

HOLOGRAM PROJECT

ROLE OF DISTRICT MUNICIPALITIES

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A. INTRODUCTION

The relationship between district-level and local-level municipalities has changed significantly since the introduction of Regional Services Councils in 1984. Since December 2000, additional issues and arguments have been heard, which may potentially change the face of municipal government quite profoundly. Consequently, it is necessary to review past and current practices, to assess the strengths of these practices, and to make proposals for future types of district-local relationships.

In this paper, the background to the debate on powers and functions were “unpacked”. Subsequently, six case studies were conducted. The paper draws two far-reaching conclusions. Firstly, District Municipalities are performing far more implicit and explicit functions than originally envisaged. Secondly, District Municipalities would be more effective if they are re-cast as district field offices of Provincial Governments, rather than fully-fledged municipal governments.

B. METHODOLOGY

The research method consisted of three components:

- (1) Literature overview and documentary study, notably the IDPs and the Demarcation Board Capacity Assessments of District Municipalities.
- (2) On-site interviews in six case studies of District Municipalities. In each case, the District Municipality and one Local Municipality have been interviewed.
- (3) Interviews with provincial Departments of Local Government (three were conducted).

Several methodological difficulties were encountered:

- On occasion, information provided in interviews contradicted the findings of the Demarcation Board assessments
- Demarcation Board assessments provided extremely valuable information, but some of this information is in a format which made new types of cross-DM comparisons difficult²
- Different types and levels of municipal staff presented themselves for the interviews in different municipalities, with the result that the knowledge base of those officials differed
- In some cases, information provided in interviews was incomplete, with the result that extensive telephonic follow-ups had to be made. These follow-ups were not always successful, since municipal officials are extremely busy.

² For example, the DB’s analysis do not differentiate between “rural” and “urban” service provision; or between “local “ and “district-wide” services; or between “dedicated staff” for a function and cases where staff are employed to do several functions simultaneously.

C. HISTORICAL BACKGROUND TO DISTRICT MUNICIPALITIES

The Regional Services Councils, introduced in 1984, were born out of two distinct traditions in district-level municipal thinking. The Cape Province-based RSCs were built on the erstwhile Divisional Councils, which *provided services directly* to rural communities (mainly road maintenance and health services). In contrast, the RSCs in the northern provinces were newly introduced, and focused almost exclusively on a *redistributive function* (raising RSC levies and redistributing the funds as capital grants to underprivileged areas).

At the same time, RSCs were expected to perform *district-level functions* (e.g. bulk water supply, regional airports and tourism). Many RSCs were innovative with regard to these functions, and built up valuable expertise.

In addition to these three approaches, a fourth approach began to emerge by the late 1980s, whereby Councils began to *offer technical support* to local municipalities, by means of shared service delivery (e.g. technical maintenance of electricity, IT, and financial management).

Since 2000, three new roles have emerged for District Municipalities: *To build municipal capacity, to take on local municipal functions, and to do district-wide planning.* The latter, in particular, has been very contentious, since it was proposed (inter alia, by the Demarcation Board and DWAF) that District Municipalities (DMs) should provide services such as water, sanitation, electricity and environmental health. This approach to district-level government harks back to the erstwhile Divisional Councils (pre-1984), which were directly involved in service delivery – with the major exception that this is now envisaged for urban areas in addition to rural areas.

From this brief overview, it appears that there are numerous possible roles (types or categories of functions) for DMs:

- (1) Direct service delivery in rural areas (e.g. road maintenance, rural health)
- (2) Direct service delivery in urban areas (e.g. water, sanitation, electricity, environmental health)
- (3) Fiscal redistribution (capital grants)
- (4) District-level services (e.g. regional airports, tourism)
- (5) Shared service delivery (e.g. engineering services, IT, financial management)
- (6) Capacity-building for local government (e.g. support for policy-making and organisational restructuring)
- (7) District-wide planning and development facilitation, which is often referred to as a “strategic” function
- (8) Liaison between Local Municipalities and national or provincial government departments.

These will be explored more fully below.

At present, the role of District Municipalities remains very unclear. It is not even resolved which “tier” of municipal government (district or local) should be the primary developmental tier, and where the important policy decisions should be made. It is also not clear what staff should be located at what level. This has severely hampered capacity-building at both levels, since

municipalities do not know what functions they should build capacity for. Consequently, most DMs and LMs are currently “muddling through” their relationships, and this tends to depend primarily on personal factors and the ability of district and local politicians to work together.

D. DEBATES ON DISTRICT AND LOCAL GOVERNMENT IN SOUTH AFRICA

South Africa has two “tiers” of local government: District Municipalities and Local Municipalities. Traditionally, District Councils had had very limited functions, viz. allocation of capital grants (derived from their levy revenue) to municipalities, and management of a few district-level “bulk” functions (e.g. large-scale water supply).

In the debate on local-district powers and functions, at least three distinct phases of thinking can be distinguished:

- (1) After the promulgation of the Municipal Structures Act (1999-2000): Local municipalities were primarily responsible for local service delivery, while District Municipalities focused on district-level services
- (2) The period leading to the promulgation of the Municipal Structures Amendment Act (2000-2001), which proposed much greater powers for District Municipalities
- (3) A reversion back to the philosophy of the original Municipal Structures Act, which left some Category B municipalities’ inherited powers intact.

These trends became additionally complex, due to three phenomena: (1) The frailty of many Category B municipalities have shown the need for guidance and capacity-building, presumably by Category C municipalities; (2) the frailty of many Category C municipalities, who are not in a position to assist Category B municipalities; indeed, the plight of many municipalities has led to a new realism and a search for practical and locally tailored solutions; and (3) political dynamics amongst elected Councillors have developed a life of its own. Dynamics between many District and Local Municipalities have varied between cordial and co-operative to conflictual and unproductive.³

1. THE STARTING POINT: THE MUNICIPAL STRUCTURES ACT

Section 83(3) of the Structures Act describes the developmental mandate of District Municipalities, in terms of four aspects: (1) ensuring district-wide integrated development planning; (2) providing district-wide bulk services, (3) building the capacity of local municipalities, and (4) promoting the equitable distribution of resources between local municipalities.

The actual functions of District Municipalities are stipulated in Section 84 of the Structures Act, and can be categorized as follows:

³ *Local Government Bulletin*, July 2003, p. 5.

Table 1: District Municipality functions in terms of the Municipal Structures Act

Category of function	Functions	Legal provision in Section 84
Integrated development planning		84(1)(a)
Bulk infrastructure	Water	84(1)(b)
	Electricity	84(1)(c)
	Sewage disposal	84(1)(d)
	Roads	84(1)(f)
District-wide services	Solid waste disposal, affecting the district as a whole	84(1)(e)
	Municipal health services serving the district	84(1)(i)
	Regulation of passenger transport	84(1)(g)
	Fire fighting serving the district	84(1)(j)
District-wide facilities	Municipal airports serving the district	84(1)(h)
	District-wide fresh produce markets and airports	84(1)(k)
	District-wide cemeteries and crematoria	84(1)(l)
	Municipal public works	84(1)(n)
Economic development	Promotion of tourism	84(1)(m)
Financial redistribution	Receipt and distribution of grants	84(1)(o)
	Imposition and collection of taxes and levies	84(1)(p)

S 84(2) of the Act vests all other municipal functional competencies in local municipalities, i.e. district municipalities may not perform them.

S. 85(1) of the Act then empowers the Minister for Provincial and Local Government to authorize that Local Municipalities can do district functions, and vice versa, if the municipality in which that power is vested, does not have the capacity to perform its functions.

In the run-up to the 2000 Municipal elections, it was decided to maintain the status quo in respect of four key functions: water, sewerage, electricity and municipal health. These status quo authorizations were gazetted in November 2000. This meant that newly established local municipalities continued to perform the functions which disestablished TLCs used to perform in those areas. This was done to avoid disruptions to service delivery. The authorizations were valid until 5 December 2002.

However, the Municipal Structures Act, which allows the Minister to adjust the powers and functions if municipalities lack the required capacity, leads to enormous uncertainty. There has not been a once-off decision regarding powers and functions. Furthermore, it is quite possible that Category Bs and Cs in different parts of the country have different functions, so there is also no one standard system. This diversity is not necessarily a problem in principle. The fundamental difficulty is that the *logic* of district and local government functions remains unresolved. This issue will be explored below, in the Recommendations.

2. PHASE 2: DISTRICT MUNICIPALITIES MOVE TO CENTRE STAGE

From 2000 onwards, the question began to be asked: What will happen after 5 December 2002 when the status quo authorizations expire?

Various organizations put forward a model of local government which placed greater emphasis on District Municipalities. In particular, the Demarcation Board and the Department of Water Affairs and Forestry (DWAFF) argued for a consolidation of key municipal functions at district level.

The Demarcation Board argued that District Municipalities should become “service authorities”, where policy decisions are taken, whereas Local Municipalities can serve as “service providers”, and do the actual implementation of services.⁴ The Board argued that the Category B municipalities are fundamentally based on apartheid-based “white local authorities”, which have not demonstrated their ability to function as developmental organizations. “What is needed is a district-wide servicing plan which is delivered in the most economical way and which serves residents properly in terms of national/provincial policy and local IDPs”.⁵ In particular, the Board argued that District Municipalities are better placed than Local Municipalities to ensure redistribution of resources from privileged areas to deprived areas.

This perspective was reflected in the Municipal Structures Amendment Act.⁶ According to the revised Section 84, there were several changes in the powers of District Municipalities:

- Integrated development planning for the District Municipality as a whole, including a framework for IDPs of all local municipalities (in contrast to the original Act, which based district IDPs on local IDPs)
- Potable water supply systems (including bulk and reticulation)
- Bulk supply of electricity (including bulk and reticulation)
- Domestic waste-water and sewage disposal systems (including bulk and reticulation)
- Solid waste disposal, including a waste disposal strategy, the regulation of waste disposal, and the operation of waste disposal sites
- Municipal health services (later redefined as environmental health functions only).

These provisions are not cast in stone (some exceptions are allowed) and they did not come into operation immediately. A period of two years was provided for the provincial governments to authorize the final allocation of functions to district and local governments, according to the prevailing conditions in the respective provinces.

In July 2002, the Minister of Provincial and Local Government reiterated the importance of District Municipalities, primarily on the basis that District Municipalities provide economies of scale, and that DMs do have some democratic representation (indirect representation, via Local Municipalities; and direct representation, via a PR system). The Government envisaged a “phased approach to the final distribution of powers and functions”, which would enable Local Municipalities to continue with certain functions, while DM capacity is built up.⁷

⁴ Municipal Demarcation Board, “Towards a National Framework on the Division of Powers and Functions: Recommendations for Minister Mufamadi and MECs of Local Government”, 6 December 2001.

⁵ Municipal Demarcation Board, *ibid*, p. 13.

⁶ Act no. 33 of 2000.

⁷ Minister FS Mufamadi, “District Councils are key to the success of Local Government: An Opinion Piece”, 8 July 2002, drawn from www.dplg.gov.za/speeches/draft8julo2.htm.

In the meantime, the Demarcation Board did a capacity assessment of district and local municipalities, to decide which local functions should be reallocated to district municipalities.⁸

3. LOCAL MUNICIPALITIES BACK AT THE FOREFRONT?

In the light of the Amendment Act, several observers expressed concern that the transfer of the “four national functions” (water, sanitation, electricity and municipal health) to District Municipalities, would deprive local municipalities of the bulk of their revenue and staff. Two institutions, in particular, voiced their concern. National Treasury argued that existing capacity should be preserved, where it currently exists in Category B municipalities; and the Fiscal and Finance Commission argued for a default position that Local Municipalities should remain responsible for delivering services. These agencies believed that the redistribution function should rather be implemented at national level, while the responsiveness of Local Municipalities to local communities is a key argument for retaining functions at local level.

Towards the end of 2001, DPLG commissioned a study to examine the impact of the transfer of functions on local municipalities. The study found that the re-allocation of health, water and sanitation functions from Local to District Municipalities will have differential impacts:

- *Health*: the allocation to district level will have a negligible financial impact on 93 municipalities, some impact on 138 municipalities, and a significant impact on 64 municipalities.
- *Water and sanitation*: Between 40% and 75% of Category B municipalities would experience a major impact if these functions were re-allocated to district level.⁹

In July 2002, following extensive consultation with relevant MECs line function ministers, SALGA, the FFC and the MDB, the Minister tabled a set of recommendations for the division of powers and functions. The report notes that, where possible and logical, both provincial and district consistency in terms of the proposed authorizations and revocations has been promoted. However, it became clear that a uniform national approach to the division of powers and functions would not sufficiently deal with differences in regional circumstances.¹⁰ The report argued that Category Bs and Cs should be treated differently in different parts of the country.

It was thus decided that, where District Municipalities are weak and Local Municipalities are strong, the Section 84(1) district functions would be kept at local level; conversely, where local capacity is weak and district capacity is strong, then even local functions could be located at district level. This creates quite a flexible matrix of possibilities, since it raises the possibility of “asymmetry” in the division of functional competencies between district and local municipalities.

Consequently, on 13 January 2003, the Minister repealed the “status quo Government Notices” and re-allocated the functions (water, sewerage and electricity) to local municipalities in certain parts of

⁸ Local Government Law Bulletin, April 2001.

⁹ Analysis drawn from DPLG, *Review of Powers and Functions: Report for Consultation*, 21 December 2001, p.12.

¹⁰ SA Local Government Briefing, SA Local Government Research Centre, July 2002, pp. 34-5.

the country.¹¹ It was decided that the status quo regarding electricity would be maintained, due to the impending restructuring in the industry. It was also agreed that water and sanitation should be linked, and allocated as follows:

Table 2: Authorisations in terms of January 2003 notices

Province	Authorisations
Eastern Cape	Bs in the Western District (Cacadu), and Buffalo City
Mpumalanga	Bs in the Eastvaal District, the Nkangala District and the Ehlanzeni District
North West	Bs in the Kgalagadi District, the Bojanala District and the Southern District
Northern Cape	All Bs
Western Cape	All Bs
Limpopo	Polokwane Municipality; Bs in the Waterberg District
Gauteng	All Bs
Free State	All Bs
KZN	Msunduzi Municipality Newcastle Municipality Umhlatuze Municipality.

This proclamation would take effect from 1 July 2003.

However, on 13 June 2003 the Minister repealed the abovementioned notices in the following manner:

- Re-allocating the water, sanitation and electricity functions to certain local municipalities with effect from 1 July 2003. In some provinces, this involved a change from B to C municipalities, whereas in other provinces, the *status quo* was confirmed. It is not clear whether this is a permanent arrangement, or whether this will be changed again.
- Environmental health was directed to District Municipalities throughout the country, as from 1 July 2004. Curative health (clinics) remains at B level, until the Department of Health clarifies its institutional arrangements with District Health Authorities.

These notices override the provisions in the Municipal Structures Amendment Act, which envisaged a uniform, district-focused system throughout the country.

4. A LEGACY OF UNCLEAR POWERS AND FUNCTIONS

These changes in approach have, understandably, created extensive confusion amongst Local and District Municipalities about what exactly their powers and functions are. In this vacuum, relationships have tended to be worked out on an *ad hoc* basis, often influenced by party-political dynamics and by personalities. In some areas, co-operative relationships have developed, while in other areas, the situation has deteriorated into rivalry and suspicion.

¹¹ DPLG, Minister's Authorisations to Category B Municipalities for Water, Sanitation, Electricity and Municipal Health, in terms of the Municipal Structures Act (As Amended), issued on 7 November 2002. See www.dplg.gov.za/speeches/07nov.02.htm.

There are at least two fundamental sources of confusion.

The first source of confusion has been the developmental philosophy underpinning Section 84 of the Structures Act. In particular, the status of the Municipal Structures Amendment Act is unclear, since some of its provisions have been overridden. The debate is far from over, because there are good arguments on both sides. The nub of the matter is the impact which District Municipalities or Local Municipalities can have on development:

View 1: District Municipalities as the primary developmental tier: The first perspective is that most developmental functions should be concentrated at District Municipality level. This has three key advantages. Firstly, it is more cost-efficient to build up developmental capacity at the 47 District Municipalities, rather than at the 231 Local Municipalities. Secondly, it enables a degree of redistribution from the wealthier towns within a district municipality's jurisdiction, to poorer areas. Thirdly, some development functions are best addressed at district-wide level. Some functions involve several Local Municipalities (e.g. district-based tourism), whereas other functions can be done at scale if done within several Municipalities simultaneously (e.g. rapid roll-out of sanitation projects).

View 2: Local Municipalities as the primary developmental tier: A contrasting point of view is that most developmental functions are deeply labour-intensive, requiring a great deal of personal contact between programme managers and communities. This would require a primary role for local municipalities (and possibly, for branch offices of local municipalities).

An additional argument is that the main virtue of local municipalities is precisely that it is "local", i.e. better attuned to the specific needs of localities. Local diversity may require different local developmental policies and programmes, and ultimately, local municipalities should be politically answerable to their communities for the developmental choices they make. This argument puts the developmental ball squarely within the local municipalities' court.

The argument for the primacy of local municipalities is much more attuned to the policy position as spelt out in the Local Government White Paper, as well as subsequent government policy documents.¹² A key argument was then made that delivery of municipal services should be located "as close as possible to the communities the services are meant to serve". In the same vein, it should be noted that District Municipalities do not have wards or ward councillors, with the result that the interests of specific geographic areas cannot be carried forward easily to District Municipalities.

In terms of this perspective, the key rationale for District Municipalities is to address regional tasks, and to assist in the development of local municipalities – not to perform the functions of local municipalities themselves.

The two arguments both have their merits. Some National Departments have already stated their preferences. The Department of Water Affairs and Forestry prefers to regard District Municipalities as "Water Services Authorities"; and the Department of Provincial and Local Government is

¹² For example, the DPLG's policy framework for the division of powers and functions (July 2000); and the Financial and Fiscal Commission's *Division of Municipal Powers and Functions between District and Local Municipalities*, July 2001.

allocating special financial support to building district-level planning capacity.¹³ In contrast, the system of intergovernmental fiscal allocations, and the distribution of Equitable Share revenue¹⁴ is still being channeled to local municipalities. However, a recent court ruling maintained that there is no justification for excluding district municipalities from their part of the equitable share¹⁵. It is therefore possible that this will strengthen their claim to become the primary developmental tier of local government.

The second source of confusion is the confusion about what exactly are “district-wide functions”. Clearly, government envisages a co-operative relationship between District and Local Municipalities, so that district-wide and local developmental dynamics can be integrated and reconciled. But how should this be done? The shallowness of the debate, thus far, is revealed by the lack of attention to any of the functions except the “big four” (water, sanitation, electricity and health). Given the developmental mandate of municipalities, what should happen to functions such as LED, land reform, housing, and trading regulations?

An example of the confusion is Section 84(1)(a), regarding district and local IDPs. In the original Structures Act, a District Municipality must do integrated development planning for the district *as a whole*, including a *framework for IDPs* for the local municipalities, “*taking into account* the IDPs of those municipalities”. In the Amendment Act, Section 84(1)(a) has a much stronger formulation, since the clause “taking into account the IDPs of those municipalities” has been deleted. The nature of such “frameworks” remains unclear.

The same question can be raised with regards to a host of other functions. What is “local tourism”, and what is “district tourism”, and how should they be integrated? Who is responsible for the maintenance of what kinds of road? Where does local fire-fighting end and district fire-fighting begin? It is precisely these conceptual ambiguities which have resulted in a wide variety of relationships between District and Local Municipalities, and in some cases, bedevilled the relationship between them.

5. CURRENT FUNCTIONS

In the analysis of current practice, at least eight explicit or implicit DM functions have been distinguished:

- (a) Direct service delivery in rural areas
- (b) Direct service delivery in urban areas
- (c) Redistribution of capital grants (i.e. spending levy revenue on capital priorities identified by Local Municipalities)
- (d) Conduit for national grants to Local Municipalities
- (e) District-level services

¹³ This involves the creation of Planning and Implementation Support Centres, located at district level, and answerable to District Municipalities, even though they are not part of District Municipalities’ staff establishments. The main function of these Centres is to support Local Municipalities’ IDP planning processes.

¹⁴ Municipalities’ portion of the grant funding dispensed by National Treasury to provincial and local governments.

¹⁵ Uthukela, Zululand and Amajuba District Municipalities v the President of the Republic of South Africa.

- (f) Shared service delivery
- (g) Capacity-building of Local Municipalities
- (h) Facilitation of district-level planning (what is often referred to as the “strategic function”, since it refers to a district-wide allocation of priorities and resources).

The reason for this categorisation is primarily historical. These functions emerged incrementally: some were inherited from the pre-1994 period; some developed before 2000; and some have been introduced more recently.

There are important implications flowing from the performance of these functions:

- “*Direct service delivery*” requires a very different organisational and staff structure from capacity-building or development facilitation. Direct service delivery requires front-line staff interfacing with communities. Direct service delivery may well require outlying offices. Furthermore, direct service delivery is often a remnant of earlier institutional systems, notably the Divisional Councils in the erstwhile Cape Province, and may never be replicated in other provinces – with the exception of the “ex-homeland” areas in KwaZulu-Natal, Limpopo, Mpumalanga and North-West Province.
- *Direct service delivery in rural areas* is often an inheritance from the pre-2000 management of Transitional Rural Councils, and may well be anachronistic in a context of “wall to wall Category B municipalities”. There may well be arguments for DMs to continue performing rural functions, as an agent for Category Bs, so that economies of scale can be promoted. However, such agency agreements would have to be negotiated, based on an accurate understanding of responsibilities and costs. It is rare that this has been done.
- *Direct service delivery in urban areas* is often done because of the frailty of Category B municipalities. If “Capacity-building of Category Bs” is regarded as a key function, then it may be understood that direct service delivery by DMs in urban areas should gradually be phased out.
- However, given the changes to the Municipal Structures Act (and the subsequent notices), it is not clear whether DMs’ role in providing water and sanitation in urban areas (which would fall under function b)) will become a permanent feature of the municipal system. If this is the case, then DMs would function as Water Services Authorities (with policy-making powers), and LMs would function as Water Services Providers (with implementation functions). Such relationships have distinct advantages (e.g. economies of scale, inter-municipal uniformity) as well as disadvantages (the political decision-making is removed from actual implementation issues).
- Some functions, such as *Shared Service Delivery*, *Capacity-building of Local Government* and *Facilitation of District-level Planning*, are very sophisticated functions, and require highly qualified staff at central level. In many cases, it is doubtful whether DMs have such staff available at present, or have created sufficient posts for such staff.
- “*Shared service delivery*” may well be done on an agency basis for Category Bs, and therefore may not be a proper DM function at all. Examples would be shared IT systems or financial management systems. Nevertheless, DMs may be particularly well-placed to facilitate such arrangements.

The evolution of DMs’ actual functions has largely been due to sequential “historical overlays”, as new institutional systems have been imposed on earlier systems. This has created a rich mosaic of practices, more or less suited to different contexts, which can be drawn upon for insights about “best practice” and options for the future. However, there has been little systematic analysis and comparisons of DMs’ activities.¹⁶

E. PROFILE OF CASE STUDIES

The District Municipalities were Boland DM (Western Cape), Eden DM (Western Cape), Frances Baard (Northern Cape), Amathole DM (Eastern Cape), Cacadu DM (Eastern Cape), and Xhariep DM (Free State).

The six DMs reveal vast differences in their fiscal capacity. There is a vast difference in the current revenue basis of the various DMs (as reflected in their operating budgets). In the survey, Amathole DM budgeted almost R250 million; Boland DM budgeted R214 million; Frances Baard DM budgeted R40 million; while Xhariep DM budgeted a mere R4,2 million.

Table 13 DM and LM operating budgets¹⁷

Province	District Municipality	Operating budget 2002/3 and staff	Comparison to strongest Cat B municipality in region	Comparison to weakest Cat B in region
WC	Boland	R214,22 million	R 387,1 million (Drakenstein)	R93,6 million (Witzenberg)
FS	Xhariep	R 4,2 m ¹⁸	R 43,2 m (Kopanong) ¹⁹	R23,7 million (Mohokare)
NC	Frances Baard	R 40,3 m	R 394,5 million (Sol Plaatje)	R19,2 million (Magareng)
WC	Eden	R 45,8 million	R 257,8 million (George)	R19,2 million (Kannaland)
EC	Amathole	R249,5 m	R1002,2 m (Buffalo City)	R14,9 m (Mbhashe)
	Cacadu	R 50,9 m	R111,9 m (Kouga)	R 7,4 m (Ikwezi)

The table shows that, in all cases (except Xhariep DM), the DM’s operating budget is less than the strongest Category B municipality, but more than the weakest one. (In the case of Xhariep, the DM is weaker than all Category B municipalities).

There is a vast difference in the current revenue basis of the various DMs (as reflected in their operating budgets). In the survey, Amathole DM budgeted almost R250 million; Boland DM budgeted R214 million; Frances Baard DM budgeted R40 million; while Xhariep DM budgeted a mere R4,2 million.

There are vast differences amongst DMs with regard to the number of staff employed, ranging from 771 in Amathole DM to 31 in Xhariep DM. The following table indicates some staffing levels:²⁰

¹⁶ Important sources of information are the District Municipality Assessments conducted by the Demarcation Board during 2002 (see www.demarcation.co.za). This provides a valuable starting point, which enables a great deal of future analysis of municipal powers of functions.

¹⁷ Source: Demarcation Board Capacity Assessments.

¹⁸ Refers to Actual 2001-2 figures, instead of 2002/3 budget.

¹⁹ Refers to actual 2001/2 figures, instead of 2002/3 budget.

Table 4: DM and LM staff

Province	District Municipality	Number of staff	Comparison to strongest Cat B municipality in region	Comparison to weakest Cat B in region
WC	Boland	539	1755 (Drakenstein)	440 (Witzenberg)
FS	Xhariep	31	381 (Kopanong)	189 (Letsemeng)
NC	Frances Baard	124	1574 (Sol Plaatje)	116 (Magareng)
WC	Eden	618	823 (George)	125 (Kannaland)
EC	Amathole	771	4323 (Buffalo City)	49 (Ngqushwa)
EC	Cacadu	407	684 (Kouga)	64 (Ikwezi)

The table shows that in all cases (except Xhariep DM), the DMs employ fewer staff than the strongest Category B municipality, but more than the weakest Category B municipality.

It should be noted that a large number of staff does not necessarily imply a stronger municipality. It may well be possible for a District Municipality to have a small number of highly-qualified staff, who can perform sophisticated district-wide functions, instead of a large number of front-end staff.

1. BOLAND DISTRICT MUNICIPALITY

The Boland District Municipality is situated in the Western Cape Province. Its head office is currently shared between Stellenbosch where the administrative component is situated whilst the political component is situated in Worcester. This leads to extra cost in terms of travelling and administrative expenses, with a duplication of administrative support, whilst the travelling time needed to travel between the two towns lead to time constraints. Stellenbosch LM indicated that this is seen to be a waste of taxpayer's money and that a decision on one head office should be taken as soon as possible.

The establishment of the Boland District Municipality saw the amalgamation of the former Winelands & Breede River District Councils in December 2000. It comprises a District Management Area as well as four Category B municipalities namely Witzenberg, Breede Valley, Breede River/ Winelands, Drakenstein & Stellenbosch.

2. EDEN DISTRICT MUNICIPALITY

Eden DM is also situated in the Western Cape Province with its head office situated in George. The establishment of Eden DM saw the amalgamation of the former Klein Karoo and Southern Cape District Councils. It comprises a DMA consisting of the former Haarlem and Uniondale TLCs, with the surrounding rural areas as well as seven Category B municipalities namely Plettenberg Bay, (renamed to Bito LM), Knysna, George, Mossel Bay, Langeberg, Kannaland and Oudtshoorn.

²⁰ Drawn from Demarcation Board assessments, 2002.

3. FRANCES BAARD DISTRICT MUNICIPALITY

Frances Baard is located in the north-eastern region of the Northern Cape. Its head office is situated in Kimberley. The DM consists of four Category B municipalities, viz. Dikgatlong, Magareng, Phokwane and Sol Plaatje. The DM also looks after a predominantly rural DMA with two small settlements at Dan Carl and Koopmansfontein.

4. XHARIEP DISTRICT MUNICIPALITY

Xhariep District Municipality is a newly created category C municipality within the South Western region of the Free State. With its head office located in Trompsburg, this District Municipality is located 105 km south from Bloemfontein along the N1. The DM consists of three Category B municipalities, Kopanong, Letsemeng, and Mohokare. The District has a modest Operating Budget of R8 188 766 and a Capital Budget of R 5 200 000. The main industries in the area are agriculture and the government sector.

5. CACADU DISTRICT MUNICIPALITY

The Cacadu District Municipality (CDM) is situated in the western half of the Eastern Province. To the west, it borders the Western Cape Province and in the extreme north the Northern Cape Province. In the northeast and east respectively, it borders the Chris Hani and Amatole District Municipalities of the Eastern Cape Province.

Previously known as the Western District Municipality, the areas of the district municipality covers 58 242 square kilometres. It includes nine local municipalities (Baviaans, Blue Crane Route, Camdeboo, Ikwezi, Makana, Ndlambe, Kouga, Sundays River Valley, Kou-kamma) and four other portions collectively known as the District Management Areas (DMA) (Addo, Tsitsikamma, Uitenhage rural and Rietbron/Aberdeen).

A key factor in Cacadu's functioning is that the area around the coastal urban node of Port Elizabeth-Uitenhage-Despatch has been excised to form the Nelson Mandela Metropolitan Municipality. Although the metropolitan municipality covers only a relatively small land area, the re-demarcation process nevertheless resulted in a 72 percent decrease in the population of the area of the district municipality.

F. AN OVERVIEW OF CURRENT FUNCTIONS PERFORMED BY DISTRICT MUNICIPALITIES

In this section, a variety of implicit and explicit functions are reviewed.

A common theme is the wide discrepancy between District Municipalities as regards their current functions. This is due to historical reasons (e.g. the Divisional Council heritage in the erstwhile Cape Province), as well as differences in capacity.

The functions are presented in roughly historical order, i.e. the “older” functions are discussed first.

1. DIRECT SERVICE DELIVERY IN RURAL AREAS (E.G. ROAD MAINTENANCE, RURAL HEALTH)

District Municipalities still play some role in rural areas, for three possible reasons:

- Due to the residual inheritance from Transitional Rural Councils (Boland, Eden, Frances Baard and Cacadu). Presumably Category B municipalities will take over this function in future.
- Due to the existence of District Management Areas (DMAs), or
- Due to the fact that some DMs have been declared as Water Services Authorities (e.g. Amathole). However, in the case of Amathole, non-municipal service providers tend to provide rural water services (e.g. the Amathole Water Board, or DWAF).

At the same time, there are several other functions which are performed by DMs in rural areas, such as roads, fire fighting, environmental health, and clinics, as the following table shows:

Table 5: Rural service delivery

DM	Roads	Fire fighting/ Disaster management	Rural curative health (clinics)	Rural environ- mental health
Boland	DM function. Service agreement with Province (farm roads done by LM)	-	DM function on behalf of PAWC to rural areas, in all LMs. Will expire on 30 June 2004. ²¹	?
Xhariep	Not a DM function. Done by Category B's and Provincial Dept of Public Works.	-	Not a DM function. Done by Province. Category Bs have health inspectors.	?
Frances Baard	Agent of Province for maintenance of provincial roads. Budget R 5 000 000 with 85% going towards salaries.	Veld fire-fighting units for farmers	Some provision of clinics in Sol Plaatje and Dikgatlong LMs ²² . Done on behalf of Province.	?
Eden	DM function. Service agreement with PAWC. Eden approved R 200 000 per LM for maintenance of proclaimed minor roads that will be prioritised in consultation with the applicable LMs.	-	DM still provides partial rural service in 3 LMs (Mossel Bay, George, Knysna) ²³ . Eden DM's expenditure on health (R16 m, 143 staff, 28 clinics) is much higher than expenditure by LMs. ²⁴	

²¹ The agency function is currently being reconsidered and there are strong indications that the Provincial Government of the Western Cape might take back the function.

²² Demarcation Board, Frances Baard DM Capacity Assessment, 2003, p. 9.

²³ Demarcation Board, Garden Route/Karoo District Municipality Capacity Assessment, 2002, p. 12.

Amathole	Not roads – province wants to devolve	-	Helps weak Bs with primary health care – rural and urban Also EHOs	Provides rural environmental health (interviews)
Cacadu	DM Function on behalf of Province to rural areas was terminated end 2000. Staff was retrenched. DM budgeted R1,9 m in current year to participate in transport planning. No other roads function	Regional office for disaster management. Budget is R2,5 m, subsidy from Province is R1,0 m. Staff component is 7.	DM function on behalf of Province to rural areas. Health is operated on an agency basis. Budget for 2003/2004 is R20 m. Staff component is 140. Provides health in rural areas of four LMs (Makana, Kouga, Baviaans and Kou-Kamma LMs)	.

Several of the municipalities operate on an agency basis for Provincial departments, with road maintenance as the most common example. In the Western Cape, rural health services are also performed on an agency basis, but in the Northern Cape, health services have been taken away from the District Municipalities and centralized in the Provincial departments. In the Free State, District Municipalities have never been used as an agent for provincial departments.

One important factor is the status of the DM as a Water Services Authority (the policy-making body regarding water and sanitation). This status was determined by the Minister’s authorizations in terms of Section 84(1)(b) of the Structures Act. The table also illustrates some idiosyncrasies:

Table 6: District Municipalities as Water Services Authorities in rural areas²⁵

Province	DM	WSA in rural areas	Comments
WC	Boland	No	Provides water and sanitation in rural areas in one Category B municipality (Drakenstein)
FS	Xhariep	No	-
NC	Frances Baard	No	Performs water and sanitation functions in the DMA area Provides sanitation to farming areas ²⁶
WC	Eden	No	Provides rural water and sanitation in DMA area. Provides rural water where no system is in place (Mossel Bay LM), and oversees Klein Karoo Rural Water Scheme (Oudtshoorn Municipality)

²⁴ DM function on behalf of PAWC. The agency function is currently being reconsidered as there are strong indications that PAWC might take back the function.

²⁵ Information drawn from Demarcation Board assessments, 2002.

²⁶ Information drawn from interviews.

EC	Amathole	Yes	Actually provides rural water and sanitation to 74% of residents in the rural areas of five LMs. ²⁷ In other rural areas, water provided by DWAF or Amatole Water Board or farmers
EC	Cacadu	No	DM's Engineers participate in bulk water supply planning. The service is only provided in the DMA. Water planning budget is R5,8 m, to be recovered from DWAF.

Amathole DM is a Water Catchment Authority, with responsible for widespread rural water provision. Both the District Municipality and Local Municipality agree that one of the biggest challenges for the District is addressing the backlog of extending access to water to the rural communities. At present, a significant number of the community relies on rivers, streams, boreholes and dams. The challenges in terms of sanitation are even more daunting. Only about 19% of the local population are covered by an existing scheme or current project. About R2 billion will be required to provide this service at RDP level.²⁸

2. DIRECT SERVICE DELIVERY IN DMA AREAS

A distinction needs to be drawn between conventional urban areas, and District Management Areas (which are usually predominantly rural, but sometimes include small settlements with more concentrated services). In some DMA areas, several typical urban functions are performed by District Municipalities.

Table 7: DM services in District Management Areas and non-DMA areas

Province	District Municipality	Non-DMA urban areas	DMA urban areas
WC	Boland	• Health in Pniel and Franschoek. This will expire on 30 June 2003.	One DMA where all the normal LM functions including water, electricity, sanitation and refuse removal.
FS	Xhariep	-	-
NC	Frances Baard	-	Mainly infrastructure provision (water and sanitation) DM helps ward committees with admin services. Apart from the abovementioned, no direct functions.

²⁷ Amatole District Municipality

²⁸ Interviews, Amathole DM and Ngqushwa LM, September 2003.

WC	Eden	-	One DMA where all the normal LM functions including water, electricity, sanitation and refuse removal.
	Amathole	<ul style="list-style-type: none"> • Clinics in 5 LMs²⁹ (total of R4 million p.a.) • Water and sanitation in towns (pre-2000 arrangement) • Refuse removal • Environmental health • Fire fighting • Disaster management 	-
	Cacadu	Health services in 4 LMs ³⁰	<p>Local municipality functions including water, electricity, sanitation and refuse removal to the 4 DMS's:</p> <ul style="list-style-type: none"> - Addo - Tsitsikamma - Uitenhage rural - Rietbron/Aberdeen <p>The total budget for service delivery for 2003/2004 is R2,4 m. Also Fire fighting.</p>

The administration of DMAs poses an interesting example of municipal service delivery. This, in effect, is an example of single-tier local government, and it may well prove to be more viable than the complex and tortuous double-tier system operating in the rest of the country.

Snapshot 1: DMA in Frances Baard

In Frances Baard, there are a few small settlements (Blesmanspos, Dan Carl, Boetsap and Koopmansfontein) in the DMA area. Dan Carl is mainly a informal settlement, whilst Koopmansfontein belongs to Transnet and is in the process of being transferred to the DM. The rest of the DMA area comprises of farmland. The DM spent about R 1 million in DMA previous financial year, with R 700 000 allocated to rural sanitation and R 300 000 allocated to water infrastructure. The DM does not deliver any basic municipal services, in these areas, send service accounts or raise taxes. Development takes place on private land, which poses certain challenges in respect of tenure arrangements.

There is limited political involvement in the area with two ward committees being assisted by DM officials.

²⁹ Demarcation Board, Amathole DM Capacity Assessment, p. 12. The Demarcation Board observed that (1) there is a general lack of understanding with respect to environmental health functions; (2) most municipalities have not ring-fenced their environmental health functions; (3) environmental health services are unco-ordinated; (4) only one LM has budgeted for the control of dogs; (5) most municipalities have limited equipment and infrastructure, (6) Capacity needs to be built with respect to environmental health functions, and (7) a variety of outside agencies tend to perform environmental functions, with or without an agreement with the municipality (examples are SAPS, SAPC, Liquor Board).

³⁰ Demarcation Board, Cacadu DM Assessment, 2002, p. 11.

It is not clear what functions District Municipalities should perform in DMA areas. Should a DM aim at the full provision of urban services, or simply basic services? Should a DM aim at building up Category B institutional capacity within the DMA? If so, how would such a future Category B municipality ever be financially viable – particularly if the DM had been subsidizing high-level services from levy revenue?

The Demarcation Board Capacity Assessment for Cacadu DM begged precisely these questions. The Assessment expressed concern about Cacadu's administration of its DMAs. Cacadu DM has large DMA areas, in which the DM is responsible for delivering all the local government functions, and a number of these functions are not being provided. The Demarcation Board recommended that the Provincial Department of Local Government should intervene to ensure that the communities in DMA areas receive all municipal services.³¹ But should Cacadu then subsidize service delivery in the DMA – possibly in perpetuity?

3. SERVICE DELIVERY IN URBAN AREAS

With the extension of DM powers and functions, in terms of the Municipal Structures Amendment Act, several typically “urban” services came to the fore.

(a) Environmental Health

All DMs will be responsible for Environmental Health after 1 July 2004. In some municipalities, such as Xhariep, no capacity for this exists, and urgent attention needs to be paid to capacity-building.³² In five out of the six case studies, DMs perform environmental health services, but the extent and quality of such services remain unclear.

In the following table, information regarding environmental health was drawn from the Demarcation Board assessments. It is not specified whether the DMs perform these functions in rural or urban areas, or in District Management Areas.

The Demarcation Board's definition of “Environmental Health” is closely based on the functions listed in Schedules 4 and 5, and include:

- Air pollution
- Child care facilities
- Control of public nuisances
- Control of undertakings that sell liquor to the public
- Control of undertakings that sell food to the public
- Facilities for the accommodation, care and burial of animals
- Licensing of dogs
- Markets
- Municipal abattoirs
- Noise pollution control

³¹ Demarcation Board, Cacadu DM Capacity Assessment, 2002, p. 30.

³² Demarcation Board, Xhariep DM Capacity Assessment, 2002, p. 8.

- Pounds.

It should be noted that this description of the “environmental health function” does not do justice to more developmental approaches to EH. For example, in the Northern Cape, EH is increasingly defined as community empowerment and awareness to deal with EH issues, instead of a pure emphasis on regulatory functions. This has far-reaching implications. The more the EH officers function as “community animators” or “facilitators”, the more the EH functions can complement other developmental functions, such as water and sanitation provision, or LED. This, in turn, would require EH officers who are differently trained, and who function across sectoral boundaries.

Table 8: District Municipalities and Environmental Health functions

District Municipality	Environmental health	Current DM staff for EH (estimates)
Boland	Child care facilities, control of public nuisances, control of liquor undertakings, control of undertakings selling food, noise pollution ³³	19
Xhariep	None	None
Frances Baard	Air pollution, control of public nuisances, licensing of undertakings selling food ³⁴	4
Eden	DM performs air pollution control, control of public nuisances, control of undertakings that sell food, noise pollution control ³⁵	8
Amathole	DM performs only Markets (in 5 LMs) and abattoirs (in 5 LMs). According to the interview, the DM provides EH services to a number of areas, including Great Kei, Ngqushwa, Mnquma, Mbashe and Nkonkobe LMs.	No info
Cacadu	Child care facilities, control of public nuisances, facilities for care and burial of animals, facilities that sell food to the public, markets, noise pollution ³⁶	2

In Appendix A, information is provided regarding the current DM staff for Environmental Health. This is then compared with the current staff of all the LMs combined. This is done to estimate the number of LM staff which may have to be transferred to DMs in July 2004, to comply with the Minister’s Notice. (This transfer may well cause disruptions to LMs’ functions, since environmental health functions are often integrated closely with other LM functions.)

³³ Demarcation Board, Boland DM Capacity Assessment, 2003, p. 14.

³⁴ Demarcation Board, Frances Baard DM Capacity Assessment, 2003, p. 12-13.

³⁵ Demarcation Board, Garden Route/Klein Karoo DM Capacity Assessment, 2003, p. 16. Unlike Boland DM, Eden DM maintained that the provision of child care facilities is not a DM function.

³⁶ Demarcation Board, Cacadu DM Capacity Assessment, 2002, p. 14.

Snapshot 2: The parlous state of environmental health services

The dire situation in Amathole should be noted. Virtually no EH functions are being performed outside the Buffalo City area. Once the Amathole DM becomes responsible for EH (after July 2004), a massive capacity-building effort will be required. As the Demarcation Board reported stated, “Much work is required for municipalities to recognize the importance of the environmental health functions and what their Constitutional obligations are for ensuring the rendering of these services.”¹

(b) Curative health

This function will, in due course, revert to being a provincial function (due to the redefinition of “municipal health” as only “environmental health”). It is likely that DMs will perform curative health services on an agency basis for Provinces in future. In the Demarcation Board assessments, there is a general complaint that provincial subsidies are currently inadequate to perform this function adequately. Many municipalities currently provide top-up funding for health (e.g. Boland DM provides R8 million p.a. from levy revenue³⁷), and this is likely to fall away after Provinces take over, once health is no longer a municipal function. It will require increased Provincial budgets for health.

Separating out “curative health” from “environmental health” will be a complex endeavour, as services are often rendered in an integrated manner.

(c) Water and sanitation

The functions of water and sanitation are particularly important, for several reasons. Firstly, these are major revenue-generating functions for many municipalities. Secondly, they are highly complex functions, since they combine infrastructure design and provision, natural resource management, operations and maintenance, credit control and community awareness issues (e.g. health, hygiene, and infrastructure maintenance). Making effective policy decisions for water and sanitation is a challenging task for any municipality.

The Department of Water Affairs and Forestry (DWA) has proposed that the “Water Services Authority” (WSA) function be distinguished from the “Water Services Provider” (WSP) function. The former refers to policy-making, guidance, oversight, and M&E. The latter refers to the actual operations of water or sanitation systems. In many parts of the country, DMs have been designated as WSAs, with Local Municipalities (or non-state agencies) functioning as WSPs.

³⁷ Demarcation Board, Boland DM Capacity Assessment, 2003, p. 11.

Table 9: District Municipalities as Water Services Authorities

DM	WSA in urban areas	Comments
Boland	No	
Xhariep	No	
Frances Baard	No	Except District Management Areas
Eden	No	
Amathole	Yes (except Buffalo City)	The DM is the WSA for 7 LMs. Of these LMs, two are currently implementing water in the urban areas, while five are performing a partial service. Of the seven LMs, three are performing a sanitation function in the urban areas, while four perform a partial service.
Cacadu	No	

Areas with strong Local Municipalities tended to keep the WSA function at LM level. In contrast, Amathole DM has been declared a *Water Services Authority* for all the LMs (except Buffalo City). It is likely that the LMs will function as *Water Services Providers*. This will require the creation of economies of scale of service delivery agreements between the DM and the relevant LMs. The District Municipality is quite eager to hold on to its WSA function. The reason for this is that it will enable redistribution of revenue amongst those LMs. This is a common system in “ex-homeland” or “deep rural” areas, where no effective Category B capacity has been built up.

(d) Built environment regulations

This function includes building regulations, trading regulations, billboards and street trading.

These are typical LM functions, and are *not* included as DM functions in the Municipal Structures Amendment Act. Nevertheless, several DMs still perform some of these functions, in particular, the enforcement of building regulations.³⁸ The prominence of “building regulations” as a DM function is curious, and may refer primarily to rural areas. This needs to be further investigated, as it can have an impact on the nature of settlements, housing, and commercial development.

The table below is drawn from the respective Demarcation Board Assessment reports:³⁹

Table 8: Built environment regulatory functions

Province	District Municipality	Building regulations	Trading regulations	Billboards	Street trading
WC	Boland	Yes	Yes	-	Yes – in 6 smaller settlements

³⁸ In its analyses of District Municipalities’ capacity, the Demarcation Board assessments included these functions in a category called the “planning cluster” of Schedule 4 and 5 functions. This category also included municipal planning and local tourism. For the purposes of this report, however, these two topics are discussed in other sections, later in this report, on the grounds that municipal planning lends itself to more “strategic” district-wide decision-making, and “local tourism” can be linked fairly strongly to a district-wide tourism service.

³⁹ Xhariep report, p. 12;

FS	Xhariep	-	-	-	-
NC	Frances Baard	Yes	Yes: Land use management and rezoning	-	?
WC	Eden	-	-	-	-
EC	Amathole	For Mbashe, Nquma and Nkonkobe LMs, funded from DM levy revenue (3,5 staff)	Unclear – two LMs maintain DM does it, but DM denies this	-	-
EC	Cacadu	Yes	-	-	-

The Demarcation Board found that, in several areas, virtually none of these functions are performed, either by the DM or by the LMs. Furthermore, these functions are often part of other budgetary allocations, and staff are shared with other functions. Consequently, it is difficult to assess the extent to which these functions are resourced.

Some key points should be noted:

Snapshot 3: The lack of built environment regulations in Xhariep

In the case of Xhariep DM area, virtually none of these functions are performed, either by the DM or by the LMs. The Demarcation Board report found that “The planning related functions are extremely poorly performed within DC16. The Provincial Department of Local Government should develop a capacity building initiative in order to promote the rendering of these services in the region”¹

Generally, a confusing picture emerges, with some DMs having no capacity to do any of these functions at all (Xhariep DM); and other DMs performing the function, presumably on behalf of LMs, although it is unlikely that formal service agreements have been drawn up. Amathole DM and Boland DM’s activities are likely to be a residue from pre-2000 systems, which probably stayed in place due to bureaucratic inertia, or due to lack of capacity within the LMs to take on these function.

Snapshot 4: Sorting out land use management and building regulations in Amathole DM

Similarly, in the Amathole region, these functions are generally not performed by LMs (except Buffalo City), and very little budgetary allocation is made for this.¹ The DM believes that building control and land use management are linked in terms of approving building plans, yet all Local Municipalities are responsible for land use management (whilst very few have any such capacity at all) and the DM is responsible for several LMs’ building control. Presently, the DM and local municipalities are working out a system to manage this jointly.

(e) Management of the urban environment: Fire-fighting and solid waste disposal

These functions are DM functions, as listed in the Municipal Structures Amendment Act. The Act refers to “fire-fighting services serving the area of the district municipality as a whole”, and which includes: (i) planning, co-ordination and regulation of fire services; (ii) specialized fire fighting services such as mountain, veld and chemical fire services; (iii) co-ordination of the standardization of infrastructure, vehicles, equipment and procedures; and (iv) training of fire officers.⁴⁰ At least three out of the six DMs in the study perform some fire-fighting services. In several cases, DMs have no fire-fighting capacity (e.g. Xhariep, Frances Baard), despite the Structures Act’s injunction that DMs are responsible for various district-wide aspects of fire-fighting. This indicates a large degree of capacity-building to be done.

Similarly, DMs are responsible for solid waste disposal sites, insofar as it relates to: (i) the determination of a waste disposal strategy; (ii) the regulation of waste disposal, and (iii) the establishment, operation and control of waste disposal sites, bulk waste transfer facilities and waste disposal facilities for more than one local municipality in the district.⁴¹ Only two of the DMs in the study perform refuse removal services.

Unfortunately, the Demarcation Board’s assessments are unclear with regards to the nature of current DM activities regarding refuse removal, since they do not distinguish between *local* refuse removal and *district-wide* refuse removal. Consequently, it is impossible to determine whether the DMs are currently performing such functions within specific settlements, or on a district-wide basis.

Table 9: DM involvement in urban environmental management functions

District Municipality	Fire-fighting	Stormwater	Refuse removal
Boland	Yes, in 2 LMs (62 staff)	-	-
Xhariep	-	-	-
Frances Baard	Veld fire fighting units in farming areas	-	Dumping site for DMA area
Eden	Yes, in 5 LMs (23 staff)	-	-
Amathole	No. Yet Mnuquma LM claimed DM is performing fire fighting ⁴² (no DM staff)	Yes	-
Cacadu	Yes – in DMA and 2 LMs		

⁴⁰ Municipal Structures Amendment Act, Act no. 33 of 2000, Section 86(6)(j).
⁴¹ Municipal Structures Amendment Act, Act no. 33 of 2000, Section 86(6)(e).
⁴² Demarcation Board, Amathole DM Capacity Assessment, 2002, p. 27.

(f) Social services

In this category, the Demarcation Board included the following functions:

- Cemeteries and crematoria
- Beaches and amusement facilities
- Local amenities
- Local sport facilities
- Municipal parks and recreation
- Public places.

In terms of the Municipal Structures Amendment Act, only “cemeteries and crematoria” are district-level functions, and only with reference to facilities serving “the area of a major proportion of municipalities in the district”.

Table 10 indicates that the situation on the ground is rather confused:

Table 10: DM involvement in social services

District Municipality	Cemeteries	Other social services
Boland	Yes, 19 staff (part of another budget item)	
Xhariep	-	-
Frances Baard	Yes, 4 staff (part of another budget item)	-
Eden	-	Beaches and amusement facilities (43 staff)
Amathole	-	Amathole claims it performs no social services, yet Mnquma LM believes that Amathole DM controls beaches and amusement facilities, and Ngqushwa LM believes that Amathole DM maintains local sport facilities. Amathole undertakes community-based public works projects.
Cacadu	Yes, 2 staff (part of another budget)	

Given the need for cemeteries, arising from the HIV/AIDS pandemic, some DMs’ lack of attention to this function is a cause for concern.⁴³

⁴³ This point is made in Demarcation Board, Amathole DM Capacity Assessment, 2002, p. 33.

4. DISTRICT-LEVEL SERVICES (E.G. REGIONAL AIRPORTS, TOURISM)

This category of services refers to services that are truly district-wide, as opposed to interventions in specific rural or urban areas. The hallmarks of this category of functions are economies of scale, district-wide strengths and problems, and inter-jurisdictional co-operation or linkages. In particular, the following functions are important:

- District-level tourism: All the DMs in the study perform some kind of tourism functions
- District transport: This is generally neglected by DMs
- District roads: This is generally neglected by DMs.

Table 11: District-level services provided by District Municipalities

District Municipality	District-level services provided	DM Budget for tourism (2001/2)	DM budget for transport (2001/2)	DM budget for roads (2001/2)
Boland	Tourism: Funds 50% of Winelands Regional Tourism Organisation, 6 staff	R1,9 million	-	R10 500
Xhariep	An interest has been expressed in LED and tourism promotion , as well as promoting emergent farming on commonage land. However, not much has been achieved, due to the recent establishment of the DM, and its financial constraints.	-		-
Frances Baard	Tourism: Used to play a strong role; this appears to have declined Roads: Agency function for provincial roads: 54 staff	R1,6 million	-	R4,5 million
Eden	<ul style="list-style-type: none"> • Tourism: 4 staff • Economic Development: A Strategy has been compiled • Public transport: No staff 	R981 000	R30 000	-
Amathole	Tourism: None Public transport: 1 staff member Roads: None	-	R3,6 million	-
Cacadu	Tourism: DM funds the Cacadu Regional Tourism Organisation Transport: 2 staff (actual function unclear) Roads: 3 staff (actual function unclear)	R4.23 million	R1,2 million	Unclear (part of another budget item)

As regards district-level transport and road maintenance, several Demarcation Board reports expressed concern. For *Xhariep DM*, the Board noted, “It would appear that the district plays a very weak role within the area, with the majority of the district functions being performed by the local municipalities”.⁴⁴ For *Eden DM*, the Board commented that the R30 000 budgeted for district transport is clearly insufficient. Furthermore, “DC4 does not appear to be performing sufficient district functions. [With the exception of fire fighting], It ... has no staff and lacks equipment and infrastructure for the district transport function ... Clearly district-wide capacity needs to be built here.”⁴⁵ For *Boland DM*, the Board stated that “DC2 ... appears to lack capacity in some of the

⁴⁴ Demarcation Board, Xhariep DM Capacity Assessment, 2002, p. 20.

⁴⁵ Demarcation Board, Garden Route/Klein Karoo DM Capacity Assessment, 2002, p. 24, p. 32.

functions which it is required to perform by law. Municipal roads and refuse removal can be mentioned in this regard. Clearly, capacity has to be built here.”⁴⁶ For *Frances Baard DM*, the Board commented that “The public transport function is not being rendered by any municipalities, including the DC ... Private operators ... provide public transport functions ... It is thus unlikely that the municipalities have any control (directly or through contractual obligations) over the planning or operation of public transport in their areas. The fact that public transport is not being addressed by the municipalities is cause for concern, particularly considering the emphasis being placed on the public transport by new transport legislation. It is likely that capacity will need to be built in this area”.⁴⁷ There are also apparently no district-level roads, with the DM only maintaining province-level roads, as an agent for the Northern Cape Department of Roads. For *Cacadu DM*, the Board noted that no municipalities are rendering the public transport function, and that it is done solely by the private sector. “Here is a clear example demonstrating the need for capacity building with respect to the municipality’s role and responsibility ... A significant component of the public transport function is the need to regulate. This cannot be ‘privatised’ and always remains the responsibility of local government”.⁴⁸ For *Amathole DM*, the Demarcation Board observed that the DM is currently not performing the municipal roads function, with the result that the Provincial Government is currently performing the DM’s responsibilities. This will require a programme to transfer funds, staff, assets and liabilities from the Province to the DM.

However, the stark Demarcation Board figures conceal some interesting initiatives.

In Xhariep DM, the promotion of tourism was repeatedly mentioned as a priority. The Free State has not traditionally being a tourist destination, and both the DM and LM seem to place a high emphasis on tourism as one of the catalyst in improving the local economy. The LED/Tourism manager believes that the District can benefit tremendously if it is deemed as a nodal point because of the degree of poverty in the region. The DM regards its role as being responsible for Tourism and Local Economic Development (LED). It has an LED/Tourism Officer and would like the DM to function as a tourism marketing authority. Both the DM and LM agree that the DM is ideally placed to play this role. However, the weakness with this argument is that whatever minimal tourism promotion capacity exists, is at Category B level, with most municipal offices also doubling up as tourism information centres. This is not necessarily an effective tourism information service, but it is more than Xhariep has available.⁴⁹

In Eden Municipality, only tourism is facilitated at a regional level. Efforts to facilitate district level services are in progress, with the approval R 3 million for regional projects, including performance management, archive and workflow, customer care and management information management. This initiative should come into operation within the next nine months.

⁴⁶ Demarcation Board, Boland DM Capacity Assessment, 2003, p. 26.

⁴⁷ Demarcation Board, Frances Baard DM Capacity Assessment, 2003, p. 17.

⁴⁸ Demarcation Board, Cacadu DM Capacity Assessment, 2002, p. 21.

⁴⁹ In Xhariep, most of the tourism marketing initiatives are driven by the private sector. There appears to be no relationship between the municipal authority and the tourism role players. The poor performance of the Free State Provincial Tourism Authority further compounds this unhealthy situation.

5. Shared service delivery (e.g. engineering services, IT, financial management)

This category of functions refers to Local Municipal functions, which are facilitated and promoted on a district-wide basis by DMs. Eden DM and Amathole DM have interesting plans in place to promote shared financial management for Category Bs, shared environmental health services, shared engineering services, legal services, environmental impact analysis, and staff recruitment.

Table 12: Shared LM services facilitated by DMs

District Municipality	Shared services delivered
Boland	-
Xhariep	None. Bloemwater and the Municipality of Mangaung deliver bulk water and electricity maintenance services to local municipalities in the area. Website and commonage
Frances Baard	-
Amathole	Shared financial management for Category Bs and auditing Environmental health Engineering services
Cacadu	-
Eden	Plan shared services in collaboration with Bs: <ul style="list-style-type: none"> • Legal services • Environmental impact analysis • Staff recruitment and selection

All the District Municipal interviewees expressed their desire to provide shared services, but there is still fairly little precedent for this.

Snapshot 5: Shared services in Amathole

In Amathole DM, in terms of engineering services, this is shared with 7 local municipalities (excluding Buffalo City). For financial management, there is a municipal support unit (explained below) that helps the weaker local municipalities. Primary health care services and environmental health service delivery are a shared function with the Provincial Department of Health. The local municipality stated that they have received financial management support but this was on an *ad hoc* basis. Both the District and Local Municipality mentioned that an Audit Committee has been established at District level and provides assistance to all local municipalities (excluding Buffalo City). On one hand, the District Municipality believes that shared service delivery is crucial given the weak financial position of many local municipalities, while on the other, the local municipality (from a political point of view) is of the opinion that shared service delivery is another excuse for the District to justify its existence.

A major initiative has been the introduction of PIMSS Centres, to assist Local Municipalities with compiling their IDPs. The result has been mixed. Most DMs feel very positive about PIMSS Centres as a mechanism to provide shared planning services to Local Municipalities. However, some LMs feel that PIMSS Centres have been of greater benefit to DMs than to Local Municipalities. Furthermore, in some cases, the functions of the PIMSS is becoming blurred, with the PIMSS staff increasingly drawn into various administrative functions within the District Municipalities.

A proper evaluation of the PIMSS system needs to be done. From the interviews in this study, it appears that DMs are generally positive about the PIMSS performance, but Local Municipalities are often more skeptical.

Boland DM conveyed that no political buy-in for the establishment of a PIMSS Centre existed on local level. Nevertheless, the DM officials felt that it could contribute significantly to the institutional capacity of Local Municipalities, especially with the implementation and review of Local and District development plans.

In Amathole DM, the PIMSS experience appears to be a promising one. The DM believes that their five clusters are modelled along the PIMSS structure. The Local Municipality believes that the hands-on approach of the PIMSS centre is the best route for future capacity building and would encourage such initiatives in future. Furthermore, the PIMSS centre has not placed huge financial demand on the District Municipality since it was mainly funded by National Government. It is clear that the District Municipality will support similar capacity building initiatives if there is an undertaking from National Government to bear most of the cost.

The PIMSS experience in Frances Baard is more controversial. The PIMSS is involved in preparation and reviews of IDPs for the smaller LMs. However, Sol Plaatje interviewees felt that the PIMSS is used by the DM to enhance their own capacity, sometimes to the extent that capacity building at local level is neglected.

Xhariep DM has established a PIMSS Centre late during 2002. The Free State Provincial Department felt that a general misunderstanding exists at DM level around the PIMSS centres. The experience has been that DMs use PIMSS centres to do the district IDPs, instead of the PIMSS centres assisting the local municipalities. According to the Free State Department of Local Government, there is a forthcoming regulation that PIMSS centres will be Section 79 committees (in terms of the Structures Act), and will function as units in the DMs, but with their own autonomy. No more than 30% of their funding will then be spent on district IDPs, which will force them to pay attention to Local Municipalities' needs.

Kopanong Municipality has not experienced any capacity building from Xhariep's PIMSS centre. In Xhariep, the PIMSS Centre has by default and by its location (housed in the DM) become an extension of the DM, rather than a service centre for the three LMs. The Municipal Manager mentioned that they tried to use the PIMSS centre to assist in the annual IDP review, but no help was forthcoming. Kopanong LM believes that they have not benefited from the PIMSS centre. Therefore, no capacity building will take place until the PIMSS centre redefines its role. In the end, Kopanong had to use consultants. The interviewee felt that the PIMSS centre has not benefited the three local municipalities and it is an extension of the DM.

PIMSS Centres can cause unanticipated problems. Xhariep District Municipality embarked on a comprehensive process to review their IDP. A problem has emerged that the officials and councilors, who participated extensively during the first IDP, are now reluctant to throw their full weight behind the planning process. They tend to think that the IDP manager, alongside the consultant and PIMSS-centre, should be responsible for all the planning activities and reports. PIMSS and the consultant have a good relationship and support each other well in terms of providing support to the District Municipality.

Furthermore, Xhariep interviewees noted that the functions of the Centre are becoming blurred. The PIMSS Manager believes that both the District and Local municipalities expect far too much from the PIMSS centre; they expect the centre to play an active role in the day-to-day organisation of the process as well as providing information and methodological support, and also to manage the consultants appointed by these municipalities. Given the staff constraints in the PIMSS center, this is impossible.

These bits of impressionistic evidence provide fertile ground for designing a future evaluation of the PIMSS system.

6. FISCAL REDISTRIBUTION (CAPITAL GRANTS FROM LEVY REVENUE)

This function refers to the redistribution of DMs' levy revenue as capital grants, allocated to Local Municipalities. For DMs in the erstwhile Free State, Transvaal and Natal provinces, this was the key function of Regional Services Councils. Consequently, those erstwhile District Councils built up small and streamlined staffs, aimed at reducing overhead costs to enable a maximum transfer of revenue as capital grants. This was an important redistribution function, to distribute funding drawn from wealthier areas (typically urban CBDs) to poor areas (typically urban townships and underserved rural areas). In the erstwhile Cape Province, the District Councils inherited various service delivery functions, and therefore the allocation of capital grants was only one of a suite of functions.

Impressionistic evidence indicates that DMs are allocating a declining proportion of their revenue to capital grants. Overhead expenses, such as offices, staffing and transport, have increased, as DMs set about building impressive establishments. This trend is accompanied by increases in government conditional grants (such as CMIP), so that it is possible that DM capital grants are gradually being replaced by national-level grants. This would imply that DMs' redistribution role is declining – at least as far as fiscal redistribution is concerned (it is possible that an effective district-wide planning service may promote redistribution in the longer term).

This has led to frustration amongst Category B municipalities, who can recall much higher capital grant allocations in the pre-2000 era than are provided currently.

In table 13, figures are drawn from the 2002/3 budgets:

Table 13: Redistribution of capital revenue

District Municipality	Annual revenue from levies	Revenue generation: Levies	Amount of capital revenue distributed	Ratio Capital grants:Total levy revenue
Boland	R 9117 million	0.20% regional establishment levy 0.25% regional services levy 12.5% rebate to farmers (however, this may be phased out). ⁵⁰	R 13 million has been reserved for projects in the current financial year but has not been allocated yet.	14%
Xhariep	R 2.3 million	0.132% regional establishment levy 0.33 regional services levy	nil	0
Frances Baard	R30 million	0.132% regional establishment levy 0.33 regional services levy	R 6 million to category B municipalities based on applications received	20%
Eden	R 52 million	0.15504% regional establishment levy 0.38760% regional services levy	R 29.6 million for infrastructure development to Category B municipalities based on applications as well as R 15.4 million for capacity building. This was an exceptionally high allocation (typically it is R15-20 million).	57.7%
Amathole	?			
Cacadu	R19,5 m	0,152 % regional established levy 0,380 % regional services levy	Levy income is applied to part finance the restructuring of the DM	Dropped to zero since 2000/2001

In Table 14 below, some comparative figures are provided. However, these figures should be treated with extreme caution, because the existing DMs are often not the same entities as pre-2000 District Councils.

Table 14: DM Expenditure trends, 1999/2000 and 2002/3

1999/2000					2002/2003			
	Levy Income	Levies Allocated to grants	Salaries	Councilor Expenditure	Levy Income	Levies Allocated to grants	Salaries	Councilor Expenditure
Eden/Dwarsrivier	R 31.3 m	R 20.1 m	R 15.3 m	R 0.6 m	R 48.1 m	R 18.3 m	R 14.2 m	R 1.7 m
Boland ⁵¹ /Breederiver DC	R 23.5 m	R22.9 m	R26.3 m ⁵²	R 156 000	R 94.7 m	R29.5 m	R 57.7 m ⁵³	R2,2 m

⁵⁰ Drawn from Boland DM IDP.

⁵¹ Compared with pre-2002 Breederiver DC.

⁵² Includes roads and health services.

⁵³ Includes roads and health services.

Frances Baard/ Diamantveld DC					R30 m	Normally around R6 million	R19 m (all operating expenses)	
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Impressionistic evidence suggests that salaries and councilor allowances are consuming greater proportions of DM revenue than ever before. For example, in 1999/2000, Eden DM’s expenditure on councilor allowances was R0.6 million, whereas it is budgeted as R1.7 million in 2002/3. The following table attempts to suggest trends, although it is methodologically problematic (due to the changes in jurisdictions in December 2000). In each case, a pre-2000 DM is compared with a current DM:

Table 15: Percentages of levy revenue: DM expenditure trends

	1999-2000			2002-2003		
	Grants as proportion of levy income	Salaries as proportion of levy income	Councilor Expenditure as proportion of levy income	Grants as proportion of levy income	Salaries as proportion of levy income	Councilor Expenditure as proportion of levy income
Eden/	64.2%	48.8%	1.92%	38.05%	29.5%	3.53%
Boland	97.4%		0.7%		31.2%	2.3%
Xhariep	62%	5%		N/A	145%	N/A
Frances Baard	40%			20%	63% (all operating expenses)	

Nevertheless, these figures indicate suggestive trends, which were confirmed in the interviews.

In the Western Cape, there has been a decline in distribution of capital grants. For example, the erstwhile Breederivier Divisional Council’s RSC levies (pre-2000) amounted to approximately R23 million, with about R22 million distributed as grants. In comparison, Boland DM’s levies RSC levies (post-2000) amounts R94 million, with only R15 million being redistributed as capital grants. This is a massive decline in the proportion of revenue used for capital grants.

Eden DM did not distribute levy income for capital infrastructure *at all* in the previous financial year (2001/2). The allocation for the current financial year amounts to R 29.6 million. (However, this is partially explained by the fact that Eden make allocations for operating expenses in respect of health services rendered that were not subsidized by the Provincial Government).

In Frances Baard, officials maintain that maximizing levy income remains a priority, for the purpose of capital infrastructure. At this stage, the DM receives about R30 million in levy revenue, of which about R6 million is spent on capital projects (this was augmented by about R 11 million from savings in the Capital Development Fund last year, but this will not be replicable in future). Frances Baard’s operating expenses are about R19 million, or about 63% of revenue collected. Their CFO feels that too much funding is spent on salaries and administration. About 40% of revenue is spent on operating costs, in comparison with 20% in the pre-2000 period.

In Xhariep Municipality, its modest levies base (R2.3 million per annum) means that the municipality makes very limited capital funding available to Category B municipalities. Since its inception in 2000, the District Municipality (XDM) has financed 7 infrastructural projects on a counter-funding basis (mainly water purification, sewage purification, Roads and Stormwater drainage). Given its financial constraints, the District Municipality sees its role mainly as facilitating funding from Provincial and National government.

This has led to frustration amongst Category B municipalities. During the interview with Kopanong Municipality, the interviewees referred to the previous Regional Services Councils, which existed with small overhead and made substantial capital grants available. Kopanong believes that the RSC levy system worked better; this is not surprising, since the erstwhile Bloemarea District Council had access to the massive Bloemfontein revenue base. The DM should also play a role in redistributing resources to the smaller less well-off B Municipalities.

It should be noted that Xhariep DM, which does not have personnel dedicated to the collection of levies, has only as late as September 2002 undertaken its own revenue collection. Also, no punitive measures have been undertaken to force business to pay their levies. This obviously undermines its revenue flow, and therefore its ability to make capital grants.

7. CONDUIT FOR GOVERNMENT GRANTS

The significance of this new function is that capital and development conditional grants are increasingly being channeled to Local Municipalities *via District Municipalities*. This is done to promote effective prioritization of projects, presumably on the grounds that DMs have a better idea of district-wide priorities (due to the writing of District IDPs).

This new approach is controversial, as it involves an unresolved relationship with Provincial Governments. In many cases, Provincial Departments of Local Government remain responsible for the monitoring of grant expenditure, but without any responsibility, staff or resources to intervene when funds are misspent. This mismatch of responsibilities and funding flows needs to be addressed. At the heart of the matter is the need to decide, in principle, how national grant funding should be disbursed (via Province or District level), and then to keep that level of government responsible for monitoring, supervision, and capacity-building of LMs.

A further issue is that *some conditional grants* are allocated directly to *some LMs*, presumably on the grounds that they have sufficient capacity to spend this funding without DM supervision. The principles for these decisions remain unclear.

Table 16 illustrates the development grants allocated to LMs by the six DMs under review:

Table 16: DMs’ grant conduit function

District Mun		Grant	Via DM	Direct to LMs
Boland	Capacity Development Infrastructure	LGTG MSIG LEDF CMIP	R 0.4 million ? R 0.0 million R 5.2 million	R 5.1 million ? R 0.4 million R 2.6 million
Xhariep	Capacity Development Infrastructure	LGTG MSIG CMIP Water Ser Water Sup/sewage	R 1.2 million R 0.6 million R 3.2 million R 0.5 million Nil	1.3 million R 0.2 million Nil R0.6 million
Frances Baard	Capacity Development Infrastructure	LGTG MSIG CMIP	R 3.5 million R 2.8 million R 2.9 million	R 2.6 million
Eden	Capacity Development Infrastructure	LGTG MSIG CMIP	R 0.5 million R 2.8 million R 6.8 million	R 5.2 million R 5.2 million
Cacadu	Capacity Development Infrastructure	MSIG MAAP (DWAF) MSP CBPWP CMIP NMMM	R3,17 m R9,57 m R3,00 m R3,09 m R15,94 m R10,00 m	Human settlement funds (R11 million), equitable share and housing funds
Amatole	Not available			

The system of allocations via DMs has created some resentment on the part of stronger LMs. Some Local Municipal interviewees intimated that the application and availability of funds at District level are often not communicated to Category Bs or the communities, and this contributes to the feelings of frustration experienced by Local Municipalities when it comes to the “expected” support from the DM. This they felt is exacerbated by the lack of a clear local economic development strategy that should be in place for the whole district.

8. CAPACITY-BUILDING FOR LOCAL GOVERNMENT

A common theme in the interviews was District Municipalities’ desire to promote the capacity of Category B municipalities. Some DMs have created specialist support units to assist Local Municipalities.

In practice, this has often been more difficult than anticipated. For example, political rivalries have undermined the emergence of systems of co-operation. Many DMs themselves lack the sophistication and technical skills to assist Category B municipalities. Finally, some LMs regard DMs as agencies with a “big brother” attitude, and this is resented. In some cases, Local Municipalities would like support, but neither they nor the DM is quite clear on what kind of capacity-building is really required.

Snapshot 8: Attempts at capacity-building in the Western Cape

In the Western Cape, transformation forums existed prior to 2000 to facilitate discussions between Category B's and C on a monthly basis. The District Advisory Forums was established through a Ministerial proclamation¹ and was (is) applicable to the entire Western Cape Province. The Municipal Manager as well as the mayor of each local municipality within the jurisdiction of the District Municipality served as representatives on these forums. The initial success of these forums existed in the fact that they created an opportunity for district wide consultation between the locals and the district to take place on especially confusing and unclear matters (of powers & functions).

Numerous "documents of cooperation" saw the light, and service agreements were signed in terms of the capacity and financial assistance received from C's. As this was suppose to be an interim measure, to be called off at a date determined by the minister (which has not been done yet!), discussions and arrangements beyond that of service delivery (housing, fire fighting & health) ceased to exist due to a number of reasons. This was largely due to political differences between the relevant role players. They conveyed that there were instances where some participants felt more part of a "political power play" scenario than that of a facilitative body. Thus far, the DAFs have neither been replaced nor reconceptualised in any way to facilitate current district wide discussions.

Amathole DM provides support regarding policy-making, administrative processes, and organisational restructuring in all the local municipalities (excluding Buffalo City). The District Municipality has a new municipal support unit to co-ordinate and assist with the capacity needs of the local municipalities in the fields of finance, human resources, administration and communication. The District has established five so called "clusters" to help in improving capacity building at both District and Local level:

- *Institution and Finance Cluster*, the objectives of this cluster includes amongst others, to create an enabling environment for effective and efficient rendering of authority functions by 2005, to become a learning and sharing institution by 2004, to support local municipalities to ensure 100 percent compliance with the Auditor-General's checklist and most importantly reduce reliance on levy revenue from 80% to 55% by the 2005/2006 financial year.
- *Infrastructure Cluster*, which aims to provide adequate, potable water to all by 2008. However, this depends on national government's meeting its policy and financial obligations as outlined by the Department of Water Affairs. Furthermore, the cluster aims to ensure that all households have access to basic social amenities within 2 Km walking distance.
- *Social Cluster*, which aims to render integrated environmental health services to all by July 2004, to reduce and prevent the spread of water-borne diseases, to reduce the impact of HIV/AIDS and to capacitate all local municipalities to render their disaster management functions.
- *LED and Environmental Cluster*, which aims to facilitate a clear distinction of the roles and responsibility framework of the local and district municipalities and to create a SMME vehicle that will facilitate employment creation of linkages and networks throughout the linkages and networks throughout the Amathole District.

- *Infrastructure Cluster*, which will start operating once the District Municipality has appointed an official who will oversee the cluster. All local municipalities are represented in these forums and play crucial role in decisions that are made within the cluster. The DM's Executive Mayor commented that capacity building can also be enhanced when all municipalities (Local and District) make a conscious effort to appoint people with the right qualifications, experience and expertise and when the municipal leadership is committed to capacity-building by making decisions that empowers municipal officials. The District is keen to increase the levels of accountability at both District and Local level, thereby improving the capacity of local municipalities.

Surprisingly, Ngqutswha LM maintained that not much has been achieved yet in terms of capacity-building but with these newly established clusters a lot is expected. To date, the only meaningful capacity building received by the LM has been a course offered by SALGA for councillors. This is an accredited course that will see councillors receiving certificates after successful completion. From a local municipality political point of view, the District Municipality will not fully capacitate local municipalities, and its initiatives are being taken to ensure that the District's own *raison d'etre*.

9. CO-ORDINATION OF SOCIAL, SPATIAL AND ECONOMIC DEVELOPMENT: THE "STRATEGIC ROLE"

"Municipal planning" is a municipal function, according to Schedule 4 of the Constitution. According to Section 84 of the Municipal Structures Amendment Act, District Municipalities are responsible to do "Integrated development planning for the district municipality as a whole, including a framework for integrated development plans of all municipalities in the area of the district municipality".

Clearly, there is an expectation of substantive "alignment" and co-ordination between district- and local-level planning. Furthermore, the co-ordination of planning is one of the major instantiations of the claim that DM's should play a "strategic" role. The definition of "strategic" has not yet been spelled out, and presumably it means effective prioritization of development initiatives on a district level, so that municipal activities can have the most impact.

"Municipal planning" is a municipal function, according to Schedule 4 of the Constitution. According to the Municipal Structures Amendment Act, District Municipalities are responsible to do "Integrated development planning for the district municipality as a whole, including a framework for integrated development plans of all municipalities in the area of the district municipality".⁵⁴ According to the Municipal Systems Act, "Each District Municipality ... after following a consultative process with the local municipalities within its area, must adopt a framework for integrated development planning in the area as a whole".⁵⁵ Furthermore, this framework "binds both the district municipality and the local municipalities". The framework must "at least":

- Identify the plans and planning requirements binding in terms of national and provincial legislation

⁵⁴ Section 84(6)(a).

⁵⁵ Municipal Systems Act, Act no. 32 of 2000, Section 27(1) and (2).

- Identify the matters to be included in the IDPs of the DM and the LMs, which require alignment
- Specify the principles to be applied and co-ordinate the approach to be adopted with regards to the matters in the IDP
- Determine procedures for consultation between the DM and the LMs.

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In this context, the capacity constraints highlighted by the Demarcation Board’s assessments is cause for concern, as illustrated in Table 17:

Table 17: DMs’ Planning Capacity and Activities

District Municipality	DM performing planning function	DM budget for planning	DM staff	LM budget and staff for planning	Comments
Boland	Yes	R1,9 m	2	Stellenbosch: R 4 m 11 staff	
Xhariep	No. IDP outsourced.	-	-	-	DM and LM IDPs written by consultants
Frances Baard	Yes	R1,3 m	4	Sol Plaatje: R1,9 m 21 staff	
Eden	No. Yet IDP being compiled.	-	-	Mossel Bay: R2,1 m 5 staff	
Amathole	No	-	-	Ngqushwa: None	
Cacadu	Yes	Unknown. Part of another budget.	3	Makana LM: Part of another budget (1 staff member)	

In the case of Xhariep DM, the Demarcation Board expressed its concern that planning-related functions are being done “extremely poorly” by both the DM. Amathole DM and Eden DM appear to have made no budgetary provision for planning at all. However, the DM’s finding regarding Amathole DM and Eden DM seems to run counter to evidence. In Amathole, for example, a lot of planning seems to be happening. Amathole DM has adopted the national Spatial Development Framework has been adopted as part of the reviewed IDP and it will be updated as more information becomes available. The Water Services Plans are linked to the IDP. Other projects have to be IDP compliant. A number of sectors were integrated with the IDP during the review process. These included a land reform and settlement plan, integrated transport plan, integrated waste management plan, LED, and a District Spatial Development Framework. The local municipality believes that their spatial development plan and their IDP have provided detailed land use planning.

How do these figures translate into actual District-Local planning co-operation and “alignment”?

Boland DM felt that they provide adequate support in terms of policy making and direction for local municipalities. Specific reference or examples on the type of “support” were however not forthcoming. Boland DM regarded PIMSS Centres⁵⁶ as an ideal vehicle through which discussions of regional importance could be conducted, as well as a platform to launch regional projects that would benefit the both the Local and District Municipality. Such projects or support could be directed towards establishing better coordination between the integrated development planning process of the District and that of the local municipalities, as the Boland DM’s IDP process still lacks the needed strategic management that is crucial to make this a successful exercise.⁵⁷ Boland DM interviewees felt that they were making headway with the identification and execution of district-wide sectoral issues, and have strategies in place for local economic development, tourism as well as housing.

In contrast, Stellenbosch LM interviewees questioned whether PIMSS staff has the capacity itself to provide the much needed support to under-capacitated local municipalities. Stellenbosch LM maintained that there existed little if any coordination between the Spatial Development Frameworks of the LM and the DM. Although many district-wide workshops in this regard were held to try and establish that coordination and create a dimension of strategic direction, nothing in reality has been achieved. There is a continuing lack of the existing policies or strategies for land use applications, housing, local economic development, poverty alleviation (and this is perceived by Stellenbosch as being due to political jockeying).

Frances Baard DM feels strongly that it must play a “strategic role”, and it hopes that central and provincial government will get their act together in ensuring integrated strategies. However, Frances Baard interviewees felt that the absence of provincial and central direction on sectoral strategies makes it difficult for the DM to integrate their strategies “upstream” (Provincial and Central Government) as well as “downstream” to integrate the local strategies into a DM strategy. The DM wants to align its district strategies to those of Central and Provincial Government before integrating local strategies into a district strategy. The Province has not yet rolled out the provincial IDP, or the provincial priorities. DM believes that such priorities should be the pivot for regional strategies.

Xhariep DM felt that Category C municipalities should take the lead in compiling IDPs. However, it was felt that the DMs are only beginning to understand their role as co-ordinators of development. The PIMSS Centre, established in 2002, and housed within the DM, has its main area of responsibility “to monitor and provide assistance to the Category B Municipalities”. Currently, the PIMMS Manager also acts as IDP Manager for Xhariep DM. The interviewees felt that the DM needs to play a more strategic role in the co-ordination of local, district and provincial development priorities. If it does not do so, then the argument for a DM role is seriously undermined.

The Free State Provincial Department takes a position counter to the strong “district-focused” perspective. Officials felt strongly that DMs’ IDPs should be based upon Local IDPs, or to put it differently, that Local IDPs should actually set the framework for district IDPs. The IDP Directorate has a distinct “bottom-up bias”, i.e. local IDPs are primary, and district IDPs should reflect local IDP priorities. The Department’s argument is that “Local IDPs should inform a district IDP”.

⁵⁶ Planning and Implementation Management Support Services, funded by DPLG directly.

⁵⁷ An opinion expressed by Stellenbosch LM.

Ideally, the writing of the local IDPs should be sequenced **before** the writing of District IDPs. “The District Municipality cannot decide for a Local Municipality what its priorities should be”. To assist municipalities, the Provincial Department makes funding available for the development of IDP’s (R72 400 per municipality), in addition to the funding provided by DPLG. The Department has also compiled IDP information packages for local governments (available on a CD-ROM), to try to overcome the problem of IDPs being “wish lists”, and to make them more strategic and meaningful.

Kopanong LM realises the importance of DMs, but is very critical of the way Xhariep DM is currently playing its role. The LM believes that the DM does not consult LMs when embarking on regional development projects to benefit local municipalities while attracting investment for the region.

According to Amathole District Municipality, their IDP is a combination of all local municipalities IDPs. This was achieved through ongoing consultation using the IDP Representative Forum and District Mayors Forum. In both these forums, all local municipalities are represented. The PIMSS centre was also used to ensure integration between local municipalities IDP and the District’s IDP. However, this was done on an *ad hoc* basis rather than on a more systematic approach. However, with the establishment of the “clusters” in the Amathole district, the District IDP will be more reflective of the local municipalities IDPs.

The Amathole District Municipality states that there is a clear distinction drawn between the District’s powers and functions in relation to the substantive matters and the role of the local municipalities. For example, the District’s land reform and settlement plan identified multi-year projects, but these projects were identified in consultation with the local municipalities, and they also feature in the Local Municipalities IDPs. The District Municipality believes that it has provided local municipalities with assistance in decision-making and this ensures linkage between the Local municipalities and the District. This is done to avoid duplication and wastage of resources. At a political level, synergy is ensured through the District Mayor’s Forum meetings.

Both Amathole DM and Ngquswa LM believe that the DM is ideally placed to play a strategic role. The DM believes that this includes its IDP, budgetary process, sector plans linked to the IDP and the Performance Management System. The District believes that it currently plays a strategic role by ensuring that projects are IDP compliant. Furthermore, it plays a monitoring role by ensuring that the LM projects which are approved are managed and implemented, thereby ensuring service delivery. Furthermore, Districts have been established to ensure that LMs are capacitated and resourced to perform their functions and ensure service delivery to their communities. Furthermore, the District Municipality can encourage more meaningful cooperation between the local municipalities, thus reducing the use of consultants and building capacity within the local municipalities.

The local municipality stated that they received a bit of help when drafting their IDP and this ensured synchronisation of priorities. However, the Ngqushwa Local Municipality believes that its autonomy has been compromised by the “Big Brother” pressure that the District Municipality sometimes exerts on the weaker local municipalities (although a stronger local municipality such as Buffalo City is not subjected to the same degree of supervision). Furthermore, the LM interviewees maintained that the “clusters” that have been established by the District Municipality will further compromise the autonomy of Local Municipalities by ensuring that latter conform to the funding requirements set by these clusters at District Level in order for Local Municipalities to access

funding. However, the District believes that it will look beyond the cluster requirements when allocating funding. In addition, the District Municipality maintains that it is there to serve the local municipalities and will always accommodate their different needs. There is clearly some tension with regards to the DM's self-imposed role definition.

An incipient trend seems to be that DMs are confident and positive about their own leadership role in the planning process – a role which matches their mandate in the Systems Act. However, Local Municipalities are less positive about the “frameworks” and “alignments” provided by DMs, and experience the process as prescriptive and limiting.

A somewhat different experience was recorded in the Free State, with the LM feeling that it did not get *enough* support from the DM. This is an interesting finding, and suggests that an emphasis on district IDPs as “frameworks” for local IDPs may be more likely to elicit resentment and resistance than an emphasis on local IDPs as the building blocks of a district IDP.

This suggests that the process of “alignment” will not be an easy one. The balance between prescriptiveness and neglect may remain elusive, and the Systems Act may have created expectations of harmony which will be difficult to achieve in practice.

In sum, the requirement to secure district-local planning co-operation and “alignment” has been a major challenge. Many DMs require PIMSS centers as ideal vehicles to achieve this, but many LMs remain skeptical about the efficacy of the PIMSS system. Local municipalities have questioned whether PIMSS staff has the capacity itself to provide the much needed support to under-capacitated local municipalities, and they are sensitive about the “Big Brother” pressure that DMs sometimes exert on the weaker local municipalities (although a stronger local municipality such as Buffalo City is not subjected to the same degree of supervision). An incipient trend seems to be that DMs are confident and positive about their own leadership role in the planning process – a role which matches their mandate in the Systems Act. However, Local Municipalities are less positive about the “frameworks” and “alignments” provided by DMs, and experience the process as prescriptive and limiting.

9. CHANGING GEAR: FROM “HARD” TO “SOFT” DEVELOPMENT?

In the past, RSCs focused primarily on “hard” or “infrastructural” services (particularly in the northern provinces). This appears to be changing, towards a focus on “soft” or “human development” priorities. Functions such as LED (local economic development), land reform, poverty alleviation, youth development and HIV/AIDS support, are coming to the fore in DMs' IDPs. These functions are, significantly, *not listed* as municipal functions in either the Constitutional Schedules, nor are they listed as DM functions in the Structures Act. But the regularity with which these functions feature in the imagination of staff and Councillors indicates a groundswell of interest in achieving social and economic goals.

For example, Boland DM indicated that there was a shift from capital projects to more social and economic priorities to address poverty and unemployment. In the case of Frances Baard, the following issues have been identified in IDP which DM plans to address:

- Poverty alleviation
- Promotion of local economy

- Alleviation of HIV/AIDS
- Provision and upgrading of education facilities
- Reduction of the rate of crime.

DMs’ new identities as providers of “soft” services are not always supported by LMs. In the case of Cacadu DM, for example, economic development and tourism was mentioned as a cross cutting function for the future at Cacadu DM. The Municipal Manager emphasized the important challenge to appoint the right qualified personnel for this function. No structures for regional economic development are in place and will receive attention from the newly appointed staff. However, Makana LM felt that economic development and tourism functions belong to the B’s and that they are in a better position to executive these functions. The DM should look after service delivery to the DMA’s and co-ordinate a regional IDP.

These ambitions of shifting gear to “soft” functions may be unrealistic for the next few years, due to the administrative baggage inherited by DMs. DMs’ institutional structures are typically unsuited for widespread social or economic development. Most DMs are clearly still primarily an infrastructure provider and maintainer.

Consider the staff structure of Boland DM:

Table 18: Staff structure in Boland DM⁵⁸

Department	In service	Vacancies
Administration	31	9
Finance	41	9
Planning & development	2	1
Roads	210	97
Health Services	143	24
Engineering	51	8
Municipal Manager	1	1
Division: Internal Audit	1	2
Division: Tourism promotion, marketing & public relations	2	2
Division: Fire Services	31	8
Total	513	161

From this organizational overview, it appears that Boland DM is singularly unsuited to play a greater role in socio-economic development. “Planning and development” consists of only three posts, while tourism promotion is allocated only two posts. In contrast, roads, health and engineering account for 404 staff, in addition to 129 vacancies. The DM is clearly still primarily an infrastructure provider and maintainer.

10. INTERGOVERNMENTAL RELATIONS: A POSSIBLE NICHE ROLE FOR DMs?

The Municipal Systems Act provides for various interactions between national, provincial and municipal government. For example, municipalities’ planning activities must be aligned with, and

⁵⁸ Source: Boland District Municipality IDP 2002 – 2006.

complement, the development strategies of “other organs of state” and municipalities must participate in national and provincial developmental programmes.⁵⁹ The MEC for Local Government must facilitate the co-ordination and alignment of municipal IDPs with the plans, strategies and programmes of national and provincial organs of state.⁶⁰ This suggests a dense fabric of co-operation between municipalities and provincial and national sectoral departments.

Given DM’s role in “aligning” local IDPs, it is not surprising that DMs believe that they can promote interaction between Local Municipalities and the provincial or national spheres of government. Some DMs, like Amathole, have built up extensive and formal relationships with a wide network of provincial and national government departments:

- *Department of Water Affairs and Forestry (DWAF):* Amathole DM is a key role player in the Eastern Cape Integrated Water Service Management Forum that has representation from DWAF, the Eastern Cape Department of Local Government, and all Water Services Authorities’s of the Eastern Cape.
- *Department of Transport (DOT):* The DM participates in the Provincial Transport Steering Committee and specific project teams. The DM has established a District Transport Stakeholder’s Forum where both the DoT and local municipalities interact on issues of common interests. This led to DoT actively participating in putting together the DMs Integrated Development Plan as part of the IDP renewal process. Funding of DoT is channelled through the DM for specific projects at local municipalities.
- *Department of Land Affairs (DLA):* There is interaction with DLA on a quarterly basis on the Land Reform and Settlement Plan programme. Funds are also channelled through to the DM land reform programme and restitution projects at local municipal level. DLA also actively participated in drafting the LR&SP during the reviewal process. DLA also funded the LR&SP.
- *Department of Environmental Affairs and Tourism (DEAT):* The DM undertakes initiatives in partnership with the Local Municipalities and sources funding and technical support from projects within the District. For example, the DM has requested DEAT to assist with technical input towards undertaking feasibility study from the establishment of the Amatole Biosphere Reserve. Funding has been outsourced with DEAT from different initiatives including craft centres and the development of Bawa Falls.
- *Department of Public Works:* The DM has several agreements with the Community Based Public Works Programme (CBPWP) to implement projects on an agency basis.
- *Provincial Communications Forum:* The DM is represented on the Provincial Communications Forum (PCF). This forum guides communications policy for the Eastern Cape and assists in District and Local municipalities in formulating communication strategies. The DM has established a District Communicators Forum (DCF) at which Local Municipalities and government departments within the Province are represented. Information from the local municipalities and Provincial offices are channelled through the

⁵⁹ Municipal Systems Act, Section 24 (1) and (2).

⁶⁰ Municipal Systems Act, Section 31(c).

DCF in a two way process. The DCF has been established to assist in the co-ordination of intergovernmental promotional events (e.g. “imbizos”), outreach programmes and to build communication capacity. Furthermore, Intergovernmental relations forums have been established at municipal level to ensure that both the DM and local municipalities speak with one voice to avoid duplication and wasted resources.

G. POLITICAL REPRESENTATION: CONFUSED LOYALTIES AND POLITICAL RIVALRIES

District Councils are composed of two types of Councillors: Councillors representing their Local Municipalities (“indirect representation”), and Councillors elected directly by the citizenry, via proportional representation.

Political dynamics reveal several unresolved issues:

- Do Councillors understand indirect representation? Are representatives of Local Municipalities beholden to their principals, or do they assume a different identity (with different interests) when they serve on District Councils?
- How do Councillors manage different political party dynamics on District and Local Municipalities? How do Councillors, who are part of majority parties on LMs, function as part of minority parties on DMs?
- How do councillors understand their role? Who are their clients – the Local Municipalities or the broader citizenry?
- Are DMs primarily bargaining forums for Local Municipalities, or transcending forums to promote district-wide interests?
- Do local municipalities really see the point of DMs? On several occasions, Local Municipalities have stated, “Give us the levy income and we can do the job ourselves”. There appears to be a widespread sentiment that DMs don’t give “bang for your buck”, because they spend a large part of levy revenue simply on sustaining their own existence.

The interviews in the various case studies indicated that Councillors find the prevailing political dynamics difficult. Some Local Municipalities are frustrated that their representatives on District Municipalities do not articulate the LM’s points of view, so that DMs become ends in themselves.

In Xhariep DM, there is a problem that Local Municipalities’ councillors who sit on District Councils tended not to represent the interest of their respective authority within the course of business of the DM. The DM becomes a closed forum, leaving LMs without effective representation.

In Amathole, the DM believes that powers allocated to District Municipalities will not necessarily mean that there will be a diminution of local democracy since a large number of councillors represented on the DMs are from the same local municipalities who in turn represent ward committees. Therefore, the needs of local municipalities can be addressed through local municipal representatives at district level. In addition, structures such as Mayors Forum will ensure that information is disseminated to local municipalities.

Ngqushwa Local Municipality does not share this positive view. Interviewees believe that this will compromise their position even further and will undermine the concept of a democratically elected leadership. The District has no wards and is not accountable to the community. Thus, it is likely that the District will allocate their functions to the local municipalities on an agency basis. Therefore, why allocate more powers and functions to Districts if they cannot perform these functions.

In Frances Baard, the DM proactively tried to address the representivity question by reaching the citizenry itself. It embarked on “Council Meets The People” initiative to address the problem of councilors without wards. This allowed DM councilors to educate the general public about the DM role in area. DM explained their supporting role and indicated the proper channels to voice problems. This is quite a revolutionary approach, since it involves bypassing the formal structures of indirect representation, in order to appeal directly to community members.

However, Sol Plaatje is skeptical of the representivity of the District Municipality. Only ward councilors are directly responsible to voters, and the fact that some DM councilors do not have wards, removes them from the needs of voters. Furthermore, the indirect representation system does not work well. Sol Plaatje indicted that DM councillors do not report back to Sol Plaatje and that such councilors have little or no effect on decisions at DM level.

H. FINDINGS AND RECOMMENDATIONS

1. Developmental local government

The powers and functions of District Municipalities and Local Municipalities should be determined from the point of view of “developmental local government”, as enunciated in the White Paper on Local Government (1988).

The White Paper prepares the way for a fundamental reconsideration of the way in which municipalities’ developmental role should be supported by other spheres of government. Services should be managed at the lowest level of effective management, usually local government level, and that they are effective, accessible, coordinated and responsive (whether public or private).

The definition of “development” in the Municipal Systems Act (2000) is noteworthy, for at least four reasons:

- It is absolutely holistic and intersectoral;
- It has a strongly pro-poor bias;
- It has a strong environmental dimension; and
- It focuses on people’s rights in terms of the Constitution, to environment, property, adequate housing, health care, food, water, social security and education.

Typically, municipal developmental roles could include implementation of programmes and projects; community participation; community-based planning; building of local leadership skills and social capital; financial management of programmes and projects; sustainable operations and maintenance (O&M); and community-based monitoring and evaluation (M&E).

2. *Shared functions, different roles*

Furthermore, it is inappropriate to argue that certain developmental functions should be located at district level, and others at local level. Typically, all developmental functions (such as water, sanitation, or environmental health) are meaningful at all levels (from national, provincial, and district to local level). It is not a case of *choosing between* district or local government when allocating functions. Instead, *all* municipal developmental activities should have corresponding policies, support and supervision mechanisms at district, provincial and national government.

This perspective requires a conceptual distinction between “competencies”, “roles” and “activities”:

- “*Functional competencies*” refer to the various sectoral issues, e.g. water provision, housing provision, or “environmental management”
- “*Roles*” refer to the specific developmental contribution which national, provincial and municipal government can play, e.g. “project design”, “financial management”, or “community participation”
- “*Activities*” refer to specific programmes or projects, e.g. “Working for Water” or “Community-based Public Works Programme”.

It is likely that, within one functional competency (e.g. environmental health), DMs can play certain *roles*, and perform certain *activities*, while LMs can play different *roles* and perform different *activities*. There is no hard-and-fast distinction between district development issues and local development issues. The evidence from the case studies suggest a fluid and flexible involvement by DMs and LMs, with regards to the same functions. For example, Local Economic Development (“LED”) may be found in both DM and LM IDPs.⁶¹ Attracting investment capital may be more effectively done at district level (i.e. marketing the district as a whole as an investment destination), whereas poverty alleviation projects may be better placed at local level (i.e. promoting close interaction with indigent individuals or groups of poor people).

Administrative effectiveness has to be decided on a *service-by-service basis*. If each service – as well as *all the subcomponents of each service* – is examined, it may become fairly evident which services should be provided at which level. Take environmental management as an example: Whereas littering and environmental awareness may be best dealt with at local level, a district-based air pollution strategy should be located at District Municipal level. Tourism can easily be shared between local and district level, depending on the area which is being marketed.

There is an urgent need for a function-by-function assessment of appropriate allocation of responsibilities. Some functions (such as environmental management) would cross the district-local divide in several ways, depending on specific issues and problems.

The current approach, which involves assigning a functional competency to district level, to the exclusion of local level (or vice versa) is a fundamental misunderstanding of two aspects of development:

⁶¹ This is an interesting example, since LED does not appear in either the Constitutional Schedules 4 and 5, nor in the Municipal Structures Act.

- The fact that virtually all sectoral developmental functions are interrelated, and should therefore be implemented in an integrated fashion at *both district and local level*
- The fact that district-level planning and implementation is meaningful for some activities and roles (e.g. district-wide initiatives), and local-level planning and implementation is meaningful for other activities and roles (e.g. community participation).

What is needed is a clarification of the *roles and appropriate activities at each level*.

3. *Why District Municipalities?*

There are an increasing number of *roles* put forward for DMs to play. As the research suggested, these roles transcend even the more robust standpoint of the Municipal Structures Amendment Act. For example:⁶²

- DMs are continuing to perform rural development, even though this is officially now within the ambit of Category B municipalities
- DMs are performing urban municipal functions in areas where Category B municipalities are weak
- DMs are playing an increasingly important role with regards to district-wide planning
- DMs are becoming conduits for national conditional grants, on the grounds that they are more attuned to district-level priorities, as well as Local Municipalities' level of capacity
- DMs are continuing to redistribute levy revenue as capital grants (albeit at a declining level)
- DMs are assisting municipalities with regards to shared services (to some extent based on the PIMSS model as precedent)
- DMs are increasingly moving from "hard" (infrastructural) to "soft" (human development) functions
- DMs are gearing up for capacity-building of Category B municipalities
- DMs are playing an increasingly important gateway role between Category B municipalities and national and provincial departments.

3. *The nature of District Municipalities' developmental contribution*

These roles indicate that something important is happening at District level, although these tendencies have different weight in different areas. DMs are important, due to:

- Economies of scale, e.g. in rural areas
- Agency function on behalf of Local Municipalities (to secure economies of scale)
- Multi-jurisdictional (district-wide) focus for development initiatives
- Project management for district-wide projects
- Technical skills – employment of specialist staff (e.g. engineers), on behalf of all Category B municipalities in the district

⁶² From the case studies, it appears that the exception is the performance of district-wide services such as transport and road maintenance. This is not surprising, since these have massive financial implications.

- Intergovernmental relations
- Capacity-building of Category Bs, e.g. design organograms, financial systems, IT, performance management systems
- Provide specialist advice (e.g. LED, HIV/AIDS)
- Sophistication regarding policy-making for economic and social development
- Ability to secure synergies amongst Category Bs (shared services, e.g. IT, computerised financial systems)
- Prioritisation of capital development needs according to district-wide needs
- Monitoring of development (although not much evidence of evaluation of development).

It should be noted that this list refers to *roles*, and not to “functions”, as conventionally defined.

4. *What should DMs not do?*

Certain roles are not being played (or not being played well) by DMs:

- Community representation and participation
- Community-level empowerment and capacity-building (e.g. building committees and leadership)
- Maintenance of infrastructure (particularly in areas with a heritage of strong Category B municipalities)
- Implementing indigent policies
- Implementing community-level development projects (project management at community and local level)
- Making regulations suitable for local conditions (e.g. trading regulations)
- Providing front-line customer service (e.g. complaints, queries)
- Providing community-level demand-driven development support (e.g. help desks, entrepreneurship support centres)
- Local-level tourism marketing.

Once again, this list refers to *roles*, and not to the conventional definition of powers and functions. The new emphasis on developmental local government should be paramount. Virtually all sectors have new developmental orientations. Sanitation now includes an important emphasis on community hygiene awareness and training; land reform has emerged as an important developmental priority, which involve massive community empowerment; the promotion of SMMEs and emergent contractors cuts across virtually all the infrastructural sectors; the promotion of emergent and small-scale mining is a new emphasis within the mining sector; the “people’s housing process” regards the empowerment of beneficiaries and emergent contractors as equivalent in importance to producing housing products; pro-poor tourism emphasizes the participation of communities in tourism initiatives; home-based health care is based on community involvement in the health system; community-based forestry prioritises the involvement of communities in forestry management; and so on and so on. In virtually every sector, community-based orientations are the order of the day.

It is not surprising that these roles are not being played well by DMs, since they lack direct ward-based representation, as well as ward committees. Furthermore, the ratio of District Councillors to voters is much greater than at Local Municipal level.

For this reason, Local Municipalities should remain the main developmental interface with residents and communities. Various types of posts will be useful in this regard, including “barefoot staff”, “outreach officers”, “community-based workers”, “development animators”, or “social specialists”. Some of these may be on a quasi-volunteer basis.⁶³

Such front-line staff should be trained as developmental “generalists”, who can cross sectoral boundaries. The same individual should be able to run a sanitation committee, establish an environmental group, teach beneficiaries to repair basic water and sanitation infrastructure, or organise an HIV/AIDS initiative.

5. *How can powers and functions be allocated amongst District and Local Municipalities without conflict?*

The proposed approach may well lead to confusion and conflict amongst District and Local Municipalities. Each municipal body may claim the right to take policy decisions on matters which the other may regard as its proper role.

There are two complementary ways to resolve this difficulty:

- (a) Clarify *roles and activities* of DMs and LMs (while *functions* remain shared between District and Local Municipalities). For example, a “monitoring” role may be more valuable at LM level, while conducting periodic “evaluations” may be more appropriate at DM level.
- (b) Reduce municipal government to one tier.

6. *One tier of municipal government*

There is no doubt that District Municipalities have an important role to play. However, this role is primarily of a sophisticated and technicist nature, providing support to Local Municipalities (to do front-end delivery at local and community level). District-wide initiatives invariably require more sophisticated levels of conceptualisation, facilitation and planning than local or community-level initiatives.

Furthermore, District Municipalities are better placed to support Local Municipalities than are Provincial Departments of Local Government (as currently staffed and resourced).

At the same time, the existence of two elected tiers of municipal government has led to political rivalries between Local and District Municipalities, with a prevailing belief that there is a “zero-

⁶³ The example of the Americorps system in the United States is extremely valuable. Community members are trained as front-line development workers. They work for a year, receiving a monthly stipend (and child support, where needed). At the end of the year, they receive study bursaries, and leave the service of the organisation.

sum”⁶⁴ competition for power amongst them. This has been very distracting for many Councillors and staff, at District and Local level. The problem has been compounded by other factors, such as party-political competition, party-political patronage, coalition politics, and the unclear role of District Councillors acting as representatives of Local Municipalities.

In this context, the capacity-building of Category B municipalities has suffered. Even valuable initiatives such as PIMSS and District IDPs have been experienced by Local Municipalities as attempts by District Municipalities to exert political domination.

Furthermore, many Local Municipalities remain critical of the contribution of District Municipalities, and argue that “RSC levies” is the only thing keeping DMs alive. Furthermore, the “RSC levies” are a particularly unfortunate type of tax, for various reasons: (1) the tax has to be paid by businesses, even if they are not making a profit; (2) the levies are based on unverifiable information provided by businesses. There has been criticism of the business levies, and it is possible that it will be phased out in future. This will make District Municipalities totally unsustainable in future, particularly in the context of the recent rapid growth in administrative overheads of DMs.

There are current examples of single-tier municipal government in South Africa, notably in the DMA areas. In these areas, municipal administration appears to be much easier, because one municipality can make decisions and carry them out, without the awkward jockeying of multi-tier municipalities.

7. *Proposed institutional model*

The importance of district-level government is without doubt. However, there is no intrinsic reason why district municipalities should be autonomous, elected, democratic bodies. The most appropriate role for district-level government is to serve as *field offices of Provincial Governments*.

This would have the following advantages:

- It would strengthen the reach of Provincial sectoral departments (e.g. Agriculture, Economic Affairs, Social Development) to reach district levels
- It would promote inter-sectoral collaboration amongst departments
- It would enable district-level offices to draw on the specialist skills of provincial departments
- It would extend the reach of Provincial Departments of Local Government, so that capacity-building of Category B municipalities can take place more effectively
- It would synergize district-level development initiatives with provincial-level initiatives (as enunciated in provincial Growth and Development Strategies)
- It would remove the political jockeying between District and Local Municipalities
- It would remove the political jockeying between District Municipalities and Provincial Governments

⁶⁴ “Zero-sum games” are “I win you lose games”. This should be contrasted with “positive-sum games”, which are “I win you win games”.

- It would enable more streamlined and professional management of district-level agencies, so that they can perform their technical, facilitative and capacity-building functions more effectively, without political distractions
- It would remove expenditure on District Councillors (allowances and operating costs).

In this model, Local Municipalities' political autonomy would be protected and secured, at a level which is most accessible to residents and communities.

At district level, indirect representation of Local Municipalities may still be desirable, on district-level advisory committees. These committees would advise the Province's district-level offices. The role of such representatives would be unambiguous (to promote the interests of their LMs). The district-wide interest would be defined and articulated by senior officials of district-level field offices of Provincial Government, who are ultimately responsible to Provincial Legislatures, via the Provincial Departments of Local Government.

Direct representation (PR) should fall away at district level.

CONCLUSION

The paper shows some important discrepancies between the official description of District Municipalities' powers and functions (e.g in the Municipal Structures Act), and the situation on the ground. Some of the "official" DM functions are not being implemented at all, and others in a patchy or variable manner. At present, Local and District Municipalities are still powerfully influenced by their institutional baggage from the pre-2000 era and even the pre-1994 era.

However, the paper also argues that a much greater array of functions and roles are emerging at district level. Some of these functions are not even listed in Schedules 4 and 5 of the Constitution, nor in the Municipal Structures Act. This shows a huge groundswell of interest in new types of functions (e.g. LED, land reform, poverty alleviation) at all levels, as well as interest in new types of service delivery (e.g. flexible agency relationships and shared service delivery). Capacity-building of Category B municipalities is also surfacing as a desirable role for District Municipalities.

In this unstable and complex situation, the political system at district level is producing a great deal of discord, rivalry and confusion. There appears to be no *prima facie* argument for democratic representation at district level. Consequently, the paper argues for important *developmental roles* at district level, but that DMs should be re-cast as field offices of Provincial Governments. This would secure the role of Local Municipalities as the paramount arena for local political representation. Such district-level field offices would also integrate municipal capacity-building much more closely with provincial sectoral departments' specialist support. It would also assist district-level bodies to become streamlined and sophisticated technical support agencies, closely integrated with Provincial Development Strategies.

In such a model, the indirect representation of Local Municipalities on district-level advisory committees should be maintained, but the institutional political autonomy of District Municipalities would be sacrificed in favour of more effective, streamlined, and sophisticated technical developmental roles.

Appendix A: Environmental health and future staff transfers

In the table, below, the figures for the current DM staff are provided, to compare with the current staff of all the LMs combined. This is done to estimate the number of LM staff which may have to be transferred to DMs in July 2004, to comply with the Minister’s Notice. (This transfer may well cause disruptions to LMs’ functions, since environmental health functions are often integrated closely with other LM functions.). However, several methodological cautions need to be noted with respect to the staff estimates provided in the Demarcation Board reports:

- The figures provided by the DM Capacity Assessments are unclear. Do the **same** officials fulfill the various EH functions, or are they different people?
- Do the same officials perform non-EH functions?
- Another confusing factor is that staff for **pounds, abattoirs and** markets (which are trading or non-trading facilities) are included in the same category of functions as **regulatory EH** functions (e.g. pollution control and inspection of trading facilities). This may well distort the figures considerably. Consequently, **minimum estimates** are used in this table, and the figures are no more than “informed guesses” drawn from the DB reports. More accurate figures will be required, before the transfer of EH functions to DMs in July 2004.
- The Demarcation Board reports did not differentiate between local and district-wide abattoirs and markets, so that it is difficult to judge whether those facilities will eventually reside under DMs.

Table: District Municipalities and Environmental Health functions

District Municipality	Environmental health	Current DM staff for EH (estimates)	Current TOTAL LM staff for EH (estimates)
Boland	Child care facilities, control of public nuisances, control of liquor undertakings, control of undertakings selling food, noise pollution ⁶⁵	19	At least 82 ⁶⁶
Xhariep	None	None	At least 6 ⁶⁷
Frances Baard	Air pollution, control of public nuisances, licensing of undertakings selling food ⁶⁸	4	At least 26, plus 19 at abattoir ⁶⁹
Eden	DM performs air pollution control, control of public nuisances, control of undertakings that sell food, noise pollution control ⁷⁰	8	At least 40 ⁷¹

⁶⁵ Demarcation Board, Boland DM Capacity Assessment, 2003, p. 14.

⁶⁶ Demarcation Board, Boland DM Capacity Assessment, 2003, p. 15.

⁶⁷ Demarcation Board, Xhariep DM Capacity Assessment, 2003, p. 11.

⁶⁸ Demarcation Board, Frances Baard DM Capacity Assessment, 2003, p. 12-13.

⁶⁹ Demarcation Board, Frances Baard DM Capacity Assessment, 2003, p. 13.

⁷⁰ Demarcation Board, Garden Route/Klein Karoo DM Capacity Assessment, 2003, p. 16. Unlike Boland DM, Eden DM maintained that the provision of child care facilities is not a DM function.

⁷¹ Demarcation Board, Garden Route/Klein Karoo DM Capacity Assessment, 2003, p. 18.

Amathole	DM performs only Markets (in 5 LMs) and abattoirs (in 5 LMs). According to the interview, the DM provides EH services to a number of areas, including Great Kei, Ngqushwa, Mquma, Mbashe and Nkonkobe LMs.	No info	At least 92 ⁷²
Cacadu	Child care facilities, control of public nuisances, facilities for care and burial of animals, facilities that sell food to the public, markets, noise pollution ⁷³	2	At least 24 ⁷⁴

⁷² Demarcation Board, Amathole DM Capacity Assessment, 2002, p. 18.

⁷³ Demarcation Board, Cacadu DM Capacity Assessment, 2002, p. 14.

⁷⁴ Demarcation Board, Cacadu DM Capacity Assessment, 2002, p. 16.