

Aspirant metropolitan municipalities:

Prospects, problems and requirements

When the Municipal Demarcation Board (MDB) demarcated the boundaries of municipalities in 1999/2000, it identified some areas in the country as 'aspirant metropolitan areas'. These are areas that at that point in time substantially complied with a significant number of the prescribed criteria for metropolitan areas, but not to the extent that they could have been declared metropolitan areas. However, it was anticipated that they would meet the criteria in the near future, at which time they would be declared metropolitan areas.

The aspirant metropolitan areas include, and have at their core, so-called secondary cities. Secondary cities are fairly significant urban settlements that are usually surrounded by smaller and even very small urban, peri-urban and rural settlements. For the settlements surrounding the secondary city, the city is in a real sense the milking cow. For example, the district municipality raises the bulk of its revenue in the city, but the surrounding areas receive the bulk of its allocations and benefit the most from its programmes.

This article first discusses the criteria for becoming a metropolitan area. It will then highlight some of the consequences of becoming a metropolitan area, and explore some of the requirements that would have to be met for such an event to happen. Attention will be given to events that are currently taking place in local government and that may hamper or assist the process of becoming a metropolitan area.

CRITERIA

In terms of section 2 of the Local Government: Municipal Structures

Act 117 of 1998 (Structures Act) an area must have a metropolitan municipality if that area can reasonably be regarded as –

- (a) a conurbation featuring –
 - (i) areas of high population density
 - (ii) an intense movement of people, goods and services
 - (iii) extensive development, and
 - (iv) multiple business districts and industrial areas;
- (b) a centre of economic activity with a complex and diverse economy;
- (c) a single area for which integrated development planning is desirable; and
- (d) having strong interdependent social and economic linkages between its constituent units.

The ordinary dictionary meaning of 'conurbation' is, 'an extended urban area, especially one consisting of several towns and merging suburbs'. In terms of the criteria listed in the Structures Act, such an extensive urban area

must feature areas of high population density (probably measured in persons per square km), intense (internal) movement of people, goods and services, extensive development, and multiple business districts and industrial areas.

Interestingly, it appears that the Structures Act places a high premium on the economic character of a metropolitan area. There is a direct link between the required intense movement of people, goods and services, multiple business districts and industrial areas, and a complex and diverse economy. Consequently, an analysis of the economic character of an area may determine whether an area is metropolitan or not. If the economy of an area is dominated by

primary economic activity (agriculture, forestry and mining), it cannot become a metropolitan area. However, if primary economic activity is present but not a dominant economic characteristic, the area may become a metropolitan area.

An analysis of the economic character of an area should take into account:

- daily commuting patterns and the number of people who commute within the area;
- the movement of goods and services within the area;
- the distinction between primary and secondary business districts and neighbourhood shopping centres; and the definition of an industrial area – can a locality within the area which has one or two factories and commercial

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undertakings be regarded as an industrial area?

The area must also feature 'extensive development'. However, it was left to the MDB to decide what constitutes extensive development. Given the South African tendency to define development in terms of 'things' (infrastructure and buildings), it may be that the legislature contemplated that a metropolitan area would be almost entirely built-up. Seen in this light, a metropolitan area should be an urban settlement in its entirety. It may, however, include the non-urban hinterland to which the urban settlement would expand naturally.

EXAMPLE

One such example is the Mangaung local municipal area. A part of the area that is now included in the Mangaung local municipal area, namely Bloemfontein, Bloemfontein District and Botshabelo, was identified as an aspirant metropolitan area. Before the December 2000 general municipal election, the municipal area consisted of the Bloemfontein, Botshabelo and Thaba Nchu transitional local councils, the Bloemfontein district council and the Thaba Nchu transitional rural council. The area comprises large tracts of land used for commercial agriculture and, near Thaba Nchu, communal farming. Despite the significant non-urban settlements in the area, it is possible that the current Mangaung local municipal area could become a metropolitan municipal area. South African metropolitan areas would therefore differ from international metropolitan areas in that they may include large portions of land used for commercial and communal farming purposes.

REQUIREMENTS FOR BECOMING A METROPOLITAN AREA

All the 'aspirant metropolitan areas' currently fall within one or more local municipal areas. These local municipalities share jurisdiction (executive and legislative powers) with the district municipalities in whose areas

they fall. When eventually an area becomes a metropolitan area, the local and district municipalities in the new metropolitan area will be collapsed into one. Therefore, for some local and district municipalities the restructuring of local government is far from over.

The most important requirement for becoming a metropolitan area is a clear and rational declaration by the local and district municipalities concerned to become a metropolitan area. The support and commitment of the relevant provincial government would also be required as the provincial government controls significant public resources that could be employed to assist in the effort of becoming a metropolitan area.

This, in turn, requires that these three stakeholders separately and jointly commit themselves in public to realising the ideal of becoming a metropolitan area. However, they would first have to make up their collective minds as to whether they want the area to become a metropolitan area.

WEIGHING THE ODDS

Such a decision can only be arrived at after a careful analysis of the consequences (advantages/benefits and disadvantages/costs) of such a declaration. These consequences will be different for those people who are included in the area and those who have been excluded, even though they may have fallen under the same district municipality at the time of the declaration. Becoming a metropolitan area thus has an

exclusionary effect on the areas outside its boundaries. These areas would no longer share directly in the resources of the metropolitan area as they would have done when they were included in the district municipality's boundaries.

The consequences of becoming a metropolitan area must also be weighed up against the consequences

of not becoming one. The question is twofold:

- How does a metropolitan municipality differ in substance from any other category of municipality?
- What real (against imaginary) advantages would the people within the future metropolitan area enjoy that they would not enjoy under the current system?

Once the decision to become a metropolitan area is made by all three governmental stakeholders, it must be the driving force of all political decisions (including policies and plans) until the goal is achieved.

Arriving at that decision may not be as easy as it sounds. This is so because humans must make the decision. People tend to take decisions on the basis of the

benefit that they would derive from it. Very few people are willing to forego immediate benefits in exchange for some supposed future benefit. Also, some people currently have a bigger vested interest than others in either promoting or delaying becoming a metropolitan area. For example, district municipal councils include councillors that represent local municipalities and constituencies outside the aspirant metropolitan area. These councillors may lose their positions if the metropolitan municipality is established and their constituencies may lose access to resources if the district municipality is abolished. Managers of the two municipalities will ultimately compete for fewer management positions. They may therefore try to persuade politicians to delay the decision.

Some district municipal councillors represent local municipalities. As representatives they speak on behalf of the respective local municipalities. Clearly, the local municipal councils would first have to mandate their representatives in the district municipality before they participate in any discussion about establishing a metropolitan municipality. The promoters of the idea would therefore have to work out a lobbying strategy to engage those municipalities that would otherwise be excluded from the metropolitan area.

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STRATEGY

Once the politicians have taken the decision, a programme for gaining popular support would have to be made and implemented. Without the support of local residents and specifically their organised groups, the ideal may be lost before it even started. Popular support is extremely important because the local community ultimately bears the cost of everything that follows. This cost is either in terms of financial contributions through taxes and service charges or delays in getting access to much needed services in the short term. It may well be that the decision to become, and to work towards becoming, a metropolitan area may shift the focus of government spending priorities from basic needs to more medium- and long-term economic development investments.

The next step would be to establish a plan and a time frame for becoming a metropolitan area, in other words for meeting the criteria set out in the Structures Act. Such a plan must be based on an analysis of the extent to which the area does not immediately meet the criteria for becoming a metropolitan area. The plan would have to have a strong economic development focus. This is necessary to guide public investment decisions in order to meet the bulk of the criteria in the shortest possible time.

The vehicles for such a plan are the municipal integrated development planning process and the provincial strategic planning process. These two planning processes would have to be co-ordinated and integrated very carefully.

It is common knowledge that restructuring focuses resources and effort inward towards the institution instead of outward to its customers. More resources and energy are ploughed into the institution than into doing what the municipality is supposed to be doing, namely to promote human development through service delivery and participatory and accountable government. The process of

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becoming a metropolitan area should thus be managed with a view to completing it in the shortest possible time. This is necessary to prevent perpetual restructuring becoming a feature of local government in aspirant metropolitan areas. The time frame set for achieving the ideal of becoming a metropolitan municipality must therefore be as short as possible, but still realistic.

It is clear that arriving at the decision to actively pursue the ideal of becoming a metropolitan municipality would require a demonstration of co-operative government at a level not experienced up to now. The local and district municipalities concerned and the provincial government in whose province the aspirant metropolitan area falls would have to establish mechanisms and processes for collaboration and joint decision-making to achieve the ideal.

CONSEQUENCES OF BECOMING A METROPOLITAN AREA

Advantages

The most obvious result of becoming a metropolitan area is that the metropolitan municipality gains all the municipal (including fiscal) powers and functions set out in legislation.

It does not share jurisdiction with any other municipality. Therefore:

- development planning may become easier than when two levels of municipality have to co-ordinate their development plans for the same area;
- one municipality commands all municipal sources of revenue in the area, which can contribute to making more rational and focused investment decisions;
- intergovernmental co-ordination and collaboration is easier simply because there are less government institutions to interact with in the area;
- residents are likely to understand the local government system in their area more readily; and
- as there will be less municipal institutions, the cost of maintaining them should decrease.

Authorisations

The three most significant functional competencies of district municipalities that are currently being performed by local municipalities through an authorisation of the Minister for Provincial and Local Government are:

- potable water supply systems;
- bulk supply of electricity, which includes for the purposes of such supply, the transmission, distribution and, where applicable, the generation of electricity; and
- domestic waste-water and sewage disposal systems.

Water and electricity provisions are classified as trading services. A municipality determines the service charges payable for them in such a manner that it realises a trading surplus. This surplus is used to subsidise services financed through the rates account.

Sewage removal and disposal are economic services. Consumer charges are determined in such a way that the consumers pay the full cost of providing the service. Should the Minister withdraw the authorisation, a local municipality would lose the trading surplus on its trading services (see *LGL Bulletin* 2000(4), p. 9).

Some of the advantages and disadvantages of withdrawing the authorisation for a local municipality are listed below. The advantages that the local municipality will experience will automatically become disadvantages for the district municipality. Likewise, the disadvantages for the local municipality would translate into advantages for the district municipality:

- the payroll of the local municipality will decrease, as the staff involved in a particular function would follow the function concerned;
- the local municipality would need much less office and other workspace;
- the local municipality's debtors' book and creditors' commitments will shrink as the liabilities related to a function would follow that function;
- the local municipality would no longer have to maintain costly assets and reticulation networks as these would follow the function concerned; and
- the local municipality would not have to invest in and install new

infrastructure to provide these services.

On the downside, the following would be in store for the local municipality:

- the revenue sources of the local municipality will decrease;
- the trading surplus the local municipality realises on water and electricity will be lost, thereby reducing the amount of money available to subsidise rates and general services. Consequently the municipality would have to increase property rates tariffs and other service charges more drastically;
- the portion of the equitable share of revenue raised nationally that the local municipality is entitled to, will be reduced;
- debt collection will become more difficult because the local municipality would not be able to suspend services, for example, electricity;
- several governance issues would arise, for example, it is likely that local municipalities would become centres for receiving complaints about services;
- as the district municipality would be required to spend more of its own revenue on providing services, less money would be available from that source to fund capital works; and
- employees would for the time being remain uncertain about their employment prospects.

If the authorisation of the local municipalities to perform district municipal functions is withdrawn before the determination of an area as a metropolitan area, massive restructuring of services, systems and structures and transfer of assets, liabilities and people must occur. It is entirely possible that shortly thereafter the district and local municipalities would cease to exist altogether and be superseded by a metropolitan municipality. Everything must then be transferred and overhauled again. Such a course of action will definitely cause an inward focus, perpetuate uncertainty and contribute to massive confusion.

RSC levies

A metropolitan municipality levies and collects so-called RSC levies within its area. This means that the metropolitan municipality has more sources of revenue that yield significant income than the existing district and local municipalities respectively. In most cases the bulk of the income from the RSC levies currently raised by a district municipality is levied on business and industry within the aspirant metropolitan area. The downside is of course that those areas that are excluded from the metropolitan area are cut off from the income generated from these levies in the metropolitan area. They would be included in other district municipal areas that may not be as financially well off as the one from which they have been excluded.

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CONCLUSION

Becoming a metropolitan area must be on the agenda of the relevant local and district municipalities and the provincial government. Certainly the Minister for Provincial and Local Government, the MEC responsible for local government in the province and the MDB must

also take the 'status' of these areas into consideration when making recommendations and resolutions about the adjustment of municipal functional competencies and amending authorisations granted to local municipalities to perform district municipal functions. On the face of it, it appears that becoming a metropolitan area would be advantageous for the residents within that area, even if the advantage is only a simplification of the government system. Those communities that currently benefit from being in the same district as the aspirant metropolitan area would definitely, and unfortunately, lose out.

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The opinions expressed in this paper are those of the author alone.