

# Aspirant metropolitan

## A response

### INTRODUCTION

Koos Smith's article on aspirant metropolitan areas is important as we define more clearly the emerging municipal system in South Africa. The debate over fewer or more metropolitan areas continues particularly where the fiscal relations of municipal governance have not yet been finalised.

While I would not want to constrain that debate, it is important to contextualise metropolitan governance in South Africa and at the same time indicate how the Municipal Demarcation Board (MDB) is likely to deal with the further determination of metropolitan areas.

### CONTEXTUALISING METROPOLITAN GOVERNANCE

The past decade has witnessed the development of metropolitan governance on a remarkable scale. Simply in terms of budgets administered, the six metropolitan areas are very large, complex and rapidly growing entities. They contain well over 30% of the population of South Africa and are the engine rooms of economic growth.

The first and most striking point to note is the sheer size of the top local government budgets, particularly when compared with provincial budgets. While the provincial budgets include the capital and recurrent transfers from national government and own revenues, this is not true of metropolitan areas. In spite of this, the difference between the budgets of metropolitan municipalities and provinces are not that great. Indeed, Johannesburg, Cape Town City and Durban form the sixth, seventh and ninth provinces if one is simply interested in ranking both metropolitan municipalities and provinces according to the size of their budgets. The relatively rural provinces of Northwest, Free State, Mpumalanga and Northern Cape are much smaller than each of these metropolitan areas.

# municipalities:

The issue of scale is important, as it is a measure of the fact that the metropolitan areas represent significant and complex economic and financial entities. Any proposed restructuring must take account of this fact.

A second index of the overall scale and effectiveness of local government budgets is the proportion devoted to capital expenditure. Again, if we compare the metropolitan budgets to those of the provinces and even national government, the investment in infrastructure in these areas represents a significant proportion of overall governmental capital expenditure.

A third important index emphasising the importance of metropolitan areas is that they fund the vast majority of their budgets out of trading services, rates and own revenue. Whilst intergovernmental transfers are important, the metropolitan areas have to operate on a global scale. It is no accident that after President Mbeki and a handful of other politicians, metropolitan mayors are probably the most sought-after politicians for international investors.

Finally, in financial terms, the rates of growth of these large urban conurbations clearly outstrip most provincial governments. Importantly, these metropolitan governments have shown a degree of stability in their relative proportions of expenditure allocated to capital and recurrent costs on the one hand, and salaries on the other.

## CATEGORISING METROPOLITAN MUNICIPALITIES

The significance of the Constitutional Court judgement on 15 October 1999 was that it ruled that the application of the criteria for metropolitan areas formed part of the functions of boundary determination which the Constitution vests in the Demarcation Board (see *LGL Bulletin* 1999 (4), p. 2). The Municipal Structures Act was changed to vest the authority to declare metropolitan areas with the Board.

In addition to the 'obvious five' (Johannesburg, Durban, Cape Town, Tshwane and Ekurhuleni), the Board deliberated on whether or not the

following areas could not also be determined as Category A (metropolitan) areas: Port Elizabeth, Pietermaritzburg, East London, Bloemfontein, Vaal and Richards Bay. The Board decided that only Port Elizabeth would be categorised as a Category A (metropolitan) area for purposes of the municipal elections held on 5 December 2000.

However, as the Board indicated in October 1999, it would initiate an investigation after the elections into the question of whether and when these areas might become Category A (metropolitan) areas.

## Response

Let me briefly address some of the points raised by Dr. Smith in his article:

- It is not true that the legislature placed a high premium on the economic character of a metropolitan place. It is much more the economic significance of metropolitan areas that must be addressed.
- The Board did not limit its definition of extensive development. It analysed each case on its own merits. While the Board has extensively analysed the urban edge in Cape Town, it is not really applicable in Durban, for example, where topography constraints are more critical.
- South African metropolitan areas certainly differ from international metropolitan areas, not only because our municipal system differs but also because we have become worldleaders in producing an integrated, developmental vision for metropolitan (and other) municipal areas. South Africa's approach to integrated developmental local governance means that even metropolitan areas may contain large portions of land used for commercial and communal farming purposes.

On the procedural aspects, the Board has made it clear that it would like to engage in a process that ensures that the process of declaring further

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metropolitan areas is not disruptive to the municipal transformation and restructuring process. We have already begun to engage with stakeholders and we will continue in the next few years to ensure that the process is clearly defined.

I would not like to argue that there will be a simple, cost-benefit process or that the process will be politically driven. Rather, the broader

economic, financial, administrative, social and political issues will be considered by the Board in defining such a path. Indeed, immediate political considerations are not taken into account at all in the Board's decision-making process.

## PROCESS

The Board will not simply convert existing Category A or B municipalities into metropolitan areas. Rather, the process to be embarked upon by the Board is likely to be as follows:

- Firstly, the Board will undertake an analysis of existing and possible metropolitan areas.
- Secondly, the Board will engage with stakeholders such as the Minister, MECs and SALGA to discuss possible scenarios.
- Thirdly, a public process will be embarked upon to invite comment.
- Fourthly, if the Board decides to declare further areas as metropolitan, the normal legislative process will be followed.

## CONCLUSION

For now, the real challenge is to establish the new municipal system and ensure that municipalities have adequate resources for the performance of their functions. At the same time, work will begin on how changes to the overall system should be made.

For the moment, then, while we focus on the real work, aspirant metropolitan areas should remain figments in our collective imagination!

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