

Sources said there was general discontent from delegates about the alleged mis-

information in Dithebe's report. They complained that they were denied the chance to air their views in order to correct some of the misconceptions. This includes the claim that the Frankfort region should be disbanded as it never held any meetings.

This was denied by delegates in the council, including the claim that the Ficksburg region was not performing well.

A number of task teams had been appointed by the committee to investigate the two regions.

Despite being critical of Lekota's "autocratic style", sources admitted that the council meeting went smoothly.

Addressing the media after the council, provincial ANC chairman Zingile Dingane said the meeting was characterised by high levels of discussions which indicated the ANC had to work harder to consolidate its unity with the province. "We came out more united than ever before," he said.

Dingane said the council had nominated Deputy President Thabo Mbeki for the ANC

presidency with Jacob Zuma as his deputy, Lekota as the chairman, National Union of Mineworkers secretary-general Kgalema Motlanthe for secretary-general and Mavivi Manzini-Myakayaka as his deputy.

However, he said the council could not agree on the treasurer-general's position as it had three names: Eastern Cape premier Arnold Stofile, Mandy Msimang and North West premier Popo Molefe.

The matter has been referred back to the branches for further deliberation.

Clash with regions

New green paper draws on local govt's baptism of fire

The new green paper on local government draws on practical experience in defining the role of the crucial third tier of government. **Jacob Dlamini** takes a look at the grassroots lessons on which the document, sure to provoke fiery debate in the coming months, is based

KEIMOS is a small Northern Cape town renowned for excessive heat and dried fruit. When Rocco Joubert arrived in Keimoes in 1995 to take up the job of CEO very few would have envied him his job.

The council account was overdrawn by R90 000 and only R8 000 remained in its revolving fund. Keimoes was a town on its knees and it came as no surprise when Project Liquidity, a government study monitoring the financial health of local councils, described the town as economically unviable.

But Joubert did not give up. He commissioned a staff audit to boost the council's capacity to deliver services, computerised the council's accounting system for improved billing and introduced an affirmative action programme to benefit the town's largely coloured community.

The council employed a carrot-and-stick approach which saw improved service delivery going together with strict credit control measures. Failure to pay resulted in the prompt termination of services. A R26 flat rate was introduced for the indigent poor. The council still cuts services to between 150 and 170 households every month, but most settle their arrears within a week.

The 16 000-strong town is now back on its feet, with R450 000 in its revolving credit account as proof. In the development of sustainable local government, Keimoes is a lesson in common sense and the need to



MOOSA

exercise political will. It also goes to the heart of what the long-awaited green paper on local government — a lengthy 107-page tome released last week — sets out to achieve: defining a vision for the future of SA's crucial third tier of government.

In fact, the experience of Keimoes and Rocco Joubert could have been

what Constitutional Affairs Minister Vally Moosa was referring to at the document's launch when he said it was based on actual experience accumulated by representatives of government elections.

Like most things South African, the paper seeks to be all things to all stakeholders, but it does take strong and categorical positions on a range of options put forward.

On the type of model for metropolitan government, the paper comes out strongly in favour of the megacity model. The paper argues that a strong metropolitan tier would be best suited to address the apartheid legacy of uneven and inequitable development. Combining the moral and the political, the paper says social justice and equity make good economic sense and ensure that everyone who contributes to the tax base benefits from it.

In a sop clause inserted possibly to mollify the Democratic Party and other opponents of the megacity concept, the paper says no single type of metropolitan government can be responsible for redistribution, leaving open the possibility of developing

systems catering for models other than the megacity. The paper also points out, correctly, that national revenues and taxes are needed for effective redistribution.

The paper advocates a developmental role for local government, proposing an approach consisting of integrated planning, budgeting and management; mobilising capacity for effective service delivery, managing the growth of local settlements, and linking growth and development.

The paper urges local government to move away from being solely a service provider to being a stimulator of economic growth and development.

Moosa admits the paper does not take the question of traditional leadership in the context of a developmental local government very far, for fear perhaps of drawing the ire of the vocal traditional chiefs' lobby.

Still, the paper is unlikely to offer much comfort to these traditional leaders, whose idea of community development is often the construction of a road leading only to the chiefs' homestead and a solitary tap outside. The paper says traditional leaders can play an important role in building local democracy within rural areas, which contain the bulk of SA's 37.9-million population.

But there are often clashes caused by confusion over the respective roles

of elected officials and traditional leaders. Councillors seeking to deliver services to communities often find themselves at odds with chiefs over access to land.

A tenure system that would allow elected officials to deliver services while accommodating the interests of chiefs is urgently required, the paper says. Exactly how a balance can be struck between a system driven by popular will on the one hand and an institution founded on the chiefs' dubious and antiquated claim to a divine right to rule on the other, remains to be seen.

Another politically contentious issue is the number of local councils needed in SA. There are currently 843 councils served by some 12 000 councillors throughout the country. Many of these are political creations designed specifically to usher local government into transition. But with the transition almost complete and the need for delivery becoming more urgent, it has become obvious that many councils cannot sustain themselves and will have to be scrapped.

However, what should be a simple matter of economics is turning out to be a political issue fraught with tensions. As Moosa correctly states, "politically loaded with a great deal of vested interest".

Many of today's councillors are former activists who have given their lives to the struggle for social justice. To them serving on a council is more than an altruistic civic commitment — it is a job and a living.

Like Keimoes, some of the economically dead towns can be saved, but it requires the political will to act against defaulters.

Where there is no hope of survival for a council, provincial authorities will have no choice but to fall the affected councillors they will lose their jobs once local councils are reduced.

Moosa argues that reducing the number of councils and councillors does not necessarily mean turning areas into ghost towns.

Instead he suggests that current boundaries be redrawn and bigger ones established, with towns used as nodal points to spur development.

But this ignores the danger of overconcentration in the centre while ignoring the periphery, which is often where the majority of the needy people are to be found.

There is also an argument made for the scrapping of rural local councils, especially those that lack administrative and revenue-raising capacity. Moosa proposes the establishment of fully fledged local authorities in rural areas where financial viability is assured. This

measure is likely to come in for some fierce opposition from chiefs as it will reduce their say over the developmental needs and priorities of their areas and grant decision-making powers to directly elected officials.

The next local government elections are due in 1999. Moosa is opposed to these elections being held under the present system, with its many distortions and undemocratic features. For example, in metropolitan areas 40% of councillors are elected from party lists while in some district councils proportional representation has allowed farmers to have more say than their numbers and votes actually justify. Moosa says he instead favours direct ward representation as it will make councillors directly accountable to their communities and not their parties.

The paper offers what Moosa calls feasible options for SA and, as a discussion document, it is by no means definitive but instead offers various proposals. The public and various stakeholders have been given until December 1 to respond. A white paper is to be published in January. It is envisaged that comprehensive local government legislation will be tabled in March next year.

The paper is likely to come under a great deal of scrutiny. Parties and stakeholders will fight over its various merits and demerits. But they will eventually find each other to map out a truly all-encompassing local government dispensation.

Boesak 'bears moral blame for fund theft'

CAPE TOWN — Former Western Cape African National Congress leader Allan Boesak was named in court yesterday as bearing at least moral blame for the theft of donations to the country's impoverished.

A witness in the trial of Freddie Steenkamp, accountant of a charity in the 1980s, said that Boesak had been trusted to spend the funds wisely.

John Pledger, a social worker testifying on behalf of Steenkamp, in a bid by his defence to win a reduced sentence, said that a system of trust which was vested with Boesak had been abused.

Steenkamp pleaded guilty to stealing nearly R1m from the Foundation for Peace and Justice over several years. He also admitted submitting false financial statements to donors, who included Scandinavian aid agencies and US pop star Paul Simon.

Steenkamp was originally charged together with Boesak, but their trials were separated because Boesak pleaded not guilty to the charges. Boesak's trial is due to start in February.

Pledger told the court that Steenkamp idolised Boesak. "If he had blown the whistle, he would have had to turn against the man he had come to admire so much. He appears to have come under pressure not to introduce controls on a fund which was being dipped into like a honey pot."

Pledger said foundation members had shown little concern for the poor they were meant to be helping and had instead subscribed to "a culture of entitlement. Boesak set the tone in this regard"

Pledger said Steenkamp had spent money he stole on cars, clothes and property, but that it was incorrect to assume these funds would otherwise have reached the poor.

If Steenkamp had not taken the money, it could have been spent by other foundation members on noncharity items, he said.

Steenkamp told the court on Tuesday that he had followed the example of Boesak, who he said lived a life of luxury with the help of foundation funds.

Final legal argument on Steenkamp's sentence is expected next week. — Reuter

Overstaffing blamed for hindering local authorities

Deborah Fine

GAUTENG'S local authorities were "overgoverned" and there would be a reduction in the number of councillors and council officials as part of the province's local government transformation process, development planning and local government MEC Sicelo Shiceka said yesterday.

He said the thorny issue of the number of councillors and officials needed to run an efficient local government was one of the topics to be raised at today's provincial local government conference in Johannesburg.

Overstaffing and the duplication of functions constituted a significant drain on municipal resources, he said.

Greater Johannesburg, for example, employed five CEOs and more than 40 senior managers. He said he believed the city could be efficiently managed by one CEO and 10 senior managers.

Shiceka said the conference was part of the formal process of consultation on local government transformation in Gauteng.

Members of the national local government portfolio committee, provincial MECs, representatives from local authorities, the business sector, trade

unions, community organisations, ratepayer associations, nongovernmental organisations, as well as MECs from other provinces, were expected at the conference.

Other controversial topics expected to be raised were public/private sector partnerships, the possible outsourcing of municipal services and the ousting of operations seen as being outside the ambit of local authorities.

Shiceka said that in this regard it was important to engage in extensive consultations with trade unions and community organisations, many of which had opposed the possible privatisation of municipal functions.

Consultation was important to achieve negotiated solutions in this regard, he said. Submissions put forward by conference delegates would be presented at a national level as Gauteng's contribution to the white paper under consideration at national level.

The conference would be followed by an additional six regional conferences in the province to broaden the consultation process.

The provincial government and the local government standing committee in the Gauteng legislature and the Gauteng Association of Local Authorities organised the conference.

PUBLISHING

A FURTHER NOTICE

State won't bail out provinces

SHIRLEY JONES

KWAZULU NATAL EDITOR

Durban — The central government would not bail out provincial authorities which could not pay civil engineers working on major infrastructural projects, Mohammed Valli Moosa, the provincial affairs minister, said yesterday.

He told the South African Federation of Civil Engineering Contractors' (Safcec) convention that companies should rather turn to the courts.

He said this was necessary to ensure provincial governments did not continue spending and companies did not continue entering into loose contracts.

In response to what Moosa admitted was a tough stance, Safcec members threatened drastic action against both provincial and local authorities withholding

payments to avoid major closures over the next year or two. This could include demanding payment guarantees, they said.

Brian Holmes, the Safcec president, said while the civil engineering industry recognised the desperate need to provide bulk services, there were serious problems with delivery. The flow of projects was extremely slow, he said.

Where projects were under way, such as in the Northern Province, payments were between three and four months behind due dates.

Civil engineers from the Western Cape attributed poor delivery to lack of approval of both provincial and local budgets. Although Moosa said he was not sure of the extent of this problem, he admitted there was a difficulty with the overall budget system.

Central, provincial and municipal budgets did not talk to one another, and there was a need to streamline budget cycles, he said.

Among other concerns, Moosa warned that the government would have difficulty in reconciling its aim to reduce its budgetary deficit while remaining dedicated to infrastructural spending and reconstruction and development objectives.

"Although it is an impossible task to do both at the same time, I'm confident there will be significant infrastructural spending over the next few years," he said.

Moosa said South Africa faced an infrastructural backlog of at least R170 billion. Innovative financing strategies and careful prioritisation would be needed if sufficient progress was to be made, he said.

ET(BE) 28/10/97 (262)

'Incentives necessary to save local govt'

Jacob Dlamini

CAPE TOWN — SA's local government structure risked collapse unless municipalities were given incentives to budget for profit, local government deputy director-general Chippy Olver said yesterday.

Research conducted by the Constitutional Affairs department on the state of local government had found there were disincentives for municipalities to budget and save properly.

Municipalities in metropolitan areas knew that if they

generated a surplus, the money would be appropriated for redistribution. Many councils were hence budgeting for deficits. The country would deteriorate unless this was addressed.

Olver was speaking at the start of parliamentary hearings on the local government green paper. He said there was a problem of redistribution between metropolitan councils and other areas. While administrations such as the Cape metropolitan council still relied on levies imposed under the old regional services, the Johannesburg

council had developed a system of transfers based on property values, rates and taxes.

The Johannesburg metropolitan council had gone furthest in its bid to redress inequalities, but this had been done without a clear set of criteria.

There had also been fierce political opposition to measures intended to redistribute resources within the Johannesburg metropolitan area, Olver said, possibly in reference to the Sandton rates dispute between the council and ratepayers opposed to tariff hikes.

Other problems identified by the research included a duplication of functions, high levels of inefficiency, and a lack of willingness by some councils to give up some of their functions for the sake of efficiency. There was a need to reorganise metropolitan councils, but imposing change speedily could cause an administrative meltdown.

The green paper was unveiled by Constitutional Affairs Minister Valli Moosa two weeks ago and is designed to generate discussion on the future of local government in the country.

BD 28/10 1997

(262)

Moosa signals his stance on local authorities

Farouk Chothia

DURBAN — Constitutional Development Minister Valli Moosa signalled yesterday that he was determined to see democratically elected local authorities in areas controlled by chiefs in KwaZulu-Natal.

In doing so, Moosa set the scene for a vigorous debate with the Inkatha Freedom Party (IFP) over the issue in the run-up to the drafting of a local government white paper.

Speaking at a KwaZulu-Natal government-organised conference in Durban on a post-1999 local government model for SA, Moosa said elections were a "fundamental corner-

stone" of SA's constitution.

He was opposed to traditional authorities and elected councils existing as separate entities in the same area because this was a recipe for conflict.

Moosa said one option was for traditional authorities to become local government authorities. If this was done, traditional authorities would possibly have to undergo "some degree of reform". The nature of elections held to create the authorities would have to be looked at.

Moosa said a second option, for which he indicated a preference, was the creation of single bodies through the "fusion" of traditional and elected authorities. Just as a chief was cur-

rently the head of a tribal authority, he could become the head of the new body. He could also serve as an ex-officio member, or act in a consultative capacity, Moosa said.

Moosa said the recently released green paper had not included options for a post-1999 rural local government model because sufficient consultation with traditional leaders had not taken place in time.

However, it was one of the "bigger questions" to be dealt with, particularly in KwaZulu-Natal. The subject was "sensitive" but could not be "dodged".

Moosa was confident that the improved political climate meant debate would take place in a "nonthreatening" way.

IFP constitutional affairs spokesman Peter Smith said the noninclusion of a model for traditional areas was a "glaring failure" on Moosa's part.

Smith said the IFP agreed with Moosa that traditional authorities and local authorities should not exist side by side at primary level because this created conflict between them.

Signalling a major difference with Moosa, Smith said the IFP preferred to see only traditional authorities and legislation should be passed making it mandatory for regional councils — which act as bulk service providers — to delegate powers to traditional authorities.

Kerzner's application

Spotlight on Jo'burg mandator

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Government funds no longer on tap for city councils

Deborah Fine

LOCAL authorities could no longer automatically assume that money would "always be available" to them from somewhere "just because they were government institutions," Deloitte and Touche senior partner Jeff van Rooyen said last week.

Van Rooyen, appointed as head of a specialist technical team asked to assist Johannesburg to stabilise its liquidity crisis, said municipalities continued to commit themselves to expenditure without making certain spending would be balanced by the necessary incoming funds.

Budgets were based on the assumption that 100% of revenues owed by municipal debtors would be forthcoming, he said.

Councils heavily relied on substantial intergovernmental grants, and there was also the "incorrect" belief that shortfalls could be funded through borrowings from financial institutions.

Local authorities also continued to believe that they would inevitably be "bailed out" by ad hoc transfers from national or provincial government, which was incorrect.

Greater Johannesburg, after committing itself to an ambitious capital spending programme, had found itself unable to secure capital borrowing as a result of market perceptions that local authorities represented high credit risks, Van Rooyen said.

These perceptions were often justified given municipal palates' lack of financial management and fiscal discipline.

The city had also faced a big decrease in intergovernmental transfers.

Johannesburg officials had been forced to fund capital projects with money drawn from an operating account already under pressure because of municipal payment levels of only 88%.

This, combined with other factors also serving to drain cash flows, had resulted in a liquidity crisis which had squeezed the city's ability to keep up with its operating expenses.

Van Rooyen said it was essential for municipalities to realise that they were operating within an environment characterised by many financial constraints.

They have to cut their coats according to their cloth and realise that the national policy of fiscal discipline and belt-tightening applies to all tiers of government," he said.

His technical team, in conjunction with a specially appointed political committee, said on Friday that the city would incur a budgetary shortfall of about R2bn unless urgent action was taken to bring expenditure in line with income.

The city would reduce its operating budget by about R500m — primarily through the freezing of vacant posts — as well as postpone various

concrete strategies would also be finalised next week to make standard and streamline the city's billing systems, revenue collection procedures and credit control methods to enable Johannesburg's councils to recover about R1bn tied up in outstanding debts, Van Rooyen said.

Chairman of the political committee, Kenny Fihla, said the exercise was not "just about balancing the books", but also involved finding innovative ways to enable the city to make the most effective use of its existing resources to ensure long-term sustainability and efficiency.

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NCOP struggles to find its feet

BY JOACHIM WEHNER

As we are almost at the end of this third session of the democratic Parliament, it seems appropriate to review the track record of one of its institutions – the National Council of Provinces (NCOP).

The NCOP replaced the old Senate at the start of this session and was meant to give a voice to the provinces in the national law-making process. How well has it done so far? Has it established itself? What is its role to be?

But the main question is: is the NCOP no more than a rubber stamp for ANC-supported legislation passed in the National Assembly, or is it developed in such a way that it will function as an effective regional counterweight?

Ideally, a functional regional chamber would effectively add checks and balances to a parliamentary system dominated (probably for the foreseeable future) by one single political party, the ANC.

Central to the new system is the categorisation of different types of legislation. Bills amending the Constitution (section 74 bills) and ordinary bills affecting the provinces (section 76 bills) give the NCOP some “muscle”. Other legislation (section 75 and 77 bills) which the National As-

sembly may choose to ignore, merely requires the NCOP’s advisory vote. Categorising bills – or “tagging” – is therefore crucial.

Although it does not have an absolute veto over section-76 legislation, the NCOP’s vote is significant as it represents a vote from each provincial legislature. To override an NCOP decision on a section-76 bill requires a majority of two-thirds in the National Assembly. The ANC would currently require support from other political parties should such an occasion arise.

If the ANC gains a two-third majority in the National Assembly in 1999, this would reduce the *de facto* role of the NCOP substantially. So far, the NCOP has not rejected a single bill passed in the National Assembly.

Organisational and technical problems impairing the functioning of the NCOP may also have a direct influence on decisions. In some provinces, public hearings on particular pieces of legislation have been chaotic.

Also, there seem to be occasional problems in supplying provinces with the necessary material to debate bills.

In discussions on specific bills in the provincial legislatures, there is not always sufficient time

for minority parties to elaborate on their positions. Such instances may, for now, be attributed to “teething problems”.

In addition, other issues need to be resolved to ensure the proper functioning of the NCOP.

An objective tagging mechanism needs to be finalised to prevent bills from falling into a grey area of classification, where they may be pushed through by circumventing the potentially proper legislative procedure.

Public hearings in the provinces on section-76 bills should be organised professionally rather than in an *ad hoc* manner to realise the democracy-enhancing potential of public involvement.

In SA, the notion of co-operative government should not be confused with uniformity of opinion. In fact, dissent may enhance the quality of politics and its outcomes since it inspires critical thinking.

The NCOP does have the potential to produce such healthy criticism. But work remains to be done to make the NCOP more than a rubber stamp.

■ *Joachim Wehner, who until recently was a research intern with Idasa’s budget information service, is based in the Democratic Party’s parliamentary office.*

Star 4/11/97

(262)

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FM 7/11/97

Learning hard money lessons

Task team helps Johannesburg to financial viability

Black accountant Jeff van Rooyen identifies in a single word a major cause of the financial crisis facing the Greater Johannesburg Metropolitan Council (GJMC) mindset

Van Rooyen is chairman of the technical task team appointed to help the GJMC and its four local councils overcome the financial crisis threatening local government in SA's biggest city

The "mindset" he refers to is a pervasive assumption that "money is not an issue," that, whatever the budgetary deficit, money can be raised on the financial markets or wheedled out of either the provincial or central governments

Van Rooyen cites the shortfall of R2bn in the capital and operational budgets for the present financial year to illustrate his point it was budgeted for despite the inability of the council to raise money to pay for capital projects worth R400m during the financial year which ended on 30 June

The present financial crisis — which council chief executive officer Nicky Padayachee describes euphemistically as "a short-term cash flow problem" — is partly a product of the council's decision to finance

capital projects from the operating costs budget

But a hard lesson is being learnt belatedly, Van Rooyen observes the financial markets are loath to lend money to the GJMC, the risks are too high, its track record shows poor management and inadequate financial controls. It is evident, even to those who were wilfully blind, that neither the provincial nor central governments are prepared to bail out local governments that overspend

Van Rooyen, assisted by three experienced members of his task team and with the co-operation of a specially appointed committee of 10 councillors, is working toward three short-term objectives: revision of the capital budget, review of the operating budget and, equally important, formulation of more efficient credit control procedures

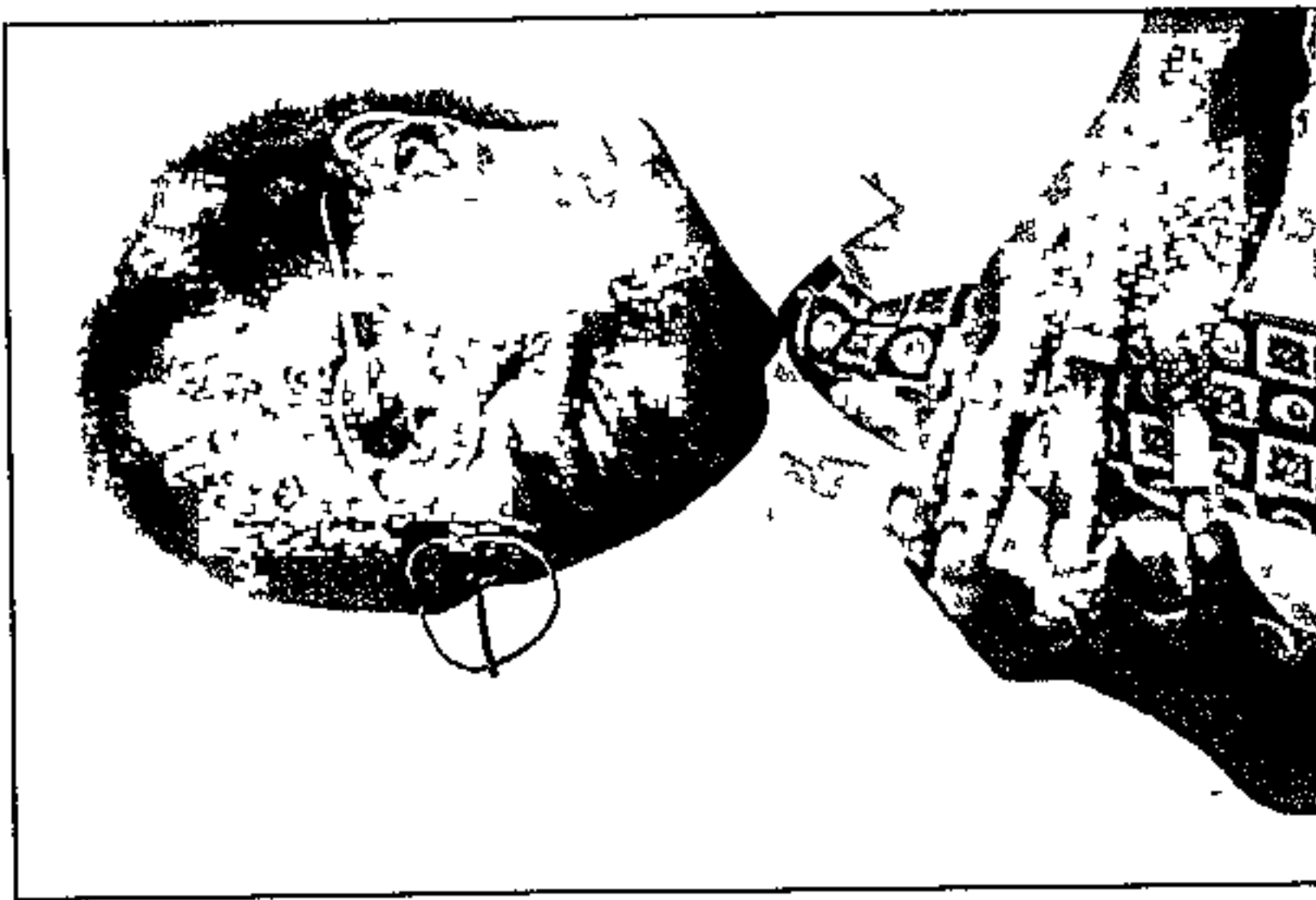
A major workshop is imminent where plans to achieve these objectives — delegated to the task team and the committee by a provincial government proclamation — will be discussed before final recommendations are made. The purpose of the workshop is to thrash out the finer details and to ensure that the plans have the backing of the main role players

The plans include proposals to trim back

the capital budget by restricting it to "committed capital projects" and by instituting a saving of R500m on the operating budget by saving on staffing. These savings include cancelling moves to fill vacancies except those judged to be critical, and nonreplacement of staff who leave in the process of "natural attrition," except where it is absolutely imperative

Apart from cutting expenditure, metropolitan councillors, and the bureaucrats who assist them in the task of local governance, must improve the council's performance in collecting the money owed by residents for services provided by the council

Van Rooyen puts the accumulated sum owed to the GJMC and the four local councils at R1bn. An immediate remedy is to improve the system of billing ratepayers to ensure that bills are delivered regularly and



Jeff van Rooyen Johannesburg's financial problems due to "mindset"

are accurate. But beyond that there are problems peculiar to the historically white suburbs and black townships

In the still largely white suburbs, payment rates have fallen 7%-9% from the old level of 95%. This reflects growing ratepayer resistance, Van Rooyen says, a resistance fed by ratepayers' perceptions that they are not getting what they pay for, and by resentment in some areas over increased rates

In the traditional black areas there is an urgent need to overcome the legacy of non-payment which grew out of political opposition to apartheid but which is now unjustifiable, he

says

The council needs to dispense with its inclination to plan budgets on the assumption that payment levels will be 100% and rather base them on anticipation in line with reality, Van Rooyen advises

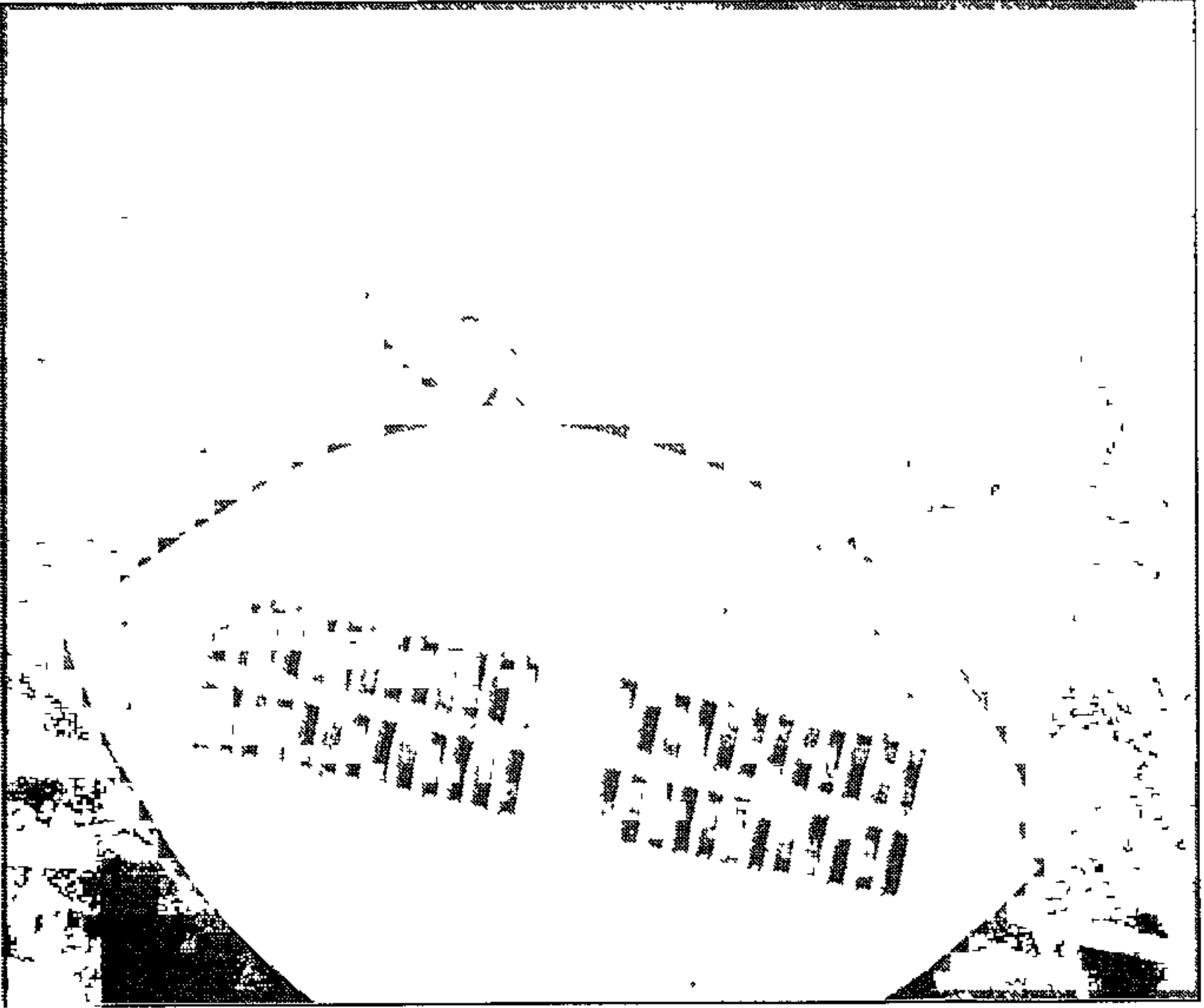
Patrick Laurence

The ten paramount chiefs who want to be made kings

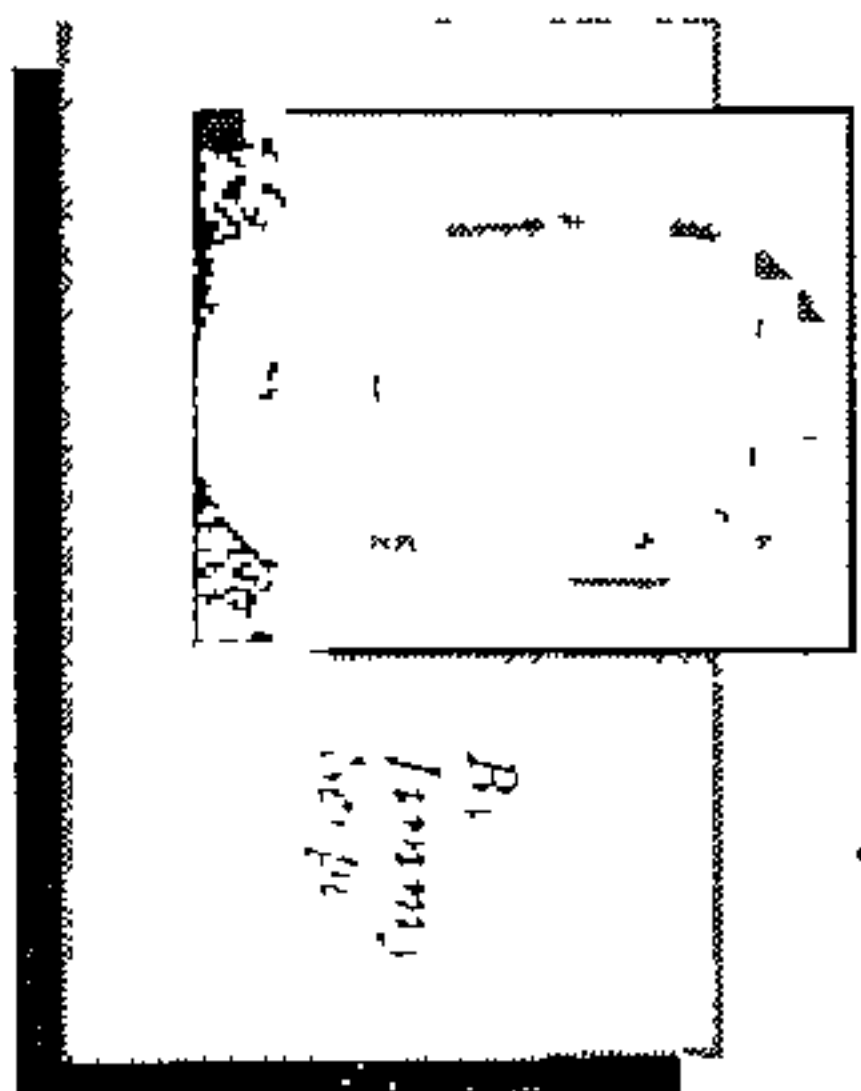
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ISILO... Other kings' want the same royal perks as King Goodwill



TEN PARAMOUNT chiefs in the country are calling on the government to elevate their current status to that of kings

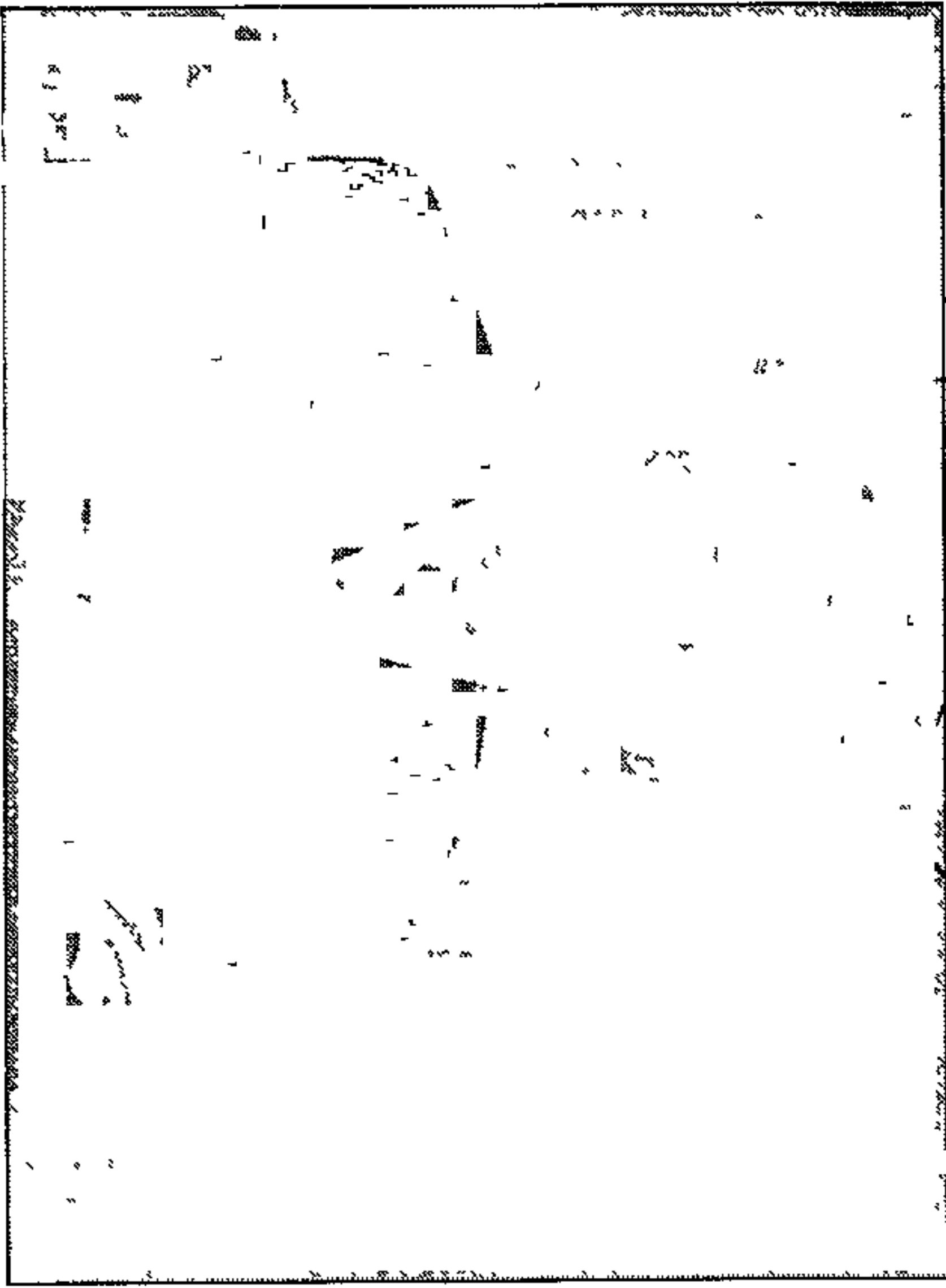
The ten have approached the government's Council of Traditional Leaders and the Provincial and Development Minister, Valli Moosa, calling for a review of their status to equal that of Zulu King, Goodwill Zwelithini

More shocking is that six of the ten are from one province - the Eastern Cape. Two are from the Free State and Mpumalanga, respectively

Currently the annual budget for King Goodwill Zwelithini stands at R17 million

If they are elevated to the status of kings, the paramount chiefs would all be entitled to a proposed salary perk of R300 000 annually excluding other benefits such as the building and maintenance of a Royal Palace and schooling for their children

This means that taxpayers would be forced to pay out more than



APPROACHED... Minister Valli Moosa

■ Pic: ANDRIES MCINEKA

R170 million each year to maintain these kings based on the alleged current expenditure of King Goodwill Zwelithini

Like the Zulu King, taxpayers are likely to be asked to build the prospective kings' expensive palaces

Besides maintaining the kings, taxpayers would also be forced to pay R57,6 million to maintain about 800 chiefs in the country

These chiefs would be drawing a salary of R72 000 individually each year according to current proposals

If this accepted, there would not be any recognised king from the North West representing the Tswanas, the Pedi or the Venda in the Northern Province

The Griqua community in the Northern Cape, which was recently recognised as a tribal grouping in the country, would also be excluded

This could also be regarded as a snub to King Sekhukhune III who earlier this year asked president Nelson Mandela to elevate his status to equal that of Zwelithini

Zuma fends off warnings about cheap medicine lines

Nicola Jenvey

DURBAN — Health Minister Nkosazana Zuma fended off tense warnings yesterday with the private sector and KwaZulu-Natal premier Ben Ngubane, urging her against procuring cheap medicine lines that in the long term would cost SA "dearly".

At the opening of the Smith & Nephew R8m wound-care facility, Smith & Nephew medical director Kelvin Johnson requested the national administration "not to entertain deteriorating standards, to demand that procurement administrators adhere to minimum specifications on tenders, and to be constantly sensitive to the role local manufacturers played in supplying cost-effective treatment".

Johnson said the local market accounted for 80% of capacity and without the state as a major customer and the support from the private health-care sector, the employment provided by the company would be in jeopardy.

"Hopefully health-care leaders share the vision that in our industry there is no compromise on quality."

Ngubane echoed these sentiments, urging Zuma's ministry to acknowledge that without sufficient profits, health-care manufacturers would not continue in business. Production

BD 11/11/97
decisions were based on "realistic profit margins". He urged the state to favour those manufacturers that used labour-intensive production methods when awarding state tenders. This meant companies, including Smith & Nephew, would be rewarded with increased economies of scale for providing local employment.

Zuma said the responsibilities of the new government meant "nothing traps us in that (apartheid) past" and the new health policy had to include equity, accessibility and affordability.

"It is essential that all health-care role players play their (part) in assuring SA has affordable health care. The private sector has its role to play and so do individual companies, Smith & Nephew not excluded," she said.

While acknowledging the private industry had to be profitable to survive, Zuma found it unacceptable that SA was "burdened by a higher cost" for medicines and medical products than many countries around the world. She demanded the private industry provide competitive prices in a global marketplace for products that had reached world quality standards.

Zuma denied "taking on the giants", but rather demanded that those previously denied access to health care receive a value-for-money product.

Personnel eat up provincial budgets

Jacob Dlamini

CAPE TOWN — Eight of the provinces spend more than 50% of their budget allocations on personnel costs, figures released by Constitutional Affairs Minister Valli Moosa yesterday show.

The Northern Province, which was allocated R10,3bn for the current financial year and is regarded as being one of the two poorest provinces in the country, spends 59,97% of its budget on personnel. Next is Eastern Cape,

BD 11/11/97
which spends 55,11% of its R13,7bn budget on the same item.

Of R4,8bn given to Mpumalanga, 54% goes on personnel. In the Free State (R5,5bn) and KwaZulu-Natal, allocated the largest amount of R15,4bn, the figure is 53%. In North West and Western Cape it is 52%. Gauteng spends 50,67% of its R12,9bn budget on personnel. Northern Cape, the biggest province in terms of land but with the smallest population, spends 46,04% of its R1,9bn on personnel.

Local officials should seek cash-raising options

Ramos warns municipalities on borrowing

CT (PR) 12/11/97

(262)

LYNDA LOXTON

PARLIAMENTARY CORRESPONDENT

Cape Town — Maria Ramos, the finance director-general, yesterday warned local governments against indiscriminate borrowing and advised them to consider alternatives, including the selling of assets

Ramos told the parliamentary constitutional affairs committee and local government representatives that instead of borrowing, such plans as public-private partnerships and the selling of unproductive assets to finance infrastructural programmes should be discussed

She said she knew that some of these suggestions were contentious, "but that does not mean you should not consider them seriously"

Care would have to be taken in public-private partnerships not to "socialise the risk and privatise the profits", but both sides could benefit. The sale of some local government assets could get rid of unwanted baggage from the past, she said

She said borrowing was not something to be entered into lightly, and local governments should be wary of sophisticated "risk-free" packages offered by some investment bankers, which contained several pitfalls and could set municipalities off "on a hiding to nowhere"

Chippy Oliver, the constitutional affairs deputy director-general, had earlier told the committee it was estimated that 300 municipalities were facing financial difficulties because of lack of access to financial resources and poor financial management.

Ramos said that as part of the medium-term expenditure framework, a formula was being developed to provide a more equitable share of central government funds to local governments

She said this development had



ADVISING Maria Ramos, the finance director-general

to be accompanied by efforts by municipalities to reprioritise their spending and find new, more imaginative sources of funding for vital projects

Several delegates said local governments should be able to levy more taxes to boost their revenue, but Ramos said she would be cautious about such an approach. Not only would it add to the high tax to gross domestic product ratio, but there was the question of whether municipalities could collect such taxes and the fact that those with a wealthier tax base would benefit more than poorer ones

Some delegates at the committee were concerned that possible plans to introduce training levies could erode their tax base, especially for regional service council levies

Ramos said such levies were being discussed by the government, business and labour, but the intention was not to crowd out local government

It was generally agreed that more attention had to be paid to helping local authorities improve their financial management, and become creditworthy, while the development of a municipal debt market was encouraged

Ramos warns big-spending councils

ARG 12/11/97 (262)

CLIVE SAWYER
POLITICAL CORRESPONDENT

Director-general of Finance Maria Ramos has warned local authorities against reckless borrowing.

Part of the potential danger of local government getting into

unmanageable debt is that it would damage South Africa's national credit rating, she said.

Ms Ramos was giving evidence to Parliament's portfolio committee on constitutional affairs, which is holding hearings on the green paper on local government

She said local authorities

should not approach the issue of borrowing on the basis of trying to get what they wanted

"What we need is always more than what we can get"

Limits had been put on the borrowing powers of provinces, barring them from borrowing for consumption expenditure

Govt ponders the servicing of debt

sewetan 12/11/97
(262)

By Ido Lekota
Political Reporter

Local authorities lack proper financial management systems, claims Ramos

THE FUNDING and financial sustainability of local government authorities were some of the issues that members of the portfolio committee on constitutional affairs grappled with during a debate on local government finances in Cape Town yesterday.

Central to the debate was how much financial support the national government had to give to the largely cash-strapped local government authorities.

During her submission Department of Finance deputy director general Ms Maria Ramos said the national government could only give local government authorities financial support within the constraints of

the national budget.

"There is no unlimited resources. There is only so much that the Government can collect and redistribute," said Ramos.

She said one of the issues that need to be addressed was the lack of proper financial management systems in local government authorities. The fact that local government authorities were not credit worthy could not be divorced from the mess which their financial management systems were in, Ramos said, adding that borrowing money was not "the best option for addressing the services backlogs the local authorities were facing".

"If you borrow money you must service the account and at the moment the Government is faced with a huge deficit," she said.

Ramos was responding to a suggestion by Gauteng chief director for local government Mr Bamba Ndwandwe that the national government should make a "once-off commitment" and raise money to redress the backlog crisis faced by local authorities.

According to Ramos the Department of Finance was currently developing a system where local government would be run in terms of "rational private sector criteria".

Ramos urges rethink on transfers to provinces

Jacob Dlamini

CAPE TOWN — Finance director-general Maria Ramos yesterday called for a review of the principles used to decide intergovernmental transfers to provinces and municipalities, as the present system was too fragmented and unfair.

Ramos said the system was unsatisfactory because it worked on an ad hoc basis without a clear formula to determine the amount of money central government transferred to municipalities.

Speaking during a parliamentary hearing on the local government green paper, Ramos said most of the money transferred to municipalities was swallowed up by large bureaucracies.

Central government transfers about R7bn to municipalities annually in the form of operating subsidies and grants.

Ramos said there was a need to shift to a more formula-based system, which would take between five to seven years to implement.

The constitution said all three tiers of government were entitled to an equitable share of the revenue raised nationally, but this was not the same as an equal share, Ramos said.

Local government raised 95% of its revenue locally while provincial administrations were dependent on central government for 95% of their finances.

However, if municipalities

wanted an increase in their share of the national revenue they would have to be accommodated within the amount given to provincial governments.

Ramos said municipalities had the capacity to raise their own income, but she warned them to operate within the bounds of what they could afford to ensure their financial viability.

Ramos said a new formula for intergovernmental grants would have to be driven by developmental needs and take into consideration factors like population size.

Chippy Olyer, the constitutional affairs department's deputy local government director-general, told the hearing the green paper did not give details about a regulatory framework for municipal finances.

There was, Olyer said, a need for clearly defined sanctions to be used against municipalities which budgeted for deficits.

The sanctions could vary from withholding of funds to loss of executive authority. Olyer said there was a need for redistribution but that this could not be used as an excuse for municipalities not to balance their budgets.

The green paper was published last month and is intended to generate debate on the future shape of SA local government. The discussions are expected to lead to a white paper and comprehensive draft legislation will be published early next year.

9D 12/11/97 (262)



A part of the 7 000 Libanon Mining miners who yesterday entered the third day of an unprotected strike for the implementation of wage increases for this year agreed to by the Chamber of Mines.

Picture: TREVOR SAMSON

Free State requests more clarity on inquiry report

BLOEMFONTEIN — The Free State executive council has received the report of a commission of inquiry into the provincial agriculture department but has requested further clarification and exploration, premier Ivy Matsepe-Casaburri said in Bloemfontein yesterday.

The report was commissioned by the premier after the legislature requested that the affairs of three institutions associated

with the department be probed. They are Agri Eco, the Rural Strategic Unit and the Rural Foundation.

Matsepe-Casaburri indicated that a crucial factor in the issue, ignored by the commissioners, was the legality of the establishment of the institutions.

She said the executive council had noted recommendations that there were other issues that should be investigated.

9D 12/11/97

New bill

Kevin O'Grady
A LEGAL battle in the private annual wage avoided after a 1997 agreement, the Employers' Organisation was allowed to

the budget saw negotiations over the year 1997

Association backs zoning rights call

Lukanyo Mnyanda

THE SA Property Owners' Association (Sapoa) has joined the call for development rights to be taken away from metropolitan substructures, saying local governments' tendency to grant zoning rights liberally was putting a strain on infrastructure.

CEO Brian Kirchmann said this was especially true for Johannesburg's popular northern suburbs, where development and zoning rights were granted with little regard to the area's infrastructural needs.

"We are concerned about the infrastructure in the northern suburbs as we do not believe it can support the

increasing traffic levels resulting from new developments," he said.

Competition between different metropolitan substructures meant they were always tempted to grant zoning rights easily, so as not to miss out on development projects and subsequent rates income.

The association, which represents most of SA's commercial and industrial property owners, believed that zoning rights should be placed in the hands of an independent body led by the provincial government and consisting of various interest groups.

Sanlam Properties has made similar calls, saying the granting of zoning rights in decentralised nodes had an

impact on SA's central business districts which were suffering from a business flight into decentralised nodes.

Kirchmann said the association was concerned at the increasing number of residential houses being converted into offices, sometimes without seeking the consent of local authorities involved.

Local government should not give in to the temptation of easily rezoning residential homes into offices in the search for higher rates, while seeming to ignore the pressure on the area's existing infrastructure.

Kirchmann said the association believed that SA's central business districts could still be saved through a partnership between government and

the financial institutions which had investments in the area.

He said up to 20% of buildings in the Johannesburg central business district could be demolished to make space, while government should investigate ways to introduce "green areas" and a residential component — which would provide support for the vibrant retail sector. Kirchmann said that the industry market had been "fairly tight" in the past year, but that it should receive a boost if more interest rates were forthcoming next year.

He said that marketing itself effectively to foreign investors would be one of the main challenges facing the industry next year.

BD 12/11/99

(262)

Local authorities' borrowing soars

BD 13/11/97

(262)

Greta Steyn

LOCAL authorities' debt to banks stood at almost R3,6bn in September, 193% higher than the same month last year, Reserve Bank figures show.

The banks' DI900 returns to the central bank showed that credit to local authorities soared this year after moving sharply higher last year. There was a huge increase in credit demand from local authorities in June, when their bank credit hit a peak of R4bn.

The ballooning overdrafts at banks provide further evidence that local authorities are battling to stay within budgets. The most visible proof of their dire straits has been the Johannesburg metropolitan council's recourse to a loan from the Development Bank of Southern Africa to balance its books.

Local authorities' demand for credit has been one of the reasons bank credit growth has remained high this year, despite evidence that the economy is slowing down. The central bank includes bank loans to local authorities under credit extended to the private sector, one of the key indicators for monetary policy.

It is only a small slice of the total private sector credit figure of more than R406bn, but because of the runaway growth in this category, it has made a difference to the overall private sector credit statistics. If local authorities are removed, private sector credit growth in the year to September would be 13,6%, rather than 14,25%.

Barnard Jacobs Mellet economist Chantal Friedman said the size of the difference was not enough to affect monetary policy. However, credit to local authorities should not be allowed to continue rising at such high rates.

Other economists noted that there had been suggestions that the Reserve Bank should redefine private sector credit, taking out local authorities and adding in foreign finance onlent to clients and repurchase agreements.

The Bank's special adviser, Ernie van der Merwe, said it was looking at redefining private sector credit as part of a process of bringing statistics in line with international practice. He believed however the overall credit figures, which included all tiers of government, were of the utmost importance as a monetary policy indicator.

Nelspruit council's water plan on 'temporary' hold

Deborah Fine **BD 12/11/97**

THE proposed 30-year water and sanitation partnership between Nelspruit's council, private SA consortium Metsi-a-Sechaba and UK firm Biwater has been temporarily placed on hold to allow further consultation with trade unions and other stakeholders, Nelspruit town clerk Roelf Kotzee said yesterday.

The African National Congress-dominated council — which has hailed the partnership as the only way of extending affordable water and sanitation services to all residents in the greater Nelspruit area within a reasonable time — has been accused by the SA Municipal Workers' Union, the Congress of SA Trade Unions and the SA Communist Party of unilaterally deciding to privatise service delivery without sufficiently consulting other interested parties. An ANC alliance-partners summit would be held in Nelspruit within two to three weeks to allow all stakeholders to debate the matter further.

ANC's Turok criticises green paper

Jacob Dlamini

CAPE TOWN — Plans to draw up local government legislation could suffer from the same problems as the reconstruction and development programme unless adequate emphasis was placed on community involvement, African National Congress MP Ben Turok warned yesterday.

Addressing Parliament's constitutional affairs committee hearings on the local government green paper, Turok said the document did not go far enough in recognising the role of municipalities in economic development.

He said the paper failed to strike the right balance between what government could deliver and what community participation could achieve, and unless this was redressed municipalities would suffer.

Turok, who sat on the team which drafted the RDP, said the idea of local develop-

Jailbreakers to serve 80% of sentence before parole

Business Day Reporter **BD 13/11/97**

PRISONERS who escaped from jail and were recaptured would have to serve at least 80% of their total effective sentences before they would be considered for parole, the department of correctional services said yesterday.

The move forms part of the department's tough new measures to clamp down on increasing incidents of jailbreaking, and will apply to awaiting trial prisoners, any person found guilty of attempting to escape from custody, and persons aiding or attempting to aid such escapes.

Any prisoner or awaiting-trial prisoner who escapes more than once will not be considered for parole and will have to complete the full term of effective sentence. The new measures exclude convicts sentenced to life imprisonment.

Moosa makes council heads liable for their finances

Star 14/11/97 (262)

In a new measure which takes effect today, chief executives of councils countrywide have been ordered to keep their councillors up to date on the state of municipal finances.

For the first time the salary packages of chief executives and other top municipal officials will be a matter of public

record, said Provincial Affairs and Constitutional Development Minister Valli Moosa, who promulgated the new regulations today.

Chief executives will have to report on debts for rates, water, electricity, refuse, gas and sewerage services, including the number and age of the debts.

The turnover rate of all outstanding monthly recurring rates and service charges, the number of ratepayers and others liable for payments who did not get accounts, and details of disconnections, legal action and cash flow for the next six months would all be their responsibility

- Political Correspondent

WORLD STONES

BIRTHDAYS

1533 Spanish conquistadors take the city of Cuzco, the capital of the Inca empire in today Peru

1970 Cyclone and giant waves devastate southern coast of east Pakistan and islands in Bay of Bengal with death toll estimated

Urban framework to promote vision of sustainable cities

Robyn Chalmers

(262)
BD 14/11/97

THE housing department had completed an urban development framework which provided a vision for the future development of SA's cities and towns, Housing Minister Sankie Mthembu-Mahanyele said at a seminar yesterday

Mthembu-Mahanyele said one of the key tenets of the framework was the creation of spatially, socially and economically integrated urban areas

Centres with economic and social opportunities should be created along with centres of vibrant urban governance, managed by democratic, efficient

and accountable metropolitan and local governments

"Over and above our own development imperatives, (the framework) is informed by the international agenda for the development of sustainable cities as well as this country's need for reconstruction and development," she said.

Mthembu-Mahanyele said housing had a critical role to play in achieving an urban vision for sustainable cities

The living areas of the poor, mostly black, people in SA were still characterised by drab, low-density, single land use, small housing units and a lack of public facilities, she said

Councils get cash watchdog

Bid to control debt

ARG 14/11/97

(262)

CLIVE SAWYER
POLITICAL COMMENT

In a new measure which takes effect today, chief executives of municipalities countrywide have been ordered to keep their councillors up to date on the state of council finances.

Also, for the first time, the salary packages of chief executives and other top municipal officials will be a matter of public record

"This is quite a major step in making local government finances transparent," said Provincial Affairs and Constitutional Development Minister Valli Moosa, who promulgated the new regulations today

The measure requiring chief executives to report to councillors on various financial indicators is meant in part to help keep them from allowing municipal debt to get out of hand

Chief executives will have to report on, among other things

■ A comprehensive analysis of

debts with regard to rates, water, electricity, refuse, gas and sewerage services, including the number of debts and the age of the debts

■ The turnover rate of all outstanding monthly recurring rates and service charges

■ The number of ratepayers and others liable for payments who did not get accounts

■ Details of disconnections, legal action, and cash flow for the next six months

Chief executives will also have to produce "viability reports" to the minister, provincial minister of local government and the council, on whether the municipality is heading for financial trouble. Also to be reported on will be public-private partnerships

Mr Moosa said that the information gathered as a result of the new regulations would assist in the Government's Project Viability exercise aimed at keeping municipalities on their feet financially

Rule forces municipalities to disclose finances regularly

Jacob Diamm

CAPE TOWN — Government will introduce regulations today to force municipalities to submit regular reports to councillors on the state of council finances.

The reports will be expected to contain financial indicators such as the council's debt, cashflow, payment levels and the number of people subject to strict credit control measures because of nonpayment.

In terms of the regulations — which are to be gazetted today — CEOs will be required to provide councillors with a

comprehensive analysis of rates debts and figures reflecting the number of defaulters on water, electricity, refuse and sewerage service charges.

The report will also be expected to provide the number of ratepayers and consumers liable for service charges every month and the number of households that haven't been billed during that period.

The report will contain information on the number of electricity disconnections and reconnections in a municipality, and will offer details of legal suits against defaulters, including the number of

summons issued.

CEOs will also be compelled to reconcile municipalities' cashbooks with bank statements and explain the reconciling of all items found to be outstanding for more than three months.

The regulations require CEOs to report every three months on their councils' investment portfolios, interest rates, the period of investments and the potential risks involved in the investments.

More importantly, CEOs will be required to report to councillors on the expected cash flow for six months and plans on

how to finance any shortfall.

Constitutional Affairs Minister Vally Moosa said the regulations would make it possible for councillors to take informed decisions on how to spend council finances.

Moosa said municipalities had not always responded timeously to government requests for information on the state of their finances. Only 50% of councillors had responded on time to questionnaires sent as part of Project Viability, a government programme designed to monitor the financial health of municipalities.

Failure by councils to provide informa-

tion had made it impossible for government to plan properly.

Moosa said the new regulations would make it possible for provincial and national governments to intervene in cases where municipalities appeared to be headed for a financial crisis.

Government intervention would vary from instructing councils to reorganise the manner in which they functioned, to ordering them to restructure their functions. However, there would be no financial bail-outs for municipalities in trouble.

Failure to comply with the regulations

would be a breach of the law and would leave CEOs exposed to possible court and disciplinary action by their councillors.

In addition, CEOs would be required to furnish councillors with details of every private-public sector partnership entered into by municipalities.

They would also have to publish information on the salaries and benefits of senior members of council administrations. CEOs could apply to be exempted from the regulations but they would have to do so in writing to their provincial MECs, giving reasons for their applications, Moosa said.

(2b2) ED 14/11/97

Cape auditor reports fraud cases totalling R800 000

Linda Ensor

~~(212)~~ (262)
BD 17/11/97

CAPE TOWN — Fourteen new cases of alleged fraud in the Western Cape provincial administration totalling R841 990 were reported during the 1995/96 fiscal year, provincial auditor Willie Brits said in his qualified audit report released at the weekend.

In most of the cases, which involved theft of stock, misappropriation of receipts and the irregular issue of cheques, the frauds could be attributed to "serious shortcomings in internal checking and control measures", Brits said. One example was the R372 258 allegedly misappropriated by officials and accomplices at the Cape Town Medical Depot by means of the theft of pharmaceutical stock.

Brits had to qualify his audit report because of the "unsatisfactory functioning of the internal checking and control measures" and he called for "decisive corrective steps" to address the deficiencies. These included a lack of control over the purchase and use of computer equipment in a number of departments, poor record keeping and a lack of control over pharmaceutical and linen stock at provincial hospitals.

Brits said that while the shortcomings identified in the report indicated that overall financial management measures could be improved, corrective steps had been taken in some cases.

Cape auditor reports fraud cases totalling R800 000

Linda Ensor

(262)

BD 17/11/97

CAPE TOWN — Fourteen new cases of alleged fraud in the Western Cape provincial administration totalling R841 990 were reported during the 1995/96 fiscal year, provincial auditor Wilhe Brits said in his qualified audit report released at the weekend.

In most of the cases, which involved theft of stock, misappropriation of receipts and the irregular issue of cheques, the frauds could be attributed to "serious shortcomings in internal checking and control measures", Brits said. One example was the R372 258 allegedly misappropriated by officials and accomplices at the Cape Town Medical Depot by means of the theft of pharmaceutical stock.

Brits had to qualify his audit report because of the "unsatisfactory functioning of the internal checking and control measures" and he called for "decisive corrective steps" to address the deficiencies. These included a lack of control over the purchase and use of computer equipment in a number of departments, poor record keeping and a lack of control over pharmaceutical and linen stock at provincial hospitals.

Brits said that while the shortcomings identified in the report indicated that overall financial management measures could be improved, corrective steps had been taken in some cases.

'Conditional grants' planned for provinces

Bold step in three-year budgeting

CLIVE SAWYER
POLITICAL CORRESPONDENT

The Government is poised to make "conditional grants" in next year's Budget to provinces for items like teaching hospitals.

In terms of the new constitution, revenue must be shared among the three levels of government - national, provincial and local - on an equitable basis. Provinces receive money for their budgets according to a pre-set formula and have discretion over how they allocate money.

In an exclusive briefing to the Independent Newspapers Parliamentary Bureau, Finance Minister

Trevor Manuel and Director-General Maria Ramos outlined how the new medium-term expenditure framework, a bold step in three-year budgeting, would work.

The medium-term expenditure framework is scheduled to be put to the Cabinet for approval later this month. Its benefits include predictability of expenditure intentions.

Current revenue-sharing proposals include conditional grants for expenditure on health items, the Reconstruction and Development Programme, local government and improvement in service conditions.

A benefit of conditional grants for health is that it will enable stabilisa-

tion of funding of academic hospitals. At present, provinces with academic hospitals that benefit other provinces invoice user-provinces, a system which is cumbersome. Conditional grants for items like this would be a significant change in the system.

Funds for improvements in conditions of service - salary increases for public servants - could also be channeled through conditional grants instead of through the national public service and administration budget, which involves delays.

Legislation for a formal statutory structure for discussions on fiscal relations among levels of government is expected to be approved this week.

ARG 19/11/97 (262)

370 262

Training 'the key to effective local govt'

Deborah Fine

THE key to building effective local authorities which could address poverty by providing equitable municipal services, was human resource development and training, Botswana's Local Government Assistant Minister Joy Phumaphi said yesterday.

Phumaphi visited SA for three days this week at the invitation of Gauteng local government MEC Sicelo Shiceka, to promote bilateral co-operation between the province and Botswana. The areas where co-operation could be encouraged include service delivery, planning, community empowerment and local economic development leading to job creation.

Calling Gauteng the financial, commercial and industrial centre of southern Africa, she said local authorities in her country and SA could address common problems by sharing experiences and best practises, information, technology and training.

SA, and a number of other countries, were faced with the challenge of newly democratically-elected local authorities having to find ways to provide equitable services to vast numbers of previously disadvantaged citizens.

Her advice to these countries

was "a lot of heavy investment in human resources development and training, particularly in technology and information, because we have to deal with an increasingly technological world". She introduced intensive technology training programmes at local level to meet this need.

Commenting on similarities between local authorities in Botswana and SA, she said that although municipalities in both countries had been established as independent and autonomous bodies, many were still heavily reliant on central government for funding and administrative assistance, especially in rural areas.

Local authorities in both countries were having to grapple with capacity-building for councils and councillors, the creation of reliable municipal revenue streams, particularly in rural districts, and the problem of the indigent who were unable to pay for the services to which they were entitled.

She said, however, that Botswana had succeeded in making primary health care and primary school education accessible to most of the country. The provision of roads, water, electricity, and telecommunications was "quite established", she said.

ED 20/11/99

Plea to cabinet on R458-m education debt

SABATA NGCAL
EDUCATION REPORTER

The Western Cape Education Department is expected to meet the provincial cabinet today to ask to pay off its R458-million budget deficit over three years, teacher unions say.

The proposal emerged from the provincial bargaining-chamber meeting of the Education Labour Relations Council in Cape Town yesterday. The department confirmed there was a cabinet meeting today, but declined to confirm or deny that the budget deficit would be discussed.

Yesterday's meeting was attended by the department and provincial teacher unions, including the South African Democratic Teachers Union and the Cape Teachers Professional Association. The department could not table proposals on how to cut its escalating costs until a final decision was taken on the deficit.

Sink or swim, provinces told Manuel vows no bail-outs for overspenders

CLIVE SAWYER
POLITICAL CORRESPONDENT

Don't expect more than your fair share of taxpayers' money and don't overspend, because I'm not going to bail you out

This is the message Finance Minister Trevor Manuel has been at pains to send to provinces, some of which are claiming they are heading towards overspending their budgets towards overspending their budgets

Mr Manuel this week
Told the National Council of Provinces that there were no reliable figures indicating whether or not provinces would overspend their budgets, and accused provincial departments of exaggerating their spending projections

Told a special briefing of Independent Newspapers parliamentary correspondents there was a strong requirement for provinces to live within their budgets

Warned, in a speech in Parliament, that it was against the law for provinces to overspend, saying, "this law cannot be violated by politicians and officials at will!"

Introducing the Intergovernmental Fiscal Relations Bill, which was approved by the NCOP yesterday, Mr Manuel reiterated an earlier warning that overspending in a province always led to less money being available to the rest.

He also pointed out that provinces were getting more than 60% of national revenue, more than their equitable share

Mr Manuel told the NCOP that provinces had been advised on November 5 what projections were of their equitable share of revenue for next year

The constitution requires each sphere of government to get an equitable share of revenue
But there has been considerable

tension this year because of claims that some provinces are heading for overspending

There have been claims by some provinces, notably the Western Cape, that they get too little money, if provincial census figures are used in calculating their share according to the Finance and Fiscal Commission's formula

In a speech in the NCOP earlier this week, Western Cape Premier Hennis Kriel claimed that before the end of the year provinces would not be able to pay their public servants

"We are heading for a situation in which, where we can still pay people, they will not have a cent to deliver to the people who elected us"

Mr Manuel said the Intergovernmental Fiscal Relations Bill would provide the mechanisms and structures for co-operative governance on financial relations between the three spheres of government

The bill turns the Budget Council, composed of the national and all provincial finance ministers, into a statutory body which will examine Finance and Fiscal Commission recommendations on sharing out of the revenue

In the council, the national finance minister will consult provincial governments on their equitable shares and budgets.

"It takes account of the provinces' interests, national interests, and establishes the vertical division which determines how much of revenue should go to national and how much to provinces"

Mr Manuel said that once block grants had been allocated to provinces, it was up to those provinces to decide how to divide up the money

"The province must budget for its own needs and live within its means," he said

Manuel's men put squeeze on provinces

Premiers are feeling the heat as the government moves to achieve its budgetary targets, writes CRAIG DOONAN
ST 23/11/97 (262)

FINANCE Minister Trevor Manuel's task teams started moving into the provinces this week in an urgent attempt to prioritise spending, stem massive provincial overspending and ensure that the government meets its budgetary targets.

But despite recent signs that the provinces could exceed their budgets by as much as R8-billion at the end of the fiscal year, the finance ministry remains confident that it will reach its Budget target of four percent of gross domestic product.

In a bid to ensure tighter budgetary control in the last few weeks of the fiscal year, Manuel led members of the National Council of Provinces this week to provincial executives to undertake constant quality checks to ensure they served the national government's lead by operating within budgets. "We have to ensure provinces are establishing the capacity to live within their budgets," he said.

He said signs that provinces in Kwazulu Natal and the Western Cape were on track for savings of about R2-billion. The ministry dispatched task teams there in further attempts to cut overspending. The teams comprise officials from the departments of finance

and state expenditure, who spent two days in both provinces this week, scrutinising their finances and trying to reprioritise funds. During a visit to Kwazulu Natal on Friday, Manuel himself dropped in on Premier Ben Ngubane, who is also the provincial finance minister, to round off the task team's work.

A team is due next week in the Western Cape, which — together with Mpumalanga — is regarded as the next biggest potential overspender.

Ngubane said while the teams' work was helping to contain expenditure, it was "a massive and complex task".

"We have huge departments of health and education. There are costs that are not easy to capture. For example, it's impossible to estimate how many teachers will go on maternity leave. "Then we have new schools being built through assistance from civil society. They have to be opened. There are many social dynamics involved."

Provinces had to work more closely with the government in streamlining, but "obviously there will have to be a rethink in terms of the total slice Kwazulu Natal gets in future", he said. "Next year's budgets need to be based on realistic estimates."

Economists point out that



MONEY'S TOO TIGHT: Trevor Manuel, who says his department will reach its deficit target

Picture: TERRY SHEAN

provinces know that next year's budgets are under negotiation, and that the recent publicity about their financial woes may help their quest for a bigger slice of the cake. "It happens every year," said one finance department official. "Around this time, even national departments begin lobbying for bigger budgets."

Provincial education and health departments face the biggest budgetary crises as both grapple with massive bureaucratic, restructuring, development and salary costs.

Thami Mseleku, special adviser to Education Minister Sibusiso Bengu, said a joint finance and education task team had visited some of the provinces this week to try to prevent mass overspending and to "find a mechanism to stay within budgets".

"They're looking at a number of matters, ranging from whether there are 'ghost' payments, the question of right-sizing personnel in certain provinces, and rationalising certain services. But until we have a complete pic-

ture of what each province is trying to do, it's difficult to know."

Mseleku said he did not foresee anything as drastic as the closure of schools to cut costs, but he would await the outcome of the task teams' deliberations.

While Manuel's department is confident of reaching its deficit target, economists are, predictably, more cautious, particularly about Deputy Finance Minister Gill Marcus's statement this week that the deficit target might be exceeded by a small margin.

Said Ryk de Klerk, senior portfolio manager at PSG Asset Management Group. "Exchequer figures show spending for the first six months of the fiscal year was up 11,5 percent on the same period last year. This compares with a budgeted rise of 6,1 percent for the fiscal year."

"Government fixed expenditure could suffer as consumption expenditure grows unabated. For the first half of the fiscal year, revenue was up 10,6 percent on the previous year, against a budgeted rise of 11,1 percent."

He noted the Budget deficit for the first six months was R20,5-billion, compared with a budgeted R24,8-billion for the full year.

"Unless there is a significant slowdown in the second half, a deficit of 4 to 4,5 percent of GDP is unlikely. One has to be careful because one of the imbalances that led to the recent crisis in some southeast Asian countries was the budget deficit that had to be financed through a lower savings rate by the private sector."

But Rudolf Gouws, economist at Rand Merchant Bank, said he believed there would be a marked slowdown in figures in the next few months.

"It might not be sufficient to bring them into the four-percent GDP target, but it won't be as far out as it looks at the moment."

"We're moving in the right direction, and we're far better served now than we were before. As far as the broad fiscus is concerned, we're broadly on track. There will be some overshoot on expenditure, and the economy will grow a little slower. Inflation

will be lower than what was estimated, so the nominal GDP figure and the deficit will be smaller, and the ratio of the deficit to GDP will consequently be higher. But over the long term, we're on the right track."

Econometrix economist Tony Twine said the deficit could slide to 4,5 percent.

"It's an encouraging improvement, even though it doesn't hit the target smack on the head. I think it will still probably make them aim for three percent in the 1998/99 fiscal year."

"The problem lies in the provinces. The provincial control systems need an upgrade — not just financial controls, but controls against blatant theft."

"There are also unbelievable levels of duplication of manpower in the provinces because of the agreement that civil servants will retain their jobs."

"The burning question is how the minister will stop provincial overspending now and in the future. The only way to stop the haemorrhage is to cut heads."

Lack of skills 'hurts local govt budgets'

Deborah Fine

THERE was still a "serious lack" of financial management skills among local government councillors which impeded their ability to properly evaluate and monitor council budgets on behalf of their constituencies, National Business Initiative director Andre Fourie said yesterday.

Fourie, who heads the initiative's local government unit, said there was a critical lack of clarity on the different roles played by councillors and finance officials in devising budgets and financial policy, which often led to unnecessary tension between the two groups and accusations of "interference" from both sides.

The initiative is a private business-based, public interest organisation and aims to enhance the business sectors' contribution to social and economic development in SA.

To address the financial management skills gap among councillors, the initiative, in conjunction with accounting firm Deloitte & Touche, Absa Bank and US nongovernmental organisation the International Re-

publican Institute, have launched a guide and a series of workshops to assist councillors to participate in the budgetary process.

Fourie said that as a result of a lack of knowledge on budgetary issues, which was exacerbated by the complicated format of most budgets, many councillors "nit-picked" minor items without "getting to grips with the fundamentals", or "rubber-stamped" budgets through council without fully understanding the implications.

Many councillors were also unable to monitor budgets regularly and evaluate their council's performance to ensure that spending, both capital and operational, and revenue collection was going according to the approved plan.

This affected their ability to report back to their constituencies, or take necessary action should their councils deviate from the budgets.

Fourie said, however, that his organisation had noticed a "definite improvement" in the technical accounting systems of councils in the form of "more administrative coherence and consolidation".

BD 26/11/97 (262)

Councillors and officials to receive training

Deborah Fine

(262)

(179)

THE Rand Water Board, Standard Corporate Merchant Bank and the National Business Initiative have set aside R2m to fund training courses for local authorities to provide them with the skills needed to set up successful public and private sector partnerships

Rand Water legal manager and member of the board's special community-based projects division Mike Pienaar said yesterday that municipalities countrywide were under "enor-

mous pressure" to deliver services and infrastructure to increasing numbers of people, especially in underdeveloped areas

Private and public sector partnerships were one way of speeding up the delivery process and maximising efficiency

Many local authorities, however, needed assistance in assessing the various options open to them to fast-track delivery, and advice on delivery partnerships

In conjunction with Wits University and Technikon SA,

Rand Water and the business organisations had developed a four-week certificate course offered at university level, as well as a one-week certificate course, to provide local government councillors and officials with vital information about the structuring, financing and legal aspects of such partnerships.

Pienaar said 50 councillors and senior officials had completed the four-week course in Johannesburg last week, while about 130 had completed the one-week programme in Gauteng and the Eastern Cape.

BD 26/11/97



Double act Toronto (left) and Johannesburg skylines trouble on the horizon

THE MEGACITY DEBATE

A tale of two cities

FMM 28/11/97 (262)

Toronto was a model of metropolitan government for SA. Now Canada's largest city has ditched its model in a political storm

While Johannesburg debates scrapping its two-tier metropolitan system and forming a single megacity government, northward across the Atlantic, Canada's largest city stands poised in a froth of controversy to take the megacity plunge.

Toronto — probably the single most influential model for SA's metropolitan cities — has had its six constituent city councils dissolved by the provincial government, and this month elected a mayor and 56 councillors to take charge of the entire 2.3m-person city from January 1 next year.

The city on Lake Ontario has been divided into 28 wards, with two councillors each, and has started setting up "community councils" with advisory and other powers to be delegated by the metro council for local area interests. The structure is similar to that proposed for Johannesburg by Gauteng premier-to-be Mathole Motshekga (*Current Affairs* September 12).

Proponents of megacity metros in SA see political capital in Toronto's move, as if it proved the single-tier metro system's superiority over the two-tier structure. After all, why would Toronto — a two-tier city since 1953, which has spurned major restructuring for 30 years — suddenly ditch that system for a single-tier of government if it wasn't advantageous to do so?

But the reasons may have more to do with Canadian politics than the craft of

municipal governance.

"The motivation for amalgamation of Toronto is a little obscure, but it seems to lie in the hearts and minds of the provincial government," says Toronto-based urban issues consultant Richard Gilbert.

Toronto is located in Ontario which, like all Canadian provinces, has far greater powers than any SA province. It can levy taxes and command the form of municipal government — as it did by statute with Toronto this year. Ontario has been able to press ahead with amalgamation against strident opposition from city residents: a non-binding referendum in March run by Toronto's constituent metro councils brought a 76% vote against amalgamation.

Gauteng provincial legislator and Democratic Party spokesman on local government Ian Davidson has twice visited Toronto in multiparty delegations to study municipal systems, and says he is dismayed by the structural shift. If it can teach SA cities anything, says Davidson, it is that "powers and functions of the tiers of metropolitan government must be clearly defined and distinguished." The failure to do so is a major reason for the metro system's failure in Johannesburg — and probably in Toronto, he adds.

Gilbert, a former Toronto city councillor, favours single-tier municipal government in principle, because he says it has greater coherence. But he disapproves of the mo-

tivation, haste and manner in which Ontario's Conservative government is pushing through Toronto's amalgamation.

Anti-megacity campaigner John Sewell, a former Toronto mayor, says the megacity move is part of a sweeping austerity programme unleashed by the Conservatives, with cutbacks in health, education, transport and other social services. "It's like being hit by a tornado, only the buildings are still standing," he says. "The social problems are going to be staggering."

Megacity proponents say the system is more efficient. Accounting firm KPMG last year predicted gross savings for a megacity Toronto of up to C\$865m over the first three years and \$300m annually thereafter. But the findings have become clouded in dispute. Anti-amalgamation groups have unearthed evidence that large city conglomerates are more expensive to govern.

Gilbert and other independent observers see two crass motives behind the Toronto amalgamation: political revenge and a desire by provincial government to turn the city into a globally competitive monolith.

Author John Ibbitson, who has written a book about the rise of the Conservative government in Ontario, maintains that provincial premier Mike Harris, who had never travelled before taking office in mid-1995, had his eyes opened by visits with trade missions to other countries. Ibbitson quotes Harris's former principal secretary David Lindsay as saying that "for Toronto to compete on the world stage maybe what we needed was to make it bigger, stronger and bolder."

There was also, says Ibbitson, a clear drive by the Conservatives to squash the Liberal Party opposition which was running Toronto's upmarket inner-city council. Harris had never forgiven City of Toronto mayor Barbara Hall for backing a political protest against him last year. This month Harris got his revenge when Hall was defeated by a Conservative candidate in the megacity mayoral election.

Peter Honey

Manuel rejects proposal to loan provinces R5,5bn

Linda Ensor

(262)
BD 4/12/97

CAPE TOWN — A proposal for central government to loan provinces the amount of their overexpenditures — estimated at R5,5bn — for the next three fiscal years to allow them time to wipe out their budget deficits was made this week at the budget council.

However, Finance Minister Trevor Manuel said the proposal had come from the Western Cape, and not from central government, and that it was merely a suggestion which could not be adopted if the budget deficit target of 4% was not to be exceeded.

He said he intended to apply the squeeze on provinces in the remaining four months of the fiscal year and was in "no mood" to see the budget deficit rise 1%, which would be the case if R5,5bn was loaned to the provinces.

"The constitution requires that central government transfer an equitable share of revenue to the provinces. Provinces budget for their own needs and have to live within those budgets."

Western Cape finance MEC Kobus Meiring said the option of "rolling under" provincial deficits into the next fiscal year was discussed at Tuesday's budget council meeting. The "roll-unders" would last for the duration of the three-year expenditure framework outlined by Manuel this week.

Meiring said these loans would not be bail-outs by central government as provinces would still have a responsibility to repay them.

He said Manuel had undertaken to put the proposal to the cabinet yesterday, but Manuel denied this. If adopted, the proposal would "certainly help with cash flow and would ensure that staff would be paid", Meiring said.

Health MEC and African National Congress (ANC) leader in the provincial legislature, Ebrahim Rasool, said the national finance department had agreed to spread the "repayment load" for the departmental deficit of R392m over the next three fiscal years, but

Continued on Page 2

Manuel (262)

BD 4/12/97
Continued from Page 1

had insisted that there would be no bail-outs for deficit funding. Draw-downs could be made on next year's budget allocation.

Rasool said at a news conference that the provincial treasury had increased next year's health budget from an indicative amount of R2,083bn — which would have involved a 25% cut in health services — to R2,686bn. "This has pulled us from the abyss." It averted the need to cut staff by 6 000, close

down 2 500 hospital beds, and the decimation of primary and secondary health care capacity. However, the budgeted amount fell short of this year's projected expenditure of R2,9bn.

The provincial cabinet provisionally approved the 1998/99 budget, and the closure of 905 chronic hospital beds (including 800 psychiatric beds) and 531 acute beds over the next three years should the health department not receive an additional R264m from national government for the three academic hospitals. In addition, up to six of the 44 provincial hospitals would have to close and personnel numbers would have to be cut by about 2 500

Municipalities face banking nightmare

WILLEM STEENKAMP

(262)

ARG 6/12/97

Municipalities defaulting on debts amounting to billions of rand may soon find themselves blacklisted by all of South Africa's major financial institutions, leading to the widespread collapse of local government.

Municipal authorities face a nightmare financial future with the formation of a powerful forum by major lending institutions

This forum has been given the task of developing a database of defaulting municipalities so that a local authority which defaults at one bank will not be able to access loans from any other.

This will effectively cut off access to finances needed to supply services and pay municipal officials and may bring many of the struggling municipalities to their knees

This step follows hard on the heels of recent announcement by the ministries of finance and constitutional development that provinces and municipalities in dire financial straits will not be bailed out by Government.

Local authorities' debt to banks soared by 193% from September last year to more than R3,6-billion in September this year

This forced the Council of SA Banks to assess the implications of the growing debt. The Government also recently announced a policy of not financially assisting ailing local authorities.

Nico van Loggerenberg, a general manager at the Council of SA Banks confirmed the new hardline approach

"A high-powered forum which represents all the major money lending institutions has been formed and we are now investigating the compilation of a database where defaulting municipalities will be listed.

"As financiers we are looking at sound financial management.

"Local authorities need to conform to these principals to ensure they have access to finances from lending institutions in the future"

Mr Van Loggerenberg said financial institutions were well aware of the difficult financial situation in which many local authorities found themselves. Under the new dispensation local authorities have to supply and meet the demand for services from disadvantaged communities.

In many instances the income base for local authorities has remained the same due to the culture of non-payment. However, even though people are not paying for services, they insist on improved standards of service in their areas

The Johannesburg municipality recently found itself in dire straits when financial institutions refused to lend the authority money to buy urgently-needed cleansing material for the city. The nine provincial governments have a total shortfall of R6-billion after Minister of Finance Trevor Manuel severely cut back the budget for provinces.

WILLEM STEENKAMP

WITH the publication of its Green Paper on Local Government on October 16, the national government has opened a new round of broad public debate on how local government should be organised in South Africa's metropolitan areas.

As a knowledgeable analyst of metropolitan government in the United States, I regard South Africa's progress with awe and admiration. In grappling with the problems of governing complex urban areas, South Africa's approach already far exceeds the US "system". There are, of course, great differences in scale and relative wealth between our two countries, but there is one unifying similarity — race — that has had a major impact in shaping both nations' urban

communities. With 260 million residents, however, the US has almost seven times South Africa's population. South Africa's 850 local governments, it is argued, are too many for the country to support in a much wealthier US. We have 39 000 local governments — 40 times as many — a situation that, quite frankly, concerns few citizens or political leaders.

Local governments' rights and responsibilities are imbedded in South Africa's new Constitution. America's 221-year-old constitution is totally silent on the issue. How local governments are organised and what they are empowered to do are determined by the very different laws of our 50 states.

South Africa recognises six metropolitan regions — Greater Cape Town, Greater Durban, and the four great urban centres in Gauteng (Johannesburg, Pretoria, Midrand, and Vaal). Each is governed by a "first-tier" metropolitan council and several "second-tier" sub-councils. One of the green paper's goals is how to improve upon the existing system of metropolitan governance.

Of the US's 320 metropolitan areas, only Anchorage has a true metropolitan government. Almost all others have voluntary councils of government that function as forums for local elected officials to meet and exchange ideas. With few substantive powers, such voluntary councils lack both the legal capacity and political will to tackle tough problems. Having weak, first-tier metropolitan governments is a model that the South African government has wisely rejected.

Despite the absence of genuine metropolitan government in the US, about half our metropolitan areas do have quasi-metropolitan governments in the form of "elastic" central cities that regularly stretch their boundaries to annex new growth cities as Albuquerque (450km²), Charlotte (675km²), Indianapolis (975km²), Houston (1 800km²) and Jacksonville (2 500km²) dominate their metropolitan areas.

Such "big box" city governments are internal revenue sharing mechanisms, taxing wealthier neighbourhoods to maintain good quality services in poorer neighbourhoods. Embracing so much of their region's economic bases, "big box" city governments have strong credit ratings and can borrow money at low interest rates. Within such "big boxes", city neighbourhoods and local schools are less racially segregated (especially those with unified, regional school districts). By political necessity, "big box" governments usually follow more racially inclusive policies.



WINDOW OF OPPORTUNITY: The future of SA's metropolitan areas depend on enlightened governance. Picture: JON HRUSA

Laying foundations for the future of our cities

(2b2)

South Africa is streets ahead of the US in grappling with the problems of governing urban areas, writes DAVID RUSK

Such "big box" city governments are internal revenue sharing mechanisms, taxing wealthier neighbourhoods to maintain good quality services in poorer neighbourhoods. Embracing so much of their region's economic bases, "big box" city governments have strong credit ratings and can borrow money at low interest rates. Within such "big boxes", city neighbourhoods and local schools are less racially segregated (especially those with unified, regional school districts). By political necessity, "big box" governments usually follow more racially inclusive policies.

By sharp contrast, "inelastic" cities like Hartford (55km²), Pittsburgh (165km²), Cleveland (245km²) and Detroit (435km²) have been trapped within inflexible municipal boundaries for decades. Almost all new development has occurred outside such cities in scores or even hundreds of independent, incorporated suburban municipalities. In these "little box" regions, most suburban municipalities regularly practice racially

exclusionary policies (in recent decades, in the guise of resistance to lower-income housing). The worst example would be the Detroit metropolitan area which has four million residents and 115 dependent municipalities and 115 separate school systems surround the city of Detroit. Having been cast in the role of regional powerhouse, the once-great city now contains only 25 percent of the region's population and 85 percent of the region's black poor, but barely six percent of the region's property tax base! It is no wonder that greater Detroit is the US's most racially and economically segregated metropolitan region.

Finally, most "big box" regions are growing economically faster than most "little box" regions. The factors are complex changes in technology, transportation, markets, etc., but the greater governmental and social utility of "big box" regions, I am convinced, strengthens their competitive position in the global economy. What lessons of metropolitan governance (even negative lessons) can South Africa draw from the US experience?

First, the more metropolitan governance is fragmented into "little boxes", the more easily past racial and economic segregation can be perpetuated. South Africa has already

placed the extremes of the US's "little box" approach behind it, but South Africa must always remember the US's bad example in the face of strong arguments for greater "home rule" powers for smaller and smaller communities.

Second, based on the US experience, it is essential that one metropolitan-wide government has the capacity to levy taxes directly against a region-wide tax base, shift revenues from wealthier to poorer communities, control major land use and transportation planning decisions, and control how bulk utility services, major infrastructure, and an economically balanced housing

supply are provided equitably in all parts of the metropolitan area.

These first-tier functions, however, involve "steering the boat" (setting policy directions). Such a first-tier government does not necessarily have to "row the boat" as well (deliver all the public services). Some services might more efficiently be delivered by smaller, second-tier governments or even by contractors with private providers.

Such choices will depend upon the nature of the service (Sewage treatment is almost always most efficient at the largest possible scale, while maintaining local parks can often be done most efficiently by smaller local governments or private contractors).

Is there enough technical and administrative talent available to staff effectively multiple governments? Can a large civil service be relied upon to provide services routinely, efficiently, and equitably — or is a larger cadre of elected officials needed as ombudsmen to assure that the needs of less influential communities and citizens are met?

These are questions only South Africans can answer, and the right answers may differ from region to region.

Third, the US experience suggests that South Africa's metropolitan jurisdictions should be defined to embrace the full economic and labour market regions. The regional economy produces the basic wealth against which taxes are levied to provide public services. Excluding wealthy communities or areas of rapid economic growth can cripple metropolitan governance from the outset.

Finally, the metropolitan systems established should have built-in mechanisms for future readjustment. Some of the best attempts at metropolitan governance in the US (and Canada) have been weakened by an inability to adjust older political institutions to newer economic and demographic growth.

South Africa appears well embarked on a nation-building path that will be the envy of many, including champions of better regional governance in the US.

● David Rusk is a political analyst

in six Russians to be alcoholic

► One in six Russians is an alcoholic, a health ministry official says. The figure is up from one in 10 a decade ago. A specialised centre run by the ministry notes a particularly significant rise in alcohol abuse among teenagers and women, with an increased number of teenagers being admitted to mental hospitals suffering from alcoholism. Aside from typical medical problems associated with alcoholism, Russian alcoholics tend to drink low-quality alcohol, which is often poisonous - AFP

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Party time ... get into the holiday season of fun fashion with white coordinates in chiffon and lace by Gerhard Voges.

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C
Island st

Arm yourself with season's dominant catwalk Cape Town designer Gerhard Voges under the Jive label, says we feel in keeping with the light of a hot holiday season.

The "ladies' fabrics" use and chiffons and there's no flares either. They are in line and give "a new take on men's shirts"

"These are cool, fresh fabrics what they've never worn the cynics, chiffon is selling men

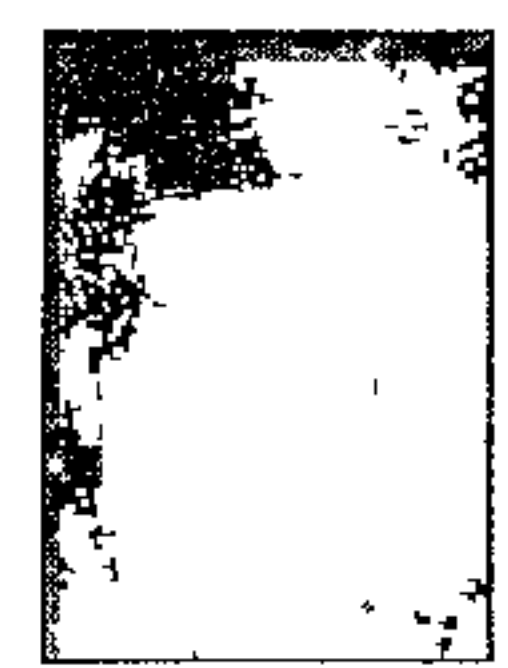
Voges wowed the crowd with slinky and tight white coats rare designers' award function last week.

And not to worry about bods who can team up their vest, Voges suggests.

But for those who are ready, Voges also presented a more a hint of luxury in place rates chunky jewellery if

"I can't understand their feminine side but can't neck," Voges mocks.

He believes the jewell



The local recomm

Treading on too many toes

Star 8/12/97 (262)

The Green Paper on Local Government closed for public input on December 1 and a national conference on local government is being held at Gallagher Estate this week.

This is the last level of government still to be transformed - but it is the most critical one for delivery and the one that impacts most on people's lives.

Nor is the financial impact of local authorities insignificant. Their annual expenditure is in the region of R48-billion, or 21% of the country's public sector budget.

Their revenues come largely from the delivery of electricity, water and sanitation but also from property rates which provide nearly 20% of their income.

And there are Regional Service Council levies on business (R2-billion in total), intergovernmental transfers (R2,4-billion) and, in the last year, R900-million from Government for capital expenditures.

All of this funds 843 municipalities and their 12 000 councillors.

At present we have four kinds of local government structures: the two-tier metropolitan councils for the six major cities, district councils based generally on the old RSCs providing bulk services, transitional local councils for other towns and cities and rural municipalities.

The constitution recognises local government as having equal status with provincial and national government, which means it can define its own functions - but only within the principle of "co-operative government" - so it cannot go its own route. Nonetheless, several important functions have been decentralised to local government, among them housing, policing, health and transport within the overall framework of government policy responsibilities.

The problem is these responsibilities often overlap at present, with national housing or water supply schemes affecting local areas - and carry-

ing longer-term implications for maintenance.

The same applies to spatial development initiatives such as the Fish River corridor. And, of course, there are political sensitivities, especially in KwaZulu Natal and the Western Cape, to be borne in mind when these projects occur.

This is even more the case when national Government has to intervene to take over and either reorganise or rationalise local authorities that are deemed not to be functioning adequately. The Project Viability campaign, under Minister Valli Moosa's Ministry for Provincial Affairs and Constitutional Development (under which local government falls) is one example of this.

And central government has leverage in that it provides substantial funding to local governments, in the interests of

Government urgently needs delivery, and very soon

reaching racial and regional equity - besides which local authorities have to operate within the constraints of government macro-economic policies, which restricts their powers to borrow money.

The problem with all of this is that over a third of local authorities face deep financial and skills capacity problems. New local authority boundaries have amalgamated rich and poor areas but without increasing the tax base.

On the contrary, in many areas non-payment of services remains an unresolved problem.

Thus the green paper calls for former black areas to be covered by property rates and valuations. This will be controversial to enforce. So too will be the proposal for an agricultural land tax to help rural councils.

So too will be the enforce-

ment of the hitherto largely unsuccessful Masakhane campaign with its third budget of R17-million, to get people to pay user charges for services if they can afford to. The three biggest cities in SA alone were owed R2,3-billion in service arrears at the end of June this year, according to the minister.

The green paper places strong emphasis on the key role of local governments in delivering not just RDP redistributive programmes, but in encouraging local economic development within the context of GEAR policies. The Government urgently needs delivery, and soon.

But this leads to further controversies - the proposals to cut the number of municipalities and councillors and amalgamate more of them to make them viable, which has consequences for political patronage across party lines. Minority parties will, in some cases, see these moves as deliberate attempts to dilute their voting base.

Nor is everyone, even within the ANC alliance, comfortable with the green paper's endorsement of public-private partnerships to assist local government delivery. And many people will reject the document's leaning towards the single mega-city, rather than the two-tier metropolitan system now in place in, for instance, Johannesburg, in the interests of greater redistribution.

What the paper does recognise is that large sectors of local government in SA are in crisis, sufficient to require fairly radical action.

The paper is not a strictly ideological document, for instance in its endorsement of direct representation at ward-level for local authorities, alongside a proportional representation system. But almost all of its other recommendations, however, well-founded, tread on somebody's toes and may not be politically saleable in the runup to 1999 elections.

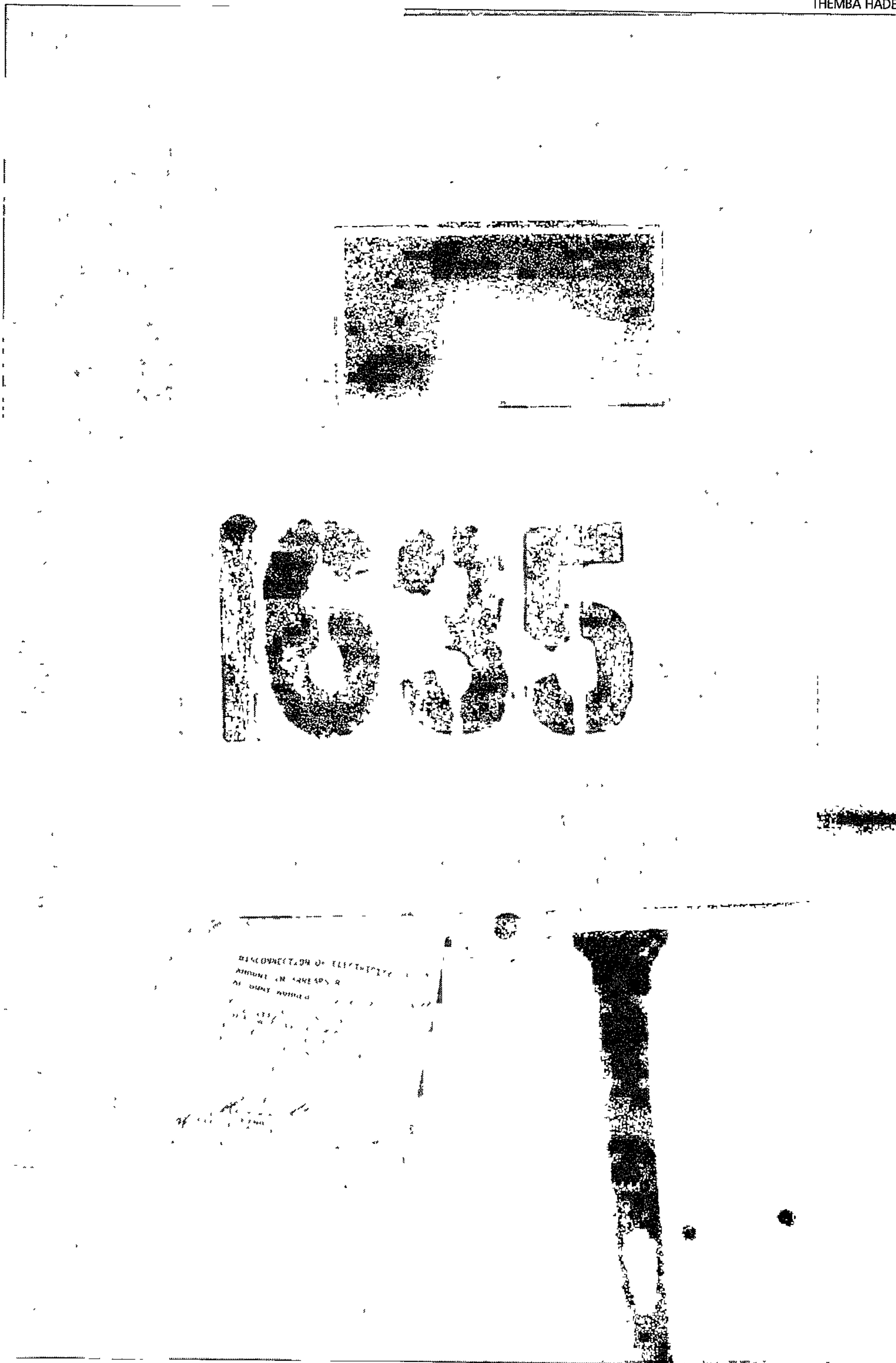
Dr Gavin Lewis is editor of the two independent monthlies, the RDP Monitor and the Tourism Info Brief.

TALK YOUR WAY

FREE WITH ERICSSON GA 628 HANDY

Govt green paper is not strictly ideological, but many of its provisions are not politically saleable, writes Dr Gavin Lewis

THEMBA HADEBE



Switched off ... the hitherto unsuccessful Masakhane campaign will be enforced with vigour when the green paper is approved. This notification of a suspended electricity service will be a familiar sight in the future.

DISCONNECTION OF ELECTRICITY
ADVISED IN ADVANCE
BY THE SUPPLIER

Provinces are regarded by govt as

Deborah Fine

ALTHOUGH the constitution described local authorities as autonomous, there was a tendency to regard them as appendages of provincial line functions, SA Local Government Association chairman Colin Matjula said yesterday.

He spoke at a Johannesburg conference hosted by the provincial affairs and constitutional development ministry to stakeholders to comment on local government transformation as presented in a recently released green paper. A white paper will be formulated early next year.

Matjula said local government's powers and functions in relation to central and provincial government remained unclear. This meant that local authorities faced financial strain because they had been delegated functions from the higher government tiers without being allocated sufficient resources.

The problem of "unfunded mandates" should be tackled in the forthcoming white paper, he said.

Speakers from KwaZulu-Natal and the Western Cape told the conference there was still too much central government interference in provincial matters and that provinces were regarded as administrative extensions of central government.

Western Cape local government MEC Pieter Marais and academic Louis de Clercq, speaking on behalf of the KwaZulu-Natal government, said they hoped the white paper would be flexible enough to allow provinces to cater for their own unique local conditions rather than attempting to impose uniform local government models on all provinces.

The mostly rural Free State, Northern

erated with traditional leaders

Bob Tucker, the chairman of the Public Finance and Development Forum and of the Council of SA Banks, said financial institutions were very supportive of most of the green paper and were keen to assist municipalities with loans, provided the risk factors could be assessed.

The SA Municipal Workers' Union strongly criticised proposals in the green paper to allow private sector participation in service delivery. It said central government's economic policy was stunting delivery through cuts in social spending

(262) ED 9/12/97

Provincial borrowing put at R4bn

(262)

809/12/97

Greta Steyn

THE Reserve Bank's latest Quarterly Bulletin has put a number on the provinces' borrowing spree this fiscal year — R4,3bn in the first half of 1997/98 compared with only R500m in the same period in 1996/97.

The figures provide the first opportunity to quantify the provinces' fiscal problems this year. Analysts are scrutinising provincial finances for fear that their fiscal difficulties will become SA's Achilles heel in the international capital markets.

Fiscal policy is the one area where SA lags behind other emerging markets, but Finance Minister Trevor Manuel is going all out to catch up.

The Bank's figure for provincial borrowing is much higher than economists expected, but officials warned against making doom and gloom predictions about Manuel's fiscal targets. They said technical factors relating to salary increases had pushed the overdrafts into the stratosphere, but they would come back closer to earth.

An official said part of the massive increase in provincial borrowing had come about as a result of salary increases which provinces had to start paying from July, while they had not yet received the necessary funds from central government. Central government had just started paying out the funds for the salary increases, which would reduce the provinces' overdrafts.

However, the overdrafts would not be wiped out, and some provinces would continue running substantial debts — which were "technically illegal in terms of the constitution".

The bulletin ascribed the surge in provincial borrowing to major spending on education, health care and welfare services. The Bank also mentioned salary increases from July as a factor.

It said between July and September provinces added a massive R3,5bn to their debts. Economists estimate that of this amount, the salary increases accounted for about R2bn — which implied that the provinces' "core" deficit was about R1,5bn. One economist said a provincial shortfall of about R1,5bn at the end of the fiscal year would be "no train smash" even though it had not been budgeted.

The provinces are, in theory, not allowed to run overdrafts unless they are used solely for bridging finance. KwaZulu-Natal and the Eastern Cape are understood to have argued that they need more than bridging finance, and that they should be allowed to have loans. Manuel has refused to allow borrowing until all avenues to reduce spending have been exhausted.

Officials said the picture would become clearer at the beginning of next year. If Manuel decided to give the nod for loans, it would put paid to the deficit target of 4% of gross domestic product (GDP) — which he insisted remained intact.

The bulletin said the public sector borrowing requirement — which included central government, the provincial governments, local authorities and public corporations — worsened to 7,4% of GDP in the first half of the fiscal year against 6,7% in the same period the previous year. It said this was brought about mainly by a deterioration of provincial finances.

Fund freeze 'may cripple' delivery

Robyn Chalmers

PROVINCES have reacted in a mixed manner to the continued freeze on future financial commitments to housing, with some warning that it could dent private sector confidence and hinder delivery.

Mpumalanga housing department spokesman Arthur Ndlovu said the freeze, implemented in September in a bid to curb provincial overspending, would adversely affect the province's plans to exceed its housing target of 53 000 low-cost units by 1999.

"We believe that private sector confidence has been affected by the freeze (and) are concerned that little new development will take place until it has been lifted," he said.

Gauteng housing spokesman Ondella Mahlangu said housing MEC Dan Mofokeng had warned that the freeze would cripple housing delivery in the province — just as it was taking off

BD 11/12/97 (262)
"Gauteng is already faced with budgetary constraints when it comes to housing delivery and the freeze on future financial commitments will make this worse," she said.

Western Cape housing ministry spokesman Surita Botes said the province would be able to honour its commitments towards projects for the remainder of the 1997/98 financial year.

The funds available would be sufficient to finance projects up to April, Botes said.

Breathing space

"New projects approved by the provincial housing board will have to be prioritised to enable us to implement the funds allocated to the Western Cape in the 1998/1999 year," she said.

The freeze gave the national as well as the provincial housing departments breathing space to revise their commitments and cash flows. Although there were many

objections to the freeze, Botes said it had served a

good purpose in the end.

Most agreed that delivery was now starting to gain momentum after lengthy delays which were largely attributable to poor capacity and a lack of clarity on national policy and regulatory frameworks.

National housing director-general Mpumi Nxumalo-Nhlapo said this week it was unlikely that the freeze would have an effect on the housing delivery process as provinces could still approve projects in principle and put their planning in place.

The freeze was implemented in September in a bid to curb provincial overspending.

When it was implemented an investigation was launched to get a better picture of provincial cash-flow commitments.

Nxumalo-Nhlapo said the investigation had shown there were sufficient funds to finance provincial cash-flow needs this year.

However, future housing commitments were to remain frozen until details of the recently implemented medium-term expenditure framework budgetary process became known.

Banks throw a lifeline

By Joshua Raboroko

FINANCIAL institutions are keen to help cash-strapped municipalities with loans provided they are able clearly to assess the risk of offering such facilities

This is confirmed by Gauteng MEC for development planning and local government Mr Sicele Shiceka and chairman of the Council of South African Banks (Cosab), Mr Bob Tucker

Shiceka told a press conference in Johannesburg that banks had agreed to intervene and help municipalities that are in dire financial straits, adding that some banks were already lending to local authorities

He called on the private sector,

Calls to help municipalities facing financial crises are well received

including banks, to form joint ventures with local authorities aimed at empowering communities as well as creating jobs in the short and long terms

Shiceka emphasised that the banks had a duty "to bail out" municipalities that are in financial crisis, saying that the government alone could not intervene in the process, but the private sector needed to help as well

Public Finance and Development Forum chairman Mr Bob Tucker, who

is also chairman of Cosab, said that financial institutions were "very supportive of most of the perspectives contained in the government's Green Paper on local authorities"

The Paper provides various solutions to local authorities' problems, including possible intervention by provincial and national governments and financial institutions

Tucker said banks were prepared to help municipalities with loan facilities provided they clearly assess the risk of offering such facilities, adding

that they were concerned about the financial situation of municipalities

Banks accepted the need for public-private sector partnerships and would consider approving loans for services provided by such joint ventures

This comes in the wake of figures released by Government officials and the Reserve Bank that the money owed to banks by municipalities soared by R3,6 billion in September this year

Constitutional Development deputy director-general Mr Cryspran O'Leary said municipalities' debt stood at R7,5 billion in March this year

This figure increased as a result of non-payment of tariffs by consumers

Samuelson 15/12/97 (262)

'Good reasons' to amalgamate municipalities

60 17/12/97 (262)

Deborah Fine

SA's new democracy could not tolerate the manipulation of the electoral system through forms of entrenched or guaranteed representation for special interest groups which would make their votes more valuable than other groups

Free State local government and housing MEC Benny Kotsoane said recently in response to rural dwellers' concerns about being marginalised in the voting process that it was, however, possible to manipulate municipal decision-making processes. This would include specially-devised committee systems to facilitate greater partic-

ipation for special interest groups, which could include rural dwellers

Rural dwellers were concerned they would not have a meaningful political voice if controversial proposals to merge less-populated rural municipal districts with their more densely populated urban counterparts went ahead

The provincial administration believed there were "good reasons" to amalgamate urban and rural areas. These areas' artificial separation by means of municipal boundaries had prevented interaction between the communities.

Amalgamation would reduce costs by eliminating the dupli-

cation of municipal structures and promote a more effective use of resources. The tax bases of merged areas would be bigger and more financially viable

Amalgamation would lead to greater economies of scale, greater access to public services for rural communities and the enhancement of intergovernmental assistance.

Kotsoane acknowledged that a "real concern" for land owners in rural areas was the possible imposition of an agricultural land tax, which would make commercial farming "virtually nonviable" unless other forms of tax relief were provided.

The Free State administration had determined that rural

councils were not wholly opposed to land taxation under certain conditions

These included the use of site value only as a basis for the tax, that the tax should be raised per hectare of land and remain in the municipal area, that the historical market value of comparable properties be used to determine site value, and that tax-capping levels remain low.

While the green paper on local government transformation suggested amalgamation only where urban areas were surrounded by fairly dense or peri-urban areas, the Free State believed there should also be scope for the amalgamation of less dense rural areas

Local rule set to change

ANDRÉ KOOPMAN

LOCAL and rural governance in the Western Cape faces drastic changes as resolutions passed at the ANC's recent conference about the redistribution of resources and delivery of services are likely to be implemented.

The conference has sent out clear policy directives to the government and provincial councillors about how the ANC envisages the redistribution of land and resources and "more participatory government" and "more effective delivery of basic services".

Commenting on the implications for the Western Cape of the resolutions passed, Mr Cameron Dugmore, ANC publicity chief in the province, said one of the key resolutions called on ANC members in government to ensure that residential areas were desegregated, urging the "rectification of the distorted racial and economic settlement patterns in our localities".

He said resolutions conveyed a very strong view that "the single tier of local government in the metropolitan areas is the best policy to ensure a far greater level of integrated and co-ordinated planning, service delivery, infrastructure development and redistribution within our metropolitan areas".

This resolution was aimed at changing the present situation of a

(262) CT 24/12/97
weak metropolitan council with six sub-structures to ensure effective service delivery and redistribution within the metropolitan council.

Another resolution called on the ANC "to support the creation of a new type of district government to ensure integrated and co-ordinated planning, service delivery, infrastructure development and redistribution within specifically the rural areas of our country".

Dugmore said the Western Cape government had decided not to implement the Development Facilitation Act as well as the Local Government Transition Act which requires that each local authority completes an integrated development plan.

A resolution passed on these laws would see ANC councillors in the Western Cape "actively attempting to implement this aspect of national policy which the NP government is intent on ignoring", he said.

Politically, the resolutions also indicated the intention of the ANC's national executive council (NEC) to strongly support the local ANC to challenge the NP government in the forthcoming elections.

The Western Cape was given special attention by the NEC and the strong presence of Western

Cape-based NEC members will ensure that the province will "enjoy high priority in the workings of the NEC".

A resolution called "on the NEC to develop a programme of action to support the ANC in the Western Cape in its new role as an effective, vibrant and committed opposition to NP rule". It also urges "political investment by the NEC to develop together with the ANC in the Western Cape a political programme which will ensure the comprehensive defeat of the NP in the 1999 elections".

This resolution "clearly indicates the resolve of the ANC at a national level to support our province in its campaign to ensure that the NP's attempts to divide the people in our province and preserve white privilege at all costs

does not succeed", Dugmore said.

He said the mention given to the Western Cape in the ANC president's report "greatly encourages the Western Cape delegation in their resolve to take the battle to the NP in the full knowledge that President Mandela and the new NEC regard the situation in the Western Cape as a serious threat to nation-building and non-racialism".

The NP had not responded to requests for comment on these issues at the time of going to press

The situation is a 'threat to nation-building' — ANC spokesman