

## THE EVOLUTION OF SOUTH AFRICAN LOCAL GOVERNMENTS: THE POLITICS OF MEMORY

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*"From the beginning our history has been one of ascending unities, the breaking of tribal, racial and creedal[and ethnicity] barriers. The past cannot hope to have a life sustained by itself, wrenched from the whole. There remains before us the building of a new land - from the ruins of the narrow groups, a synthesis of the rich cultural strains which we have inherited...the task is immense" (Luthuli 1962).*

### 1. INTRODUCTION

The **Constitution of the Republic of South Africa, 1996** (Act 108 of 1996), Section 151 provides for the establishment of the local government sphere as a distinctive sphere of government closest to the people it democratically governs, a sphere of government which is interdependent and interrelated with the provincial and national spheres of government. The **Local Government: Municipal Structures Act, 1998** (Act 117 of 1998), as amended, provides for the establishment of local government in accordance with the requirements relating to categories and types of municipalities to be in line with the vision of democratic and developmental local government.

The local government policy discourse provides for local government to be development-oriented and to ensure that development is people-centred. The aim is to combat a dependency syndrome of local government on aid from provincial and national government and dependency of local inhabitants on government. In addition, the development-orientated local government sphere represents a determination to change the culture of local government. The policies stress the importance of local government in achieving socio-economic development to meet the needs of the inhabitants, and introduce performance management systems in order for them to have a clear view of their constitutional objectives.

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The developmental system of government has three critical and mutually dependent components: the specification of objectives; the precise and accurate allocation of functions, authority and costs to specific units or municipal categories; and the development of performance indicators and output measures which can be used to assess success in achieving developmental objectives. The new system of developmental local government is designed to improve the management and leadership style, service delivery, value for money (VFM), efficiency, accountability and democracy. Local government serves as agent of the state to strengthen local democracy and as 'arms and legs' of the national government to resolve reconstruction and development matters.

In terms of the provisions of the Reconstruction and Development Programme, local government has to improve the socio-economic conditions of the people. The mandate of the new democratic municipalities is referred to as a 'developmental mandate' as the post-1994 municipalities are not only responsible for providing services, but also for improving economic growth and development. The rationale behind transforming local government was to craft and discern a new decentralised democratic developmental local government model which would be responsive to the needs of all local inhabitants, on its own initiatives. Hence, it is important for the contemporary local authorities to begin discharging their socio-political and constitutional mandates, which constitute the vision for developmental local government.

## **2. SOUTH AFRICAN LOCAL GOVERNMENT BEFORE 1993: THE POLITICS OF MEMORY**

"Memory, remembering is not politically and historically innocent. ...historically memory is profoundly political. One should not claim that politicking with memory is one of the influential ways of doing politics. The politics of memory does not only concern the past as such, by presenting of the past a wanted interpretation, by remembering certain events and dimension of the past (instead of some others) in a certain way [we] want to affect and influence the present time and future" (Parvikko, 2003:1).

This section provides a brief examination of local government evolution in South Africa from 1652 up to 2000, when the second democratic local government elections took place. It is worth giving an insight into why local government took so long to transform, and to argue that the present democratic system is far better than the old system in terms of local governance and service delivery. The essence of the theory of the politics of memory as aptly captured by Parvikko (2003:1) is that the politics of memory is concerned about "how and what past events will be

remembered and what kind of political significance will be given to these events". Eric Hobsbawm, 1962 in Comaroff and Comaroff (1991:55) acknowledges the significance of the politics of memory in the context of evolution of local government in South Africa by writing that the age of revolution and evolution of local government in South Africa between 1652 and 1994 was an "epoch so complex, its mass of print so vast, as to be beyond the knowledge of any individual. The dilemma is how are we going to grasp its essence if the web of history cannot be unravelled into separate threads without destroying it." Relevant here is the politics of memory of the evolution of South African local government since 1652 to date. Marais (1989:39) shares a memorable significant point in the history of South African local governments by writing that these governments are younger than in other countries, having been established when Jan van Riebeeck set foot on shore with one hundred European settlers at the Cape of Good Hope on 6 April 1652 with the intention of running a 'victualling station' which led to the establishment of the municipality of the Cape of Good Hope. The business of establishing and running a 'victualling station' earmarked the first local economic activity which led to the development of South African municipalities.

The first establishment in South Africa was not of a municipality, but was that of a trading company called the *Verenigde Oost-Indische Companje* (hereinafter, VOC) or Dutch East India Company established in 1652. However, the indigenous local inhabitants at that time were merely dependent on agriculture, hunting and a bartering economy (exchange of goods with no monetary value attached to them). Municipalities were created to provide services to the people in order to improve their rudimentary way of living and to improve local economic development in the municipal areas (Marais 1989:15). The sequential evolution of South African municipalities is briefly reviewed below.

## **2.1 Dutch East India Company (1652-1795)**

The establishment of the South African public service was an effort made possible by the Netherlands trading commercial enterprise founded by Jan van Riebeeck in 1652. The main aim of the VOC was to produce fresh produce and provide hospitalisation to sick traders moving from Western Europe to the East, and vice versa, as well as to make a profit for the company. The evolution of South African government is three-fold, from commercial public administration (1652-1975) to 'pure' local public administration (1975-1999), and 'market-local public administration' (2000 to date). The market-local public administration is necessitated by provisions of the **Municipal Systems Act, 2000** (Act 32 of 2000) which provide for and enable municipalities to forge partnerships with the civil society and the

private sector in order to accelerate the provision of services and improve local economic development.

During the VOC's era (1652-1795), perennial problems of local governance and service delivery existed and were exacerbated by an increase in population. The authorities realised that something had to be done. They levied taxes to improve and sustain service delivery. The establishment of other municipalities in the Cape was realised to resolve the problem of population growth. The municipalities provided employment to local inhabitants and further created conducive conditions for private investors to improve the local economy so as to provide further employment to local inhabitants. The following municipalities were established during the time of the VOC, namely: Stellenbosch in 1679; Drakenstein in 1687; Swellendam in 1745; and Graaff-Reinet in 1786. The municipalities of that time were governed by 'heemraden' - a council system used to solve farming disputes - and a 'landdros' - a magisterial system used to manage local affairs (Cloete 1981:13-4).

## **2.2 First British occupation of the Cape (1795-1803)**

The South African public service on 6 September 1795 changed during the first British occupation in that it became 'public' after it had been 'commercial' (Marais 1989:34). The position of municipalities was consolidated and strengthened as they had to participate in the formulation and implementation of fiscal and monetary policies which aimed to improve the balance of payments, reduce the inflation rate, reduce the unemployment rate, and improve economic growth. The introduction of customs duties (tax on imports and exports used as an additional source of revenue for local services provided) marked the commitment of the then local authorities to realise the objectives of fiscal policy. However, local government structures and systems of governance were also introduced, namely the weak mayoral system, various committee systems, the career system, and the Westminster system in the local authorities. The 'burgher senate' system was developed to manage and administer municipal affairs (Cloete 1981:14).

## **2.3 Development during the Batavian government in the Cape (1803-1806)**

The advent of the Batavian (the Netherlands under French revolutionary tutelage) system of government on 1 March 1803 prohibited public participation in the process of governance and administration. The Batavian system kept municipal administration detached from party politics, and introduced public responsibility and public efficiency in the management of municipal affairs. The Batavian government defined the functions of public servants so as to effectively meet the needs of the local inhabitants (Marais 1989:42).

The 'ward' system (i.e. the division of magisterial districts into manageable areas), which is used by modern democratic municipalities, was introduced during this era. The White Paper on Local Government, 1998, states that the ward system ensures that elected local representatives are close to the communities they represent. It is aimed at ensuring that municipalities are more responsive to the needs of local inhabitants and that communities participate in the affairs of local government.

#### **2.4 Second British occupation of the Cape (1806-1910)**

The second British occupation of the Cape serves as a point of departure in explaining the constitutional and administrative developments of the public service at the Cape, which are of value in examining the foundations of the contemporary local sphere of government. The constitutional developments included the introduction of the trias politica or the doctrine of separation of powers as Montesquieu put it. This means that: (1) the legislative body is responsible to make laws, (2) the executive to implement laws or policies, and (3) the judicial body to adjudicate when subjects trespass or act in conflict with the laws. The British introduced an English system of government. The **Municipal Corporations Act, 1806** (Act 18 of 1806) was promulgated, since repealed. Emanating from the Act was the introduction of the concepts of a mayor, councillors, the Town Clerk (now called the Municipal Manager), council committees and wards (Craythorne, 1994:1).

The administrative developments involved the formation of departments, and infrastructures were developed to accelerate service delivery and used for economic purposes. Marais (1989:87) states that the South African public service during the British period (1806-1910) "went through various stages, ended with full representation as well as adequate and suitable legislative institutions. The public service started with minimal infrastructure and ended up with a fully developed departmental infrastructure in 1910." The towns or cities that were established during this period were: Port Elizabeth in 1820, Durban in 1828, Bloemfontein in 1846, Pietermaritzburg in 1839, Pretoria in 1855, and Johannesburg in 1886.

The transformation process undertaken was characterised by an anglicisation of the local public service, legalised public institutions, and the functions of public servants were stipulated in the acts, ordinances and by-laws. The framework to transform the public sector of that time was provided for in the **Cape Municipal Ordinance, 1836** (Ordinance 9 of 1936), which was drafted in Britain and resulted in well-qualified, trained, and experienced English males occupying senior positions in the higher echelons of all municipalities (Marais 1989:15; Cloete 1981:20).

The systems introduced by the British during the first annexation of South Africa were implemented *mutatis mutandis*, together with the following systems which were used to administer the municipal affairs of the various municipalities in the former Boer Republics (the South African Republic and the Orange Free State):

- "Heemraden" - Councillor system to solve farming disputes
- "Landdrost"- Magistrate system to manage local affairs
- "College van Commissarissen uit den Raad van Justitia" (College of Commissioners out of the Council of Justice system) was created to administer local affairs at the Cape
- "Burgersenaat"- Citizens' senate system
- "Radder Gemeente"- Council of the Municipality system (Cloete 1992:10).

## 2.5 The Union of South Africa (1910-1961)

In this section the constitutional and administrative developments of South African municipalities from the time when South Africa became a Union in 1910 as provided for in the **South Africa Act, 1909** (a first Constitution promulgated in South Africa which constituted the Union of South Africa), until the Republic of South Africa came into being in 1961 are explained. The South Africa Act introduced the Westminster system of government and because it represented the aspiration of the whites only it led to the formulation of the African National Congress (ANC) in 1912. It was in terms of the **Cape Municipal Ordinance, 1836** (Ordinance 9 of 1836), that provision was made for the existence of local authorities in the four provinces demarcated by the then apartheid government, namely: the Cape in 1836, the Natal in 1847, the Transvaal in 1853, and the Orange Free State in 1856, now abolished (Marais 1989:64). Furthermore, the **South Africa Act, 1909**, Section 85 "made provincial councils responsible for municipal and other local authorities, and Section 93 provided that all powers, authority and functions lawfully exercised at the commencement of the Act shall be and remain in force until varied or withdrawn by Parliament or the provincial councils having powers in that behalf" (South Africa 1909:52). The Act further gave voting powers to the whites only; non-whites were legally not allowed to participate in the decision-making process at any government level. Advisory committees for black townships were established under the auspices of white municipalities and remained effective until 1971. Unrest became inevitable

On a positive note, it was during this period that most of the foreign companies like Volkswagen, Delta, Ford, Anglo-American and many more were established in different municipal areas to provide local inhabitants with jobs. The painful paradox was that the management jobs in these companies were given to white males only as blacks were discriminated against.

### **2.5.1 Types of local authorities which existed during the Union of South Africa**

According to Worrall (1971:116), South Africa was endowed with heterogeneous municipalities that varied according to size, area of jurisdiction, powers, functions, and sources of revenue; and they were characterised by a lack of uniformity as well as mismanagement of financial resources. The magnitude of local governments formed after the inception of the Union in 1910 is examined below.

#### **2.5.1.1 Rural local authorities**

Rural local authorities in South Africa were established by the Cape Parliament in 1855 and later managed and administered by the **Cape Divisional Councils Ordinance, 1952** (Ordinance 15 of 1952). In terms of this Ordinance they levied taxes on fixed properties and were dependent upon the Central and the Cape Provincial levels of government for funding. Rural local authorities were found in both jurisdictions of the Union and of the Homelands, the so-called Bantustans.

#### **2.5.1.2 Peri-urban local authorities**

Peri-urban local authorities were categorically classified into rural and urban areas and varied in size. Some peri-urban local authorities were 'independent' in terms of legislation and financial resources, while others were 'dependent' either on the regional services councils or their respective provincial councils (Worrall 1971:118). Municipal services such as water, sanitation, stormwater drainage, electricity and abattoirs, as well as street construction, were provided on behalf of the 'dependent' peri-urban local authorities. In addition, the provincial councils carried out the process of taxation on local dwellers. For example, black and coloured municipal bodies were under the auspices of white municipalities and regional services councils. The task of service provision by the provincial councils might have ceased once the 'dependent' authorities reached a suitable level of development which was envisaged by provincial councils or an urban local authority.

#### **2.5.1.3 Urban local authorities**

Urban local authorities in South Africa were established in terms of provincial legislation, that is, the **Local Government Ordinance, 1945** (Ordinance 17 of 1945). These local authorities varied according to the size of their population, physical area covered, range of functions performed, powers and authority given, as well as the size of their bureaucracies. Due to 'push' factors in the rural areas and the 'pull' factors in the urban areas, black people engaged themselves in the process of urbanisation (i.e.

the movement of people from rural areas to urban areas), and this led to the government of the time formulating laws which prevented blacks and whites from living together. As a result, they could not benefit equally in socio-economic services delivered to them in the same area.

Worrall (1971:121) and Hilliard (1991:75-77) stressed this immoral and inhumane act of segregation succinctly by writing that since the advent of the Union of South Africa in 1910 laws were promulgated throughout the country which curbed the right of freedom of movement of the black people (Africans, Coloureds, and Indians), for example, the **Black Labour Regulation Act, 1911** (Act 15 of 1911); the **Natives (Urban Areas) Consolidation Act, 1945** (Act 25 of 1945); the **Native Land Act, 1913** (Act 27 of 1913); the **Group Areas Act, 1966** (Act 36 of 1966); and the **Rural Coloured Areas Act, 1963** (Act 24 of 1963). These acts were repealed immediately when the democratic government took power on 27 April 1994.

#### **2.5.1.4 Black local authorities**

The black local authorities existed after the inception of the Union of South Africa in 1910 and prevailed in all four provinces constituting the Union. Although the local authorities were established at different times, they had similar goals of maintaining and strengthening the policy of segregation. Black local authorities were characterised by poor standards of management and administration of service delivery caused by a shortage of skills in all areas of management; insufficient financial resources; duplication and overlapping of activities; infrastructural backlogs; mismanagement of funds and corruption. This resulted in poor services being provided to black people which in turn resulted in the non-payment of services. Non-payment of services was not only used to show the anger of blacks against poor services, but also against the apartheid government. That made the fourth period of unrest in 1984 inevitable.

#### **2.6 South African local authorities under the Republic of South Africa (1961-1994 pre-election period)**

South Africa became a Republic on 31 May 1961. Its foundations were laid in terms of the **Republic of South Africa Constitution Act, 1961** (Act 32 of 1961), since repealed. With respect to the local authorities of the four provinces, the act provided that all by-laws would be subject to the approval of the administrator of the respective province before being enforced. Acts of Parliament and provincial ordinances would control and specify the sources of revenue of local authorities. Section 84 of Act 32 of 1961 maintained that South African municipalities "be made the responsibility of the provincial councils" (Cloete 1992:244).



The inception of the Republic of South Africa did not bring any democratic changes that enhanced the welfare of each and every citizen of the country, but the **Constitution Act, 1961** (Act 32 of 1961), now repealed, further perpetuated separate areas for blacks and whites in the four provinces and thus maintained the provisions of the **South Africa Act, 1909**. However, the municipalities were obliged to implement the apartheid policy. The grand apartheid policy implemented by the National Party from 1948 to 1994 was spelt out in the speech of Professor AN Pelzer that "the Afrikaner Broederbond had already formulated a policy that can be regarded as crucial in this respect that the total mass segregation should not only be stated as the ideal, but also should be the immediate practical policy of the State" (Ferreira 1995:20). The policies of separate development led to eight million blacks losing their South African citizenship. In addition, the black local authorities were regarded as extensions of apartheid and the corollaries of the homeland system (Binza 2001:138; Heymans and Töttemeyer 1988:184). South African municipalities during this period were characterised by, inter alia, their own management structures for black inhabitants, exclusion of black inhabitants from the municipal tax base, intentionally ignoring needs of rural people, political controversy, administrative constraints and financial backlogs (Cameron and Stone 1995:78; Reddy 1996:201).

Instead of harmony, protests against the distorted system of local government were increased. Political organisations like the ANC, Pan Africanists Congress (PAC) and other anti-apartheid organisations protested against the non-democratic municipalities. Their argument was that they were undemocratic and illegitimate due to the following reasons: they were established to "siphon off funds from the black areas to the white areas; they were pseudo-authorities ready to implement apartheid policies so as to inhibit blacks from participating in democratic governance, and decisions were imposed in a top-down fashion" (Heymans and Töttemeyer 1988:184).

The intensity of the political reformation process took its toll when the black majority stated vehemently to the then authorities that they were not demanding imposed solutions, "but rather the right to participate in the formulation of solutions" (Heymans and Töttemeyer 1988:184). The **White Paper on Local Government, 1998**, shows that slogans such as "one city, one tax base" were used as a form of resistance to apartheid local government. The argument of black people that they were disadvantaged and discriminated against was inspired by the resolution of the 1969 ANC strategy and tactic Mogorogoro document which asserted that "in our country - more than in any other part of the oppressed world - it is inconceivable for liberation to have meaning without a return of the wealth of the land to the people as a whole. It is therefore a fundamental feature of our strategy

that victory must embrace more than formal political democracy. To allow the existing economic forces to retain their interest intact is to feed the root of racial supremacy and does not represent even the shadow of liberation. The drive towards national emancipation is therefore in a very crucial way bound up with economic emancipation. People are [have been] deprived of their due in the country's wealth, and poverty has been their life experience. The correction of these centuries-old economic injustices lies at the very core of our national aspirations" (SACP 2002:28-9). In the light of the above, change became inevitable so that the then State President, Mr FW De Klerk, announced on 2 February 1990 the unbanning of political parties and release of political leaders. In addition, negotiations aiming at bringing about democracy saw shifts.

## **2.7 Moving towards democratic local government**

### **2.7.1 The pre-interim phase**

It is against this background that the apartheid government was led to repeal more than 100 discriminatory laws between 1981 and 1987. A further 59 laws were repealed in 1993, when the country's fourth Constitution was promulgated, that is, the **Interim Constitution of the Republic of South Africa, 1993** (Act 200 of 1993). The preamble of this act concurred on the need to create a new South Africa where people would be treated equally and services rendered effectively, efficiently and equitably. The preamble stated that "there is a need to create a new order in which all South Africans will be entitled to a common South African citizenship in a sovereign and democratic constitutional state in which there is equality between men and women and people of all races so that citizens shall be able to enjoy and exercise their fundamental rights and freedoms" (Republic of South Africa 1993:4). Aristotle gave a reason for the provisions of a constitution to be respected by all people by stating that "loyalty to a constitution is the most important element of stability" (Van der Waldt and Helmbold 1995:89).

In addition, measures to ensure peace and stability in the country were adopted. Negotiations to facilitate local government transformation and restructuring, which were between the statutory and non-statutory bodies, were undertaken. The statutory and non-statutory bodies enjoyed a fifty-fifty representation in the negotiation forum. The statutory bodies comprised persons from the disestablished apartheid municipalities and other organisations such as ratepayers' associations. The non-statutory bodies consisted of organisations that had 'vested interests in the political restructuring and transformation of local government such as the ANC, PAC and South African National Civic Organisation (SANCO).

The negotiations led to the establishment of the Local Government Negotiation Forum (LGNF). The LGNF was considered as the first step towards the democratisation of local government. This period watermarks the movement towards the new dispensation called the pre-interim phase of local government transformation. The LGNF aimed to achieve:

- an undivided South Africa and one citizenship;
- a democratic system of government;
- power-sharing for all communities;
- freedom as a cornerstone for democracy;
- the elimination of discrimination;
- the development of a new democratic constitution;
- no racial domination; equality before the law;
- the protection of the minority groups;
- freedom of religion; and
- a sound economy (Cameron and Stone 1995:84-6).

The results of the bona fide negotiations contributed to the promulgation of the **Local Government Transition Act, 1993** (Act 209 of 1993), which was signed in Kempton Park on 20 January 1994, in line with the provisions of the **Interim Constitution of the Republic of South Africa, 1993** (Act 108 of 1993). The **Local Government Transition Act, 1993** (Act 209 of 1993), mapped a road to successful local government pre-interim transition. The Provincial Administrators were appointed in terms of the provisions of this act and granted powers to effectively manage and control the transition process from the pre-interim to the interim phase. In addition, provincial demarcation boards were established to demarcate non-racial boundaries of the first democratic municipalities established after the first local government elections in 1995 (Reddy, 1996:202). The pre-interim phase began with the assent of the **Local Government Transition Act, 1993** (Act 209 of 1993) and ended when the first democratic local government elections were held on 5 November 1995 in seven of the provinces, in May 1996 in KwaZulu-Natal and in June 1996 in the Western Cape.

### 2.7.2 The interim phase: the new democratic local government

Transformation is defined as "change of the appearance or character of something completely" (South African Concise Oxford Dictionary 2002:1247). In a South African context, it is the post-apartheid process of social and political change to establish democracy and social equality. A need for democratic, legitimate and responsive local government to meet the needs of the people, irrespective of race and settlement areas, became imperative. Therefore the democratic government, when it took power in 1994, established local government interim systems and processes to

meet the socio-economic needs of the people and to make the environment suitable for reconstruction and development.

The first democratic local government elections in South Africa marked the beginning of an interim phase of transformation which lasted for five years (1995-2000). This phase was characterised by the coming into existence of the transitional municipalities which began to align their financial and service delivery boundaries with the constitutional boundaries. The **Constitution of the Republic of South Africa, 1996** provides for the objectives of the new democratic local government. It:

1. provides democratic and accountable government for local communities;
2. ensures the provision of services to communities in a sustainable manner;
3. promotes social and economic development;
4. promotes a safe and healthy environment;
5. encourages the involvement of communities and community organisations in local governance.

It is imperative to note that the transformation of local government in the post-apartheid dispensation had to be administered in accordance with the basic values and principles embodied in Section 195 (1), viz:

1. A high standard of professional ethics must be promoted and maintained.
2. Efficient, economic and effective use of resources must be promoted.
3. Public administration must be development-orientated.
4. Services must be provided impartially, fairly, equitably and without bias.
5. People's needs must be responded to, and the public must be encouraged to participate in policy-making.
6. Public administration must be accountable.
7. Transparency must be fostered by providing the public with timely, accessible and accurate information.
8. Good human-resource management and career development practices, to maximise human potential, must be cultivated.
9. Public administration must be boldly representative of the South African people, with employment and personnel management practices based on ability, objectivity, fairness, and the need to redress the imbalances of the past to achieve broad representation (Republic of South Africa 1996:83).

These principles serve as radar for municipalities to effectively promote efficient, effective and economic use of resources and to assist municipalities to benchmark whether the provision of services is carried out within its scope and in consideration of available resources. Hence, services must be provided in a constitutional and ethically accepted manner. In this case, local government transformation embraces both the change in character or the 'internal world' and change in appearance or

'external world'. Furthermore, it means innovative change in terms of local government structures, systems and processes (Leach et al. 1996:11).

The municipal electoral system which is used to bring democracy in terms of the **White Paper on Local Government, 1998**, is a combination of: (1) a 40 per cent proportional representation system (PR) which emphasises representativity; (2) a 60 per cent first-past-the-post ward candidature or ward system which emphasises accountability. The former means the proportional matching of council seats with votes. The latter means the identification of individual councillors to particular wards; (3) the new 'mixed system' which is a combination of the ward and proportional representation system and is calculated proportionally according to the present droop quota and the largest remainder method. The mixed system was introduced during the second local government election to address 'distortions' emanating from the first-past-the-post ward candidature and the proportional representation municipal election systems (Republic of South Africa 1998:88).

### **2.7.3 The democratic and developmental municipalities: 2000 to date**

Within the context of democratic local government transformation, development is viewed as a "process by which local inhabitants increase their personal and institutional capacities to mobilise and manage resources to reproduce sustainable and justly distributed improvements in their quality of life consistent with their own aspirations" (Turok et al. 1994:30). The development process is centred on six pillars, namely: capacity-building, economic growth, economic resource distribution, participation, empowerment and self-reliance (Turok et al. 1994:31). However, the challenge facing developmental municipalities is that of inadequate institutional capacity due to a lack of organisational, management and technical skills (the know-how) to use (limited) resources to improve and sustain development.

The vision of the new government provided a justification for a new paradigm which is centred on development and governance and is considered as a means of combating underdevelopment, poverty and exclusions. The 1996 Constitution and the **White Paper on Reconstruction and Development, 1994** serve as examples of legislation and policy that assist local government to focus on human-centred development. Subsequent to the Reconstruction and Development Programme (RDP), the government implemented a new macro-economic policy called the Growth and Employment and Redistribution (Gear) strategy which provided the 'celebration' of the end of state with special reference to local spheres of government in growth, development and service delivery. The **Municipal Systems Act, 2000** (Act 32 of 2000) and **Municipal Service Partnerships Policy, 2000**, consolidated this view by providing systems and processes which municipalities

can establish and follow to optimise the role of the private sector, local inhabitants and non-governmental organisations (NGOs) and community based organisations (CBOs) in service delivery and socio-economic growth. The above policies provide for a policy relevance of the new development and governance paradigm that the government considers imperative for the reconstruction and development of the country, as well as for local government to contribute in unleashing the potential of all local inhabitants and local private sector to invigoratively participate in the international and national economic markets (Binza 2002:5; Turok, et al. 1994:2). However, the optimisation of the private sector in the provision of public service and economic growth as considered is the strategic move by supporters of the neo-liberal theories as reflected in Gear, and the International Monetary Fund and World Bank, the so-called Bretton Woods Institutions (BWIs), as a 'correct' direction towards sustainable development, and "it does, in many ways reflect real struggles by the poor people for a better quality of life" (Turok et al. 1994:2). It is argued that for human-centred development by local authorities to be sustainable, both the market forces and state interventions are necessary.

The World Bank in its study on 'Reducing poverty in South Africa', advised that the market-related forces must be combined with state interventionist policies or strategies particularly in the sensitive areas of local economic development. The World Bank notes that "for all of their important benefits, market forces reforms plus rapid growth are not all that is needed ... liberalising measures could give all local farmers equal access to inputs and to markets for their produce and livestock. But because of the poor who can not afford to buy land, most would be unable to take advantage" of these growth and development opportunities (Daphne 1998:7; World Bank 1994:b). The message to be gleaned from these developments is that South African local governments have indeed made a quantum leap to democracy and liberal economic reforms.

### **2.7.3.1 Stabilisation phase of local government transformation**

The **South African Constitution, 1996** which was approved on 18 December 1996, provides for the legal directives by which municipalities have to be transformed and restructured. Moreover, new status and new developmental roles are granted in terms of Section 153 of the Constitution. Hence, the municipalities are no longer referred to as lowest tier or level of government, but as a sphere which enjoys equal constitutional status with the provincial and national spheres of government. Section 153(3) states that "a municipality has the right to govern, on its own initiative, the local government affairs of its community..." (Republic of South Africa 1996:63). This section means that municipalities are established in terms of the constitution, and have the right to mobilise revenues, to render services

to improve the quality of life of all dwellers equitably, effectively, efficiently and economically through public-public and public-private partnerships, to forge international relations where twin-city agreements can be signed, and involve communities in the affairs of local government. Section 155 of the Constitution further watersheds the decentralised local government as it provides for the establishment of the local government in the form of categories, namely:

**Figure 1:** New Constitutional model of South African local government in transformation

<b>Municipal Category</b>	<b>Description</b>
<b>1. Category A</b>	A municipality that has exclusive municipal executive and legislative authority in its area, e.g. a metropolitan municipality.
<b>2. Category B</b>	A municipality that shares municipal executive and legislative authority in its area with a category C municipality within whose area it falls, e.g. district and local municipalities.
<b>3. Category C</b>	A municipality that has municipal executive and legislative authority in an area that includes more than one municipality, e.g. local and rural municipalities.

Furthermore, the government has to show commitment to the promotion of human rights as provided for in chapter two of the Constitution. The preamble of the **Local Government: Municipal Systems Act, 2000** (Act 32 of 2000) agrees that the pre-democratic local government failed to meet the needs of all people. Hence transformation becomes an imperative notion and process to be undertaken to make the government to be the government of the people, by the people, for the people. The preamble serves as a transformation radar of success for local government by addressing the 'what' and 'how' of local government transformation. The preamble reads:

"Whereas the system of local government under apartheid failed dismally to meet the needs of the majority of South Africans;... the Constitution of our non-racial democracy enjoins local government not just to seek to provide services to all our people but to be fundamentally developmental in orientation; ... there is a need to set the core principles, mechanisms and processes that give meaning to developmental local government and to empower municipalities to move progressively towards the social and economic upliftment of communities and the provision of basic services to all our people, and especially the poor and the disadvantaged;... a fundamental aspect of the new local government system is the active engagement of communities in the affairs of municipalities of which they are an integral part, in particular in planning, service delivery and performance management; ... the new system

of local government requires an efficient, effective and transparent local public administration that conforms to constitutional principles; ... there is a need to ensure financially viable municipalities; ... there is a need to create a more harmonious relationship between municipal councils, administrations and the local communities through the acknowledgement of reciprocal rights and duties;... there is a need to develop a strong system of local government capable of exercising the functions and powers assigned to it..." (Republic of South Africa 2000:2-3).

The first approach adopted to address institutional backlogs was the reduction in the number of municipalities from 834 for the period from 1995 to 2000, to 284 for the period from 2000 to 2005.

In addition, the government introduced a concept of shared governance to strengthen democracy and combat exclusions in the affairs of government through partnerships with the civil society and the private sector. The government is seen to play a minimal role in the provision of services and the improvement of economic growth. Privatisation and contracting out or outsourcing were introduced as the means to an end to minimise the role played by the government in resolving sustainable development. The argument is that the private sector can deliver the services more efficiently than the public sector. The latter means that the services are conducted by the private sector for the government. The assumption is that government will thereby get a chance to focus on its core functions (Parker and Seal 2003:28; Ott 2002:26). **The Municipal Systems Act, 2000** (Act 32 of 2000), provides that "individual or public entities or agencies should carry out the contracted out functions or services of local government". This act further provides for services to be provided through public-public partnerships, and public-private partnerships. The former refers to a partnership between two municipalities or departments within the same municipality or the two spheres of government. This form of partnership may be argued "to be the first step en route to eventual privatisation" (Sparks 2003:181). The latter promotes a business relationship between the public and the private sector.

Local government is not considered to be sacrosanct. Participation of citizens, civic organisation and the private sector is viewed as a major force to implement transformation. Hence, the present government aims to promote good governance to disestablish 'miniature Berlin walls' such as those that inhibited people from participating in local government affairs during the apartheid era (Binza 2000:79). Local government moved "away from management by command to management by contract" (Ott 2002:26). A contract-based management was introduced during the stabilisation phase of local government transformation which began immediately after the second local government elections held in 2000. Mafumadi (2002:1)



agrees that the stabilisation phase was marked by progress in the establishment of new strong developmental municipalities with new political systems; and new structures and systems established in terms of the **Municipal Systems Act, 2000** (Act 32 of 2000). Contract-based management requires the management of local government to be in office for a period of five years. Their longevity in office will be determined by their performance. Managers are therefore obliged to sign the performance contract as provided for in the Performance Management Systems (Republic of South Africa 2000:25).

Leach et al., (1996:3) argue that there are key strategic choices facing future local authorities which need to be considered if municipalities want to pride themselves on the success of transformation, viz:

1. The extent to which the municipality wants to go beyond its responsibilities for service provision to exercise a wider role of local governance.
2. The degree to which it aims to introduce market enterprising strategies such as public-private partnerships that allows competition and contracting out.
3. The degree to which the municipality improves and sustains local economic development and creates employment for local dwellers.
4. The relative importance it gives to service delivery including service to individual customers or communities.
5. The extent to which it gauges public perceptions about its governance, and the manner in which local economic development impacts on inhabitants.

### 3. CONCLUSION

The market drivers for transformation of government in South Africa are worth mentioning, namely service delivery backlogs, financial constraints, racism and exclusion, visionary leadership and management, as well as non-investment in social capital. The significant role played by these drivers since the beginning of the 17<sup>th</sup> century until the present made a huge impact on the acceleration of change which contributes to the emerging of the new democratic local government ushered in in 1995 and 1996. These programmes carry the transformation agenda as they embrace three strategic principles, namely the mobilisation of inhabitants or voters to be the engine of social and economic development; coordination of activities, initiatives and financial resources of all spheres of government to enhance local economic development; and government investments to leverage the private sector resources so as to accelerate job creation thus increasing GDP per capita.

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