

# THE CHALLENGES OF Urbanisation

## SINGLE TIER LOCAL GOVERNMENT FOR URBAN AREAS

The growing importance of cities not only in South Africa but also around the world is well captured in the 2006 Cities Network Report as follows: “[C]ities are simultaneously the most productive sites in the national economy as well as areas that accommodate the largest number of poor people, ... cities are strategically important places for meeting the government’s growth and development agenda.”

The majority of South Africans (56%) now live in cities and major urban areas. Urbanisation is continuing but at different rates in each province. Migration has largely been towards strong metropolitan areas and secondary cities. While there may be slow growth in the population of cities, the 2006 Cities Report points out that there is a rapid decline in the size of city households. This will result in a significant increase in the number of households in the cities, with “very serious implications for municipal service-delivery and for the sustainability of cities.”

### The challenge of urbanisation

The nation’s wealth is largely created in the major urban areas. The Cities Report classifies the 21 functional urban areas into three categories: “core urban areas” (Johannesburg, Ekurhuleni, Tshwane, Cape Town and Ethekewini), “major urban areas” (Nelson Mandela Bay, Buffalo City, Mangaung, Emfuleni and Msunduzi) and the rest as “significant urban service centres”.

The principal criterion for including the latter group is the size of their contribution to the national economy, measured in Geographic Value Added (GVA). The economy of the significant urban service centres is usually dominated by a single sector and the sizes of these economies range from R4.5 to R9 billion GVA per year. The National Treasury identified 21 local municipalities as secondary cities, using criteria that include population size, percentage of urban formal houses, percentage of households with adequate water, own revenue per household per month and household income profile.

## Single-tier local government in urban areas

Because urban areas face the challenges of urbanisation, which are not always relevant in non-urban areas, there is a need for specialist, focused municipal governments. This policy currently underpins the distinction between category A and category B municipalities. In the case of single tier metropolitan municipalities, most of the objectives of district municipalities are not relevant. The debate about district municipalities should be turned around so that the issue is not whether district municipalities have a useful role to play in urban areas, but rather whether the challenges of urbanisation will be better met by single tier local government.

With regard to the institutional framework for urban South Africa, the appropriate policy and legislative response is to establish, as a minimum, single tier local government that is equipped to confront the twin challenges of urbanisation – economic growth and poverty eradication.

From a strategic perspective, an urban municipality, having all the local government powers, can focus on the core business of urban settlement in South Africa. First, it can promote economic development and combat the dualistic nature of the economy through infrastructure development; and second, it can reduce poverty through effective service delivery and housing provision. Not having to share jurisdiction with another level of local government means an urban municipality can develop the necessary expertise to deal with these key developmental issues.

In addressing the twin challenges of urbanisation, there are a number of legal and administrative benefits which flow from having a single tier system. There is legal certainty about who does what, eliminating never-ending turf battles. It reduces the

# key points

- Because urban areas face the challenges of urbanisation, which are not always relevant in non-urban areas, there is a need for specialist, focused municipal governments.
- The appropriate policy and legislative response is to establish single tier local government that is equipped to confront the twin challenges of urbanisation – economic growth and poverty eradication.
- Establishing single tier urban municipalities would simply be a case of confirming the status quo since districts do not play much of a role in these urban areas.

transaction cost of having to work with a second layer of local government, which often delays decisions and flows of funding. It could arguably also increase the status of the municipality – for investors there is only one level of local government to work with. From the residents' point of view, having a single service provider allows for greater accountability. Moreover, urban municipalities would be closer to the communities they serve than distant district municipalities. What would be lost if urban municipalities become stand-alone municipalities? The most important value would be coordination of development planning throughout the district. However, this reason has not prevented the creation of single tier metropolitan municipalities. As this also remains a value to pursue for metropolitan municipalities, other intergovernmental mechanisms and procedures should be developed to ensure alignment and harmony. This should be done at either the inter-municipal or the provincial level.

There are also strong views against extending the single tier local government system. It has been argued that even if a district is frustrating the actions of a strong and better capacitated local municipality, secession from the district and the establishment of a new metropolitan municipality would not be a wise move. Intervention in such issues, it was thus argued, lies with clarifying the functions and more effective intergovernmental relations.

This argument misses the central point – do district municipalities add value to the governance of urban areas? They have not played a significant role in urban areas in the past and are unlikely to do so in the future. It is not an issue of

simply clarifying the powers of functions; rather, the question is whether a district should be the provider of key municipal services to end users in urban areas in the first place. Nor is it an issue of improving intergovernmental relations between districts and secondary cities. Instead, the question is whether districts can or should be the communication link between the secondary cities and the provinces. The crux of the argument for single-tier urban government is to reduce the complexity of government by removing one layer of local government – the districts.

Since the legal definition of a “metropolitan area” would exclude most, if not all, of the secondary cities, it is not possible to create new metropolitan municipalities beyond the four likely candidates (Buffalo City, Mangaung, Emfuleni, and Msunduzi). The question remains whether they should continue to be nominally part of districts or be transformed as single tier municipalities. It is contended that they, like metros, should be stand-alone urban municipalities, unencumbered by the complexities of the two-tier district system to meet the challenges of urbanisation. This raises two questions: (a) what criteria are to be applied? and (b) should a distinction then be drawn between metropolitan and urban municipalities?

## Defining urban municipalities

The definition proposed for an urban area is a scaled-down version of the definition of a metropolitan area in the Structures Act. The difference is that references to multiple areas – be they industrial, business or residential – and the intense interaction between them that make up a metropolitan area, should be omitted. A possible legal definition could read as follows:

An area may have a single category A municipality if that area can reasonably be regarded as –

- (a) an urban area featuring:
  - (i) a high population density;
  - (ii) extensive development; and
  - (iii) significant business and industrial areas;
- (b) a centre of economic activity; and
- (c) a single area for which integrated development planning is desirable for the management of urbanisation.

The key elements are, first, high population density. This has two components – the absolute size of the population and the level of urban households. No figures should be

set down but a rule of thumb could be urban settlements in excess of 250 000 inhabitants. The second element of “extensive development” may require closer circumscription to refer to a hub of social, educational and financial activities. The third and fourth elements reflect the economic basis for the urban settlement, which are critical as they usually signify whether there is a sizeable tax base. The final element is a qualitative one: the very object of a single tier urban municipality is the planning for and implementation of an urbanisation policy.

Should a distinction be maintained between the secondary cities and the large metros? There are substantial differences between the current metros and other major urban areas with regard to population size, budgets, personnel and overall capacity. The metros operate at an entirely different level from the secondary cities. It is thus suggested that the current name of “metropolitan areas” be retained alongside the new category A institution of an urban municipality.

## Application of definition

The application of this broad definition, underscored by the policy object of managing urbanisation effectively, should be brought to bear on the 27 municipalities categorised by the MDB as large urban centres. Not all of them may qualify.

It is critical that clear policy indicators are developed to identify those urban areas that would do better without district governance. In the end the call is whether single tier governance would be better for discharging the developmental mandate of local government in urban areas. If the preferred choice is a single tier urban municipality, it would simply be a case of confirming the status quo as, for the most part, districts do not play much of a role in these urban areas.

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