City of Cape Town: Managing metropolitan government

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Issues

- How can large metropolitan areas be governed effectively and bring government closer to the people?
- How can metro’s fulfill their service delivery mandate by providing services effectively, efficiently and on an equitable basis to all its resident?
- How can metro’s promote economic development and job creation?
Transformation of local government in South Africa

- Pre-1994: local government was a racist institution - spacial separation of blacks and whites, inequality in services
- Local government creatures of statute, subject to control of national and provincial government
- Post-1994: removing racial basis, making LG vehicle for integration of society and redistribution of resources from wealthy to poor.
2-phase transformation

- Interim phase established in 1995/6 racially integrated municipalities – not fully democratically elected - 842 municipalities
- Final phase commenced election in December 5 2000 - 284 municipalities
- Recognized in Constitution, extensive powers, fiscal powers
Current local government

- 3 categories:
  - metropolitan municipalities exercise all local government powers - 6
  - local municipalities share power - 232
  - district municipalities play mainly coordination and planning role - 46

- municipalities play a significant role: responsible for 28% of total government expenditure, cover 83% from own revenue
Metropolitan local government

Transitional process 1995-2000

- two-tier metropolitan system with a weak centre and strong substructures
- established in Johannesburg, Durban, Cape Town

Problems:
- costly and unintelligible division of functions and powers
- metro did not redistribute resources from the wealthier substructures to the poorer areas
Policy on metropolitan government

Required strong unified metro government: three considerations.

- Because of apartheid, need for equitable redistribution of resources and services across the metropolitan area
- to promote strategic land-use planning and to coordinate public investment in physical and social infrastructure.
- to develop a city-wide framework for economic and social development
Policy: government close to people

- Huge metro’s distance between the residents and their political representatives
- Solutions:
  - micro decentralization: to ward committees – citizen advisory forums
  - Macro decentralization: number of wards form sub-council – communication with citizens and delegated administrative and decision making powers
## Six metropolitan councils

<table>
<thead>
<tr>
<th>City</th>
<th>Population</th>
<th>Size</th>
</tr>
</thead>
<tbody>
<tr>
<td>eThekwini (Durban)</td>
<td>2.7 m</td>
<td>2291 km</td>
</tr>
<tr>
<td>Johannesburg</td>
<td>2.6 m</td>
<td>1664 km</td>
</tr>
<tr>
<td>Cape Town</td>
<td>2.5 m</td>
<td>2498 km</td>
</tr>
<tr>
<td>Ekurhuleni (East Rand)</td>
<td>2.0 m</td>
<td>1923 km</td>
</tr>
<tr>
<td>Tshwane (Pretoria)</td>
<td>1.6 m</td>
<td>2198 km</td>
</tr>
<tr>
<td>Nelson Mandela</td>
<td>1 m</td>
<td>2198 km</td>
</tr>
<tr>
<td>(Port Elizabeth)</td>
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</tbody>
</table>
Metro budgets 2002/3

- Johannesburg  US$1.7 billion
- Cape Town  US$1.5 billion
- EThekwini (Durban)  US$1.4 billion
- Ekurhuleni (East Rand)  US$1.2 billion
- Tshwane (Pretoria)  US$0.9 billion
- Nelson Mandela (Port Elizabeth)  US$0.4 billion

$7.3 billion represent 62.7% of all municipal budgets
Cape Town: pre-1994

- Fractured and racially divided – white, coloured and African
- Service provision according to area with white areas best, African areas worst, coloured areas in between
- High degree of inequality
CT: Moving towards metro

- Aim: Integration of divided society
  Equalization of services
- Unification of metropolitan area 1996, but two tier system:
  - strong coordinating metropolitan council that must redistribute resources from rich areas to poor
  - strong metropolitan local councils
- Six metropolitan local councils main service providers
Post 1996
First phase: Two-tier system

Problems:

- Conflict between metro and local councils
  - relationship competitive not supportive
- Metro does not effect redistribution of resources
- Duplication of officials
Final phase: Unicity 2000

- Election of December 2000 new metropolitan council – 200 members
- Abolish 6 metropolitan local councils
- Realities:
  - 3 million people (70% of Western Cape)
  - 20% below poverty line, 15% on poverty line: 1/3 cannot pay for municipal services
  - inequality
City of Cape Town
Informal housing
Water services
Challenges

- Redistribution and equalization of services
- Poverty alleviation through free basic services
- Economic development and job creation

Meet challenges largely from own revenue
Operating budget 2003/4

Electricity surcharges 27.4%
Property tax 24.4%
Water surcharges 8.6%
Other services (sanitation, solid waste, etc) 11.7%
Payroll levy 8.8%
Other (licenses, fines, etc) 14.8%
Transfers 4.2%
Management of CT

- Political organisation:
  - central control by an executive mayor, supported by mayoral committee (cabinet)
- To bring government closer to people:
  - subcouncils with delegated authority - 20
  - Ward councillors – 100
  - Direct participation: listening campaign, public hearings, etc.
Subcouncils
Subcouncils

- Group five wards together
- Delegated powers only
- Main function communication channel with public
- Very recent – 2002 – not yet a visible presence in practice
- Problem: boundaries often coincide with racial spacial settlements
- Not basis for administrative units
Administration

- 2000: 7 administrations
- Proposed model for merged administrations
  - **Corporate centre** holistic management:
    - to align activities, services
    - to develop strategy, planning, monitoring
  - **Internal business units** to deliver services with high level of decentralized decision-making – vertical integration of 7 administrations on water, electricity, solid waste and sanitation, etc
- Decided against privatization and corporatisation
Implementing model

- Internal business units not set up
  - political opposition: are they precursor to privatization?
  - Area management model mooted: horizontal division of metro area in multi-service entities
- Uncertainty results in continuation of 7 administrations after 3 years of Unicity
City improvement districts

- Private funding of additional services in affluent areas
- City Partnership: City centre businesses pay compulsory additional levy to get better security and cleaning
- Improvement districts now spread to neighborhoods and industrial parks
- Consequence: enclaves of privilege
Evaluation of metro’s mandates

- Does CT bring government closer to people?
  - subcouncils not yet effective communication channel, public participation uneven
- Redistribute resources?
  - with no clear administration model in place, focus not on service delivery but on institutional reform
- Promote economic growth?
  - city improvement districts inevitable strategy to make city attractive for tourism and investment
Way forward

To meet mandates, Cape Town must –

☞ Work closely with other spheres of government – national and provincial – not in competition but in mutual support

☞ Think metropolitan:
  local: integrated planning and uniform service delivery
  national and global: world city

Unless a city thinks like a metropolitan city, won’t succeed as one