

# District municipalities?

The debate about district municipalities – their functioning and their future – is widespread. Some critics question whether districts have served their function. Others contend strongly that they should be disestablished. In the debate three broad options have surfaced: At one extreme are calls for the abolition of districts as an institution of government. At the other extreme, there are calls to strengthen districts to enable them to realise fully the statutory mandate as set down in the Structures Amendment Act of 2000. Somewhere between these positions are arguments for (a) redefining the objects of districts by realigning them to the White Paper's vision, and (b) re-determining the areas appropriate for two-tier local government. These options should be assessed within the normative framework of developmental local government: which option would contribute the most to achieving this constitutional goal?

## REDEFINING THEIR ROLE AND APPLICATION

2006. The abolition of district management areas proposed by the Municipal Demarcation Board (MDB) would further reduce the role of district municipalities. Relations between districts and large urban municipalities have been problematic – the former question the need for the latter.

Are the policies and purposes of district municipalities facilitating the achievement of developmental local government?

Practice confirms that, for the most part, districts are not performing their statutory responsibilities. Moreover, in its Capacity Assessment Report for 2006/07, the MDB points out that rather than moving closer to the

This argument for redefining the role of districts is not based on the current capacity problems or adjustments to the new system; it is more systemic than that.

### Current practice

The role and place of district municipalities has been questioned not least because their functioning has been fraught with confusion, conflicts and uncertainty. Nearly half of the districts are not performing the functions prescribed in the Municipal Structures Act; strong local municipalities still execute the core functions of water, sanitation, electricity and health services. The redistributive function of districts has been undercut by the repeal of the RSC and JSB levies from 1 July

intended allocations of functions in terms of section 84(1) of the Structures Act, more and more functions have been shifted to local municipalities since 2003. There are also marked differences in the service delivery functions of districts. Some provide water and sanitation services, for example, while others do not. This is largely because of the different approaches adopted by provinces. Some, such as the Western Cape and KZN, have chosen to keep closely to the statutory functions of districts, while others have shifted districts to the periphery of service delivery.

On the whole, districts are most active in the rural areas, including in the performance of their water and sanitation authority function. Their support function is also most evident

in non-urban areas and in particular, in the rural areas of the previous TBVC states. They play a key role in performing the main 'priority 1' functions in rural areas where local municipalities are relatively weak and lack capacity.

In contrast, however, districts have hardly any presence in the so-called secondary cities. They play no role in service provision in most urban areas. Secondary cities perform most district functions in their jurisdictions. Districts also do not constitute the communication link between secondary cities and the provinces, as was intended. Further, with the repeal of the RSC levies, the function of redistributing locally generated revenue across the district has lapsed. Moreover, in developing replacement tax instruments, it is the National Treasury's evident policy position that districts are not envisioned to perform a function in redistributing revenue.

## Abolition of two-tier local government

The arguments for the abolition of districts centre on their failure to fulfil their basic functions. First, one of the principle reasons for districts was their function in redistributing local financial resources. This object could not be realised in most districts. Moreover, the possibility of districts playing a redistributive role has been reduced by the repeal of the RSC levies. National transfers are now the sole source of revenue. In this situation, are districts, which consist of between two and nine local municipalities, the best decision makers for the distribution of funds? Or could the province make allocation decisions more objectively?

Second, the principle of subsidiarity requires that services should be delivered by the government closest to the area of impact. Local municipalities should thus provide services to end users. Where they lack capacity, the necessary support should be provided by the provinces. The creation of a second tier of local government has been extremely costly in respect of political structures and personnel. Often there is duplication with the local administrations. For example, the Alfred Nzo District Municipality in the Eastern Cape, consisting of only two local municipalities, spends most of its resources in the one municipality where 95% of the district's population resides.

Third, in urban areas, districts hardly perform any functions.

However, the wholesale scrapping of districts may not be opportune or wise. The first, pragmatic, reason is that it will not only be an enormous waste of the financial and human investment that has gone into districts, but would be very disruptive to local governance itself. Second, in rural areas,

# KEY POINTS

- For the most part, districts are not performing their statutory responsibilities.
- The current field of operation of districts is almost exclusively in non-urban areas.
- Rather than moving closer to the intended allocations of functions in terms of section 84(1), more and more functions have been shifted to local municipalities since 2003.
- The most appropriate response to debate about the future of districts is to redefine their mandate and confine their application to non-urban areas.
- It is also in these areas that districts contribute to developmental local government.

districts have contributed to developmental local government. Through bulk supply of services they can maximise social and economic development. Their coordinating function could lead to better integrated development planning. Third, districts perform a useful support role for weak local municipalities.

## Fulfilling the 2000 vision for district municipalities

Those who support districts argue that it is much too early to review the need for their existence. They have been in operation for only six years and the answer to their lacklustre performance is to capacitate them fully. Given time and capacity, they argue, the current problems will be resolved. It is therefore premature to consider scrapping the two-tier system. Following this line of thought, the MDB's recommendation for the adjustment of functions has thus been that districts should be charged with their full mandate of statutory obligations, thus reversing the trend in which more and more functions have been shifted to local municipalities. This position further asserts the inherent worth of the basic objectives of districts, namely coordinating development planning, providing services to end users where there is poor capacity at local level and supporting struggling local municipalities.

The response to this position is twofold. First, the wisdom of fully implementing the position of districts as service providers for end users is questioned. In terms of the principle of

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subsidiarity the municipality closest to the people should be responsible for the delivery of services consumed by end users. This reinforces the accountability of the service provider to the consumers of the services, which is one of the objects of developmental local government. Political accountability through the election of ward councillors (and holding them accountable) and the possibility of public participation between elections is infinitely better at local level than it is at district level.

Second, it does not address the fundamental misalignment of roles and positions between the secondary cities and the districts. Capacitating districts to take over the functions of secondary cities will not only be highly impractical and a duplication of administration, but will intensify conflicts between these institutions.

The strengthening of districts may receive support in the context of the debate on the future of provinces. Some people have argued for the disestablishment of provinces and for transferring their functions to districts and metropolitan municipalities as the next level of government. Even if this comes to pass, the value of two-tier government in urban areas remains highly questionable.

## Returning to the vision of the White Paper on Local Government

Some critics claim that the 2000 amendments to the Structures Act were a mistake. The future of districts, it is argued, lies in reverting to the vision articulated in the White Paper, namely that of coordination, bulk supply of services to municipalities, limited municipal-wide services and support of weak local municipalities. This argument is underscored by the practice that has emerged of districts mainly performing these functions in non-urban areas. These functions are also the most common objects of second tier local government internationally.

At the heart of this option will be the allocation of the

current water and sanitation functions of 25 district municipalities to local municipalities. Is it viable? Is it wise? At present, about 150 local municipalities provide these services. Over time it would be feasible to capacitate the remaining 80 local municipalities to perform these functions. More important is the question of whether this is the appropriate direction to take, or should the current division between the so-called C1 and C2 types of districts (those with and those without water authority) be institutionalised?

## Limiting the application of two-tier government to non-urban municipalities

Practice has shown that districts currently operate almost exclusively in non-urban areas. It is also in these areas that districts can contribute to the furtherance of developmental local government. First, development planning across a district and the integration of services make scarce resources go further. Second, the provision of bulk supply of services to municipalities provides economies of scale that make rural local government more viable. Third, weak local municipalities are mostly found in non-urban settings where the task of support would find its best application.

The most appropriate response to the debate about districts is thus to redefine their mandate and confine their application to non-urban areas. There is much to be said for the development of a system of local government that shows a measure of uniformity, ensuring stability and predictability. A uniform system of lean and mean districts that can act as effective coordinators, providers of bulk services and as default service providers would promote such predictability.

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