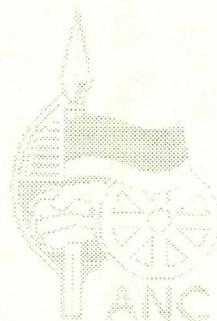


**National Consultative
Conference on Regional Policy**

REGIONAL REPORTS

Johannesburg

19-21 March 1993



Regional Report

Western Cape

WESTERN CAPE

REGIONAL POLICY CONFERENCE: ON REGIONAL, METROPOLITAN AND LOCAL GOVERNMENT

INTRODUCTION

The Western Cape Region of the African National Congress (ANC), held a policy conference, at the University of Western Cape, on 6 and 7 February 1993. This special Regional Conference was called to adopt policy for our region, on all matters pertaining to regional, metropolitan and local government.

At the Conference, approximately one hundred (100) launched and unlaunched ANC branches, various ANC regional departments, some Regional Executive Committee (REC) members, the ANC Youth League, the ANC Women's League, our alliance partners and various fraternal organisations, were represented.

Hereafter follows a report of that portion of the regional conference which dealt with policy for future regional government and to some extent the inter-relationship of regional government with national and local government.

Discussion of the various issues were preceded by the five (5) inputs, which were made in plenary session, as follows: a general overview of the need and necessity for regional government; the boundaries of future regional governments; fiscal arrangements pertaining to regional government; and electoral systems. Plenary had an opportunity to clarify issues and some discussion ensued in plenary on some of the issues raised in the inputs.

Conference then divided into four commissions which all discussed the same four issues, namely: powers and functions, boundaries, fiscal arrangements and electoral systems of regional government. Each commission then reported back to plenary on the deliberations and discussions in their commission.

A composite draft report of the deliberations, discussions, decisions and disagreements within each commission, as well as between the different commission, was compiled. This composite report was then tabled in plenary for amendments, additions and finally for adoption.

It was clear that the process leading up to the Conference and the Conference itself was not free from flaws. A few observations need to be made in this regard:

1. It was clear that the level of prior discussion within the different structures present and the level of understanding and participation amongst individual participants, of the issues pertaining to regional government, varied widely. This despite the fact that a discussion document on regional government has been available for discussion in our ranks for a long time.
2. Within the plenary session, the commissions and the final plenary session where the report was adopted, there were tremendous time constraints.

3. Translations took place directly into at least two other languages, sometimes confusedly, causing further time constraints and loss of concentration. One had enormous sympathy for persons making inputs in two different languages.
4. Each commission did not have an opportunity to discuss all four areas under discussion, nor did the plenary have an opportunity to discuss each issue upon which each of the commissions reported back.

The overall impression, however, is one of a successful conference which gave our members the opportunity to acquaint themselves with and tease out some of the pertinent and, in some instances, perplexing issues pertaining to regional government. Whilst at the same time providing the region with a broad and general mandate within which to deal with the issue of regional government. It must further be noted that the relationship between national and regional government and local and regional government, although dealt with, was to some extent done superficially and artificially, and in not too much detail.

Against the above background, the summary below was adopted by the regional conference as a record of the discussions, debates, decisions and disagreements, in both the plenary sessions, as well as the Commissions.

PRINCIPLES PERTAINING TO THE REGIONAL LEVEL OF GOVERNMENT AND IT'S RELATIONSHIP WITH NATIONAL & LOCAL GOVERNMENT.

A LEGISLATIVE POWERS

1. South Africa shall be reconstituted and transformed into a non-racial, non-sexist and democratic republic.
2. South Africa shall consist of the whole territory as recognised by the international community as South Africa, as at 1910.
3. South Africa shall be an inclusive and integrated constitutional state.
4. Government shall be structured at national, regional and local levels.
5. At each level of government there shall be democratic representation, in a body chosen in general, direct, free, equal and secret elections.
6. The electoral system at all levels of government shall be proportional representation, unless specifically provided for otherwise in the constitution.
7. The national and regional levels of government shall have appropriate legislative, executive and fiscal powers (or appropriate access to central funds), duties and functions, which are to be set out in the constitution.
8. Powers, duties and functions of government may be exercised concurrently between the national and regional levels of government.
9. If regional government is granted legislative powers in respect of any issue of government, in terms of concurrent or other powers, national government shall then have overriding powers in respect of such powers.
10. In addition to the powers, duties and functions of national and regional government set out in the constitution, the national and regional levels of government may delegate powers, duties and functions to lower levels of government.
11. National government shall have exclusive competencies in the following areas of government: foreign affairs, defence, internal security, constitutional affairs and the administration of justice. Also see the section on fiscal powers, functions and duties below.
12. The powers, duties and functions of government which shall be exercised concurrently between the national and regional levels of government are as set out in an annexure, annexed hereto, marked Annexure "A".

13. There shall be no granting of exclusive competencies to the local level of government, whereas the granting of such exclusive competencies at a regional level shall be avoided as far as is possible.
14. National government shall have the right to legislate on all aspects of government in respect of which legislative power has not been conferred to the national or regional levels of government (residual powers).
15. The general principles of the constitution, including the terms of the bill of rights, shall apply to each level of government.
16. Regional governments may adopt their own constitutions within the framework of the national constitution.
17. Local governments shall be guaranteed the right to regulate, on their own responsibility, all the affairs of their local community, within the limits set by statute at a national (and where applicable) at regional level.

B FISCAL POWERS, FUNCTIONS AND DUTIES

1. All fiscal competencies shall be conferred upon national government:
provided that an independent fiscal commission shall be established to provide national government with advice in respect of all fiscal matters;

provided further that mechanisms must be established for fiscal equalisation and transfers from a national to lower levels of government and where appropriate from a regional to a local level of government;

provided further that all income tax and VAT shall be collected and allocated at a national level; and

provided further that provision shall be made for the collection and allocation of specific taxes and other monies at regional and local levels, to ensure accountability.
2. Fiscal transfers shall be made by the national government to regional governments, and such transfers shall take place in an equitable manner taking into account the population size, backlogs and priorities (such as the urban and rural poor, women and children) of each of the regions.
3. Fiscal transfers shall be made by the national and regional governments to local government, where appropriate, and such transfers shall take place in an equitable manner, taking into account all the factors and circumstances outlined in paragraph B2 above.

4. The aim of the fiscal policies of the national government shall be, as speedily as possible to gradually provide for equal standards of government services for all and for appropriate development programmes.
5. National government shall make fiscal transfers and allocate resources in an equitable manner to such lower levels of government which are tasked with executing national statutes, to enable such regions or lower structures of government to implement such legislation.

C EXECUTIVE/ADMINISTRATIVE POWERS

1. National government shall execute by means of direct national administration or otherwise, statutes in respect of which competencies have been exclusively conferred upon national government, unless otherwise provided for or permitted in the constitution or enabling legislation.
2. The regions shall execute statutes of national government, legislated in terms of concurrent powers, as matters of their own concern.
3. The regions shall execute statutes of national government, legislated in terms of any powers other than concurrent powers, as matters of own concern, insofar as the constitution or enabling legislation does not otherwise provide or permit.
4. National government shall exercise supervision to ensure that the regions execute national statutes in accordance with the constitution and the applicable enabling legislation. Appropriate enforcement and supervisory mechanisms must be provided for in the constitution to enable national government to exercise this supervisory function

D DEMARCATIION OF REGIONAL BOUNDARIES

1. The Constituent Assembly (CA) shall decide upon the number and demarcation of regions for South Africa. To this end, the CA shall appoint a delimitations committee with a brief to consult as inclusively as possible, at all levels of society and to provide the CA with a proposal for the number and demarcation of regions, as well as the powers, functions and duties of regional government.
2. The NP's proposal that the number and demarcation of regions must be agreed to before the CA, is rejected. If there is a necessity, for any purpose whatsoever, to make use of any "regional" demarcation, during the transitional period before the CA shall decide upon this matter, the present four provinces shall be utilised for this purpose.
3. There was support for the number and demarcation of regions in terms of both the **TEN** and **SIXTEEN** region proposals of the ANC, as well as a **FOUR** region proposal, based upon the present four provinces, and a **FOURTEEN** region proposal, which excluded the Cape Town and Durban metropolitan areas from the sixteen region proposal, without resolving the matter. (It is

recorded that two commissions agreed to the sixteen region proposal, one commission agreed to the fourteen region proposal and one region agreed to the ten region proposal.)

4. There was support and opposition for the proposal to regard the metropolitan areas of Johannesburg, Durban and Cape Town as regions, without resolving the issue. (It is recorded that two commissions supported the proposal, one commission opposed the proposal and one commission agreed to only the Johannesburg metropolitan area comprising of a region.)
5. The final composition, structure, number and demarcation of regions shall to a large extent be dependent upon the composition, structure, powers, functions and duties of the third tier of government, i.e. local government.

E STRUCTURES OF GOVERNMENT AT A NATIONAL LEVEL

1. The regions shall participate through a second (upper) house of parliament (house of regions), in adopting legislation in respect of areas of government conferred concurrently on national and regional government and in the administration of national government.
2. The House of Regions shall adopt ordinary legislation by a simple majority and constitutional amendments by special majorities.
3. The House of Regions shall consist of representatives of the regional council of each region which appoint and recall them.
4. Representation in the House of Regions shall be based on the size of the population of each region.
5. Each region shall have a minimum number of representatives in the HOR (say for example 3) with representation increasing in accordance with population size of a specific region, with a maximum number of representatives per region (say for example 6).
6. It was pointed out that the above model of government structures was but one model of many possible models.

F STRUCTURES OF GOVERNMENT AT A REGIONAL LEVEL

1. Regional government shall consist of a regional council, elected by ballot in each region and a regional executive committee, which shall be headed by an administrator.
2. Differing views were expressed in respect of the composition and election of these regional government structures, as set out in Appendix 1 of the ANC Regional Policy document, and this matter was not finally resolved.
3. Mechanisms of accountability and checks and balances must be established at regional government level.

ANNEXURE "A"

1. The imposition of taxes in accordance with a national policy framework;
2. Education, other than tertiary education;
3. Health services, including hospitals;
4. Welfare;
5. Housing;
6. Transport, including harbours, airports and roads;
7. Markets and pounds;
8. Works and undertakings within the region, provided that if works and undertakings extended beyond the regional boundary, such works and undertakings may only be carried out with the consent of the neighbouring region or regions affected thereby;
9. Traffic control;
10. The environment;
11. Industrial and other developments within the region;
12. Horse racing and gambling;
13. Town and regional planning;
14. The imposition of punishment by fine, imprisonment or other sanctions for the contravention of any laws of the region;
15. Local government;
16. Implementation of the Constitution, including establishing the structures of government created in the Constitution.

*Report of Rapporteur
Cape Town
7 February 1993*

Regional Report

Eastern Cape

Border

Transkei

AFRICAN NATIONAL CONGRESS
(EASTERN CAPE, BORDER AND TRANSKEI REGIONS)
POLICY CONFERENCE ON REGIONAL GOVERNMENT

28 - 29 November 1992
Horseshoe Hotel, Kingwilliamstown

INTRODUCTION

The Eastern Cape/Border/Transkei tri-regional conference on the issue of regional government was convened as part of a national programme of consultation initiated by the ANC Constitutional Department. In consultation between the three regions it was considered appropriate that a joint conference be held, as these regions face a number of common socio-economic problems, and delimitation of boundaries of potential regions is a matter of concern between the regions.

Thirty delegates from each region were invited to the two day conference, which was addressed by three NEC members; Cdes Zola Skweyiya, Thozamile Botha and Kader Asmal, as well as Cde Mike Sutcliffe from Southern Natal. The ANC Discussion document on regional government was circulated and discussed in each region prior to the conference.

CONFERENCE AGENDA

Cde Smuts Ngonyama, Border President of the ANC, opened the conference and welcomed the delegates. This was followed by a brief report on the current state of negotiations and the "Strategic Perspective" document under debate, given by Cde Kader Asmal.

The four key addresses on the issue of regional government highlighted the main points covered in the ANC's discussion document on regional government. In brief, these address covered the following topics:

1. Proposed constitutional arrangements and the structure of regional government - Cde Zola Skweyiya
2. Institutional structures and electoral systems for regional government - Cde Kader Asmal
3. Delimitation of regions and fiscal decentralisation - Cde Mike Sutcliffe
4. Powers and functions of sub-national government - Cde Thozamile Botha.

The conference then broke into four commissions, which considered the following topics:

- Delimitation of regions
- Fiscal decentralisation
- Powers and functions of regional government
- Constitutional structures and electoral systems

Reports from each of these commissions were tabled and discussed in the plenary sessions, and conference adopted these reports with some amendments. A consolidated report with amendments has been drawn up for each commission, and these reports constitute the remainder of this conference report.

Conference identified a number of issues for further discussion. In particular it was noted that some of the issues around delimitation and fiscal decentralisation should be taken back to regions for further debate, and the conference reports therefore is a broad guideline for debate rather than a final set of decisions on the matter.

In addition it was felt that further information on certain areas was needed. This was expressed particularly in relation to the issue of concurrent and overriding powers, which was debated by many delegates for the first time.

In conclusion this report represents the current state of knowledge and opinion within the three regions regarding the issues highlighted above, and is put forward as a contribution to the national debate on these issues.

The participating regions wish to express their gratitude to the ANC Constitutional Department, the participating speakers, and the Centre for Development Studies for making this conference possible.

CONFERENCE ON REGIONAL GOVERNMENT 28 -29 NOVEMBER 1992

REPORT OF THE DELIMITATION OF REGIONS COMMISSION

The criteria in term of which regions should be delimited were discussed. These criteria were considered in relation to two broad options facing the democratic movement.

According to the one option there should be large regions which would include rural hinterlands with urban metropolitan regions. The discussion document referred to this option in terms of the ten regions' model, although such an approach could result in fewer than ten regions. A number of arguments were put forward in favour of this proposal.

1. It was argued that by adopting the ten region's model the wealth of the metropolitan areas would be shared with the adjacent rural areas and in this way insure wealth redistribution.
2. It was felt that the ten regions approach would prevent the growth of bureaucracy, and bureaucrats associated with regions.
3. Larger regions were favoured as they would enable a future non-racial state to rationalise the fragmented apartheid bureaucracy. In the Border/Kei regions where there are presently three government bureaucracies operating this was felt to be an important consideration.
4. A problem with defining the regions in terms of metropolitan and predominantly rural is that the number of regions will constantly change with the growth and development of additional metropolitan areas. If representation in a second chamber is to be based on regional government, this flexibility would be problematic.

A second broad option called for a separation of predominantly rural areas from metropolitan areas in the demarcation of regions. The discussion document refers to this option in terms of sixteen regions although such an approach could include even more regions. Again a number of arguments were put forward in favour of this proposal:

1. The separation of rural and metropolitan was though not to be problematic and most redistribution should be conducted via central government as most of the taxes (such as income, company and Value Added Tax) are best collected at a national level. Regionally-based redistribution would also prejudice almost predominantly rural areas excepting those linked with the PWV.
2. The many-regions model saw smaller urban or rural specific regions providing the constitutional tier that matched the level at which development planning was conducted. While a larger number of regions was created, this was not seen as necessarily requiring a larger number of bureaucrats as the regions were then in any case matching the bureaucracies required for development planning.
3. It was argued that rural and metropolitan regions faced distinctive types of problems and should therefore be organised separately. Also, if metropolitan and rural regions were merged the metropolitan regions would dominate the rural. This was because the metropolitan constituencies were typically better organised, more militant and closer to the seat of government, which is invariably situated within urban areas.

4. Separation of rural and metro increased governmental transparency in the sense that governmental spending in rural areas would be clearly reflected in central government expenditure rather than lost within regional budgets.
5. Regional representation in a national government was viewed as a further mechanism for empowering weak rural communities.

After reviewing the above considerations the meeting favoured the ten-region model.

Two specific questions in relation to the application of the ten-region model were addressed.

1. BORDER/KEI AND EASTERN CAPE

Considering whether the Border/Kei region should fall with the Eastern Cape region, a number of factors were considered:

- * The practical difficulty of organising a region that size was cited.
- * In relation to this point it was noted that Cosatu in the Border region was serviced by the East Cape office and that due to the resulting problems that had been experienced, there was consideration of breaking the region down into smaller units.
- * The Border region is one of the poorest regions in the country. This point is obscured when the regions' economic indicators are given for the Border and Eastern Cape as they are presently for the Development Bank's region D.
- * It was also noted that the large merged region would have two ports.
- * Overall it was felt that it made more sense to separate the Eastern Cape from the Border/Kei regions.

2. EAST GRIQUALAND

A further specific issue that was discussed was the inclusion or otherwise of East Griqualand within the Border/Kei region. The clear principle that emerged from the discussion was that those living in the area should decide in which region they should fall. A local referendum to decide the issue was suggested. The expense of such an approach was considered and it was noted that we should make use of our own structures to consult people living in the area.

CONFERENCE ON REGIONAL GOVERNMENT
28 - 29 NOVEMBER 1992

REPORT OF THE FISCAL DECENTRALISATION COMMISSION

This report contains the findings of the commission on the above topic, as well as including certain points made during the plenary report-back by this commission. The commission was given the task of answering a set of questions relating to the issue of powers of taxation and the allocation of finances between regions in a future South Africa. The questions were the following:

1. What taxes should be collected/at what level of government?
2. How should revenue be allocated to regions?
3. What should be the powers of the Fiscal Commission mentioned in the draft document on ANC Region Policy?
4. How would financial accountability and efficiency be ensured?

1. WHAT TAXES SHOULD BE COLLECTED WHERE?

The commission addressed this question by first looking at the general principles underlying the allocation of powers of taxation to the different levels of government. The prime consideration here was the perception that tax powers were directly linked to power over the redistribution process. It would be crucial therefore that the major powers of taxation (such as company tax, income tax, VAT, fuel levies) should be located at a national level in order to ensure that the country's wealth is not blocked into those areas where it is currently located. It would also be essential that national control be exercised in order to avoid major distortions in the economy which would result from differential tax rates being applied in the different regions of the country.

At the same time, however, it was acknowledged that there was a need for local level accountability, and for people to see the link between taxes paid and services provided. This implies powers of taxation in respect of rates, property taxes and possibly other taxes being vested at a local level. Certain other taxes, as is the case presently with the provinces, would be levied at a regional level ie., licences, horse racing, other regional levies, and possibly industrial property tax.

The commission acknowledged that it could not be expected to produce every technical detail on the question of taxation, but constructed the following table by way of illustrating the general principles outlined in relation to tax powers.

Table 1 **Location of Powers of Taxation in a future South Africa**
 (Key: National, Regional, Local)

Income tax	N
Company Tax (incl mines)	N
VAT	N
B Fuel levies	N
Vehicle & other licences	R
Horse racing	R
Other regional levies	R
Industrial property tax	R
Rates	L
Property taxes (residential/commercial)	L
Other local taxes to be investigated	L

2. HOW SHOULD REVENUE BE ALLOCATED TO REGIONS?

3. WHAT SHOULD BE THE POWERS OF A FISCAL COMMISSION?

In that question 2 and 3 were related to each other, the commission dealt with them together.. It was agreed that certain areas of the country, particularly certain rural areas, had suffered particular neglect under apartheid and needed to be targeted in the allocation of resources for development. In establishing criteria for determining these allocations, population would be a factor but not the overriding factor. The degree of need and neglect would be the most important considerations in the allocation of resources, and in determining these, socio-economic indicators on poverty and development such as GGP per capita, household incomes, unemployment, infrastructural development, health, education and a range of other indicators could be used in the allocation process.

While such indicators could be used for determining allocations between regions, it was felt that similar criteria should be used to determine the allocations within regions, in order to address the inequalities that existed within regions. In the Border/Kei area, for example, it would be important to ensure that resources reached the rural areas and did not get stuck in East London.

On the question of proposed Fiscal Commission, it was argued that this was a sound proposal, but that the Commission's powers should be clearly advisory, and that final decisions on allocations between regions should rest with the elected representatives as a national level. In keeping with the need for consistency on this issue, it was proposed to amend the draft policy document in para 4, p11, bottom right, to read "The Fiscal Commission could also advise government on the granting of powers of taxation to lower levels ..."

It was felt that the composition of the Fiscal Commission should be of a "technical" nature, although reservations were expressed as to what section of the SA population possessed such "technical" skills at this point in time.

4. HOW TO ENSURE FINANCIAL ACCOUNTABILITY AND EFFICIENCY?

In discussing the question of accountability and efficiency, the commission felt that it was important for the financial decisions of government to be both transparent and accessible. Not only should budgets and statements for all levels of government be made public, but they should also be presented in such a way that they would be understandable to the population, so that public discussion on government finances could take place in a meaningful way.

The question was raised in plenary as to whether this meant that a future democratic government would not have the need of funding for "secret projects" designed to defend the interest of the new state against hostile forces. This question was not finalised, but the chair of the commission pointed out that the suggestion for transparency related to the need for people on the ground to know how their money was being spent, in order to assist in developing a culture of paying rates and taxes. In discussing the questions of responsibility within communities for making such payments, the commission had agreed that a "culture of boycotts" had developed as part of the struggle against apartheid institutions. The opposite culture could only develop in time as people started seeing their rates and taxes being translated into concrete benefits.

REPORT OF THE POWERS AND FUNCTIONS OF REGIONAL GOVERNMENT COMMISSION

The commission considered the following questions:

1. How many tiers of government should there be?
2. What criteria should be used to allocate powers and functions to the different tiers?
3. What specific powers should be allocated to the regional tier?
4. Should concurrent and overriding powers apply to the regional tier?

1. HOW MANY TIERS OF GOVERNMENT?

The commission noted that South Africa is divided into four provinces, and these provinces in turn are divided into development regions. The vast majority of South African society has not benefited equally from this division.

The commission recommended that there be three tiers of government, namely

- national
- regional
- local government

With the regional tier having a specific function in terms of redistribution and development.

It was recommended that the third tier of government, namely local government, be considered as a complex tier, with provision for a fourth tier where necessary. This would have particular application in

- metropolitan areas, where metropolitan and local tiers could be required
- rural areas, where a district council could be complimented by local community councils.

2. CRITERIA FOR ALLOCATING POWERS AND FUNCTIONS

Four key criteria for allocating powers to the tiers of government at sub-national level were identified. These are:

1. national coherence in terms of development strategy and government functioning should be ensured
2. allocation should be based on effective delivery of goods and services by the appropriate tier
3. cost-effectiveness in providing services
4. local level control and community participation should be maximised without compromising efficiency or cost-effectiveness

It was noted that in applying these flexibility should be allowed because some functions have elements that would need to be performed at a variety of levels.

3. WHAT POWERS SHOULD BE ALLOCATED TO THE REGIONAL TIER?

The commission noted that while the principle of regional and local government should be enshrined in the constitution, flexibility will be required over the precise allocation of powers, the need for which could vary over time. It was therefore recommended that specific powers and functions for regional government should be legislated by parliament rather than fixed in the constitution.

Regional government will require a revenue base for its operation, and the principle of certain taxes being levied by the regional tier was accepted. Allocations from central government will be required for the provision of infrastructure. Local authorities could also contribute to the regional tier.

It was noted that regional government should have both legislative and executive powers in terms of its allocated functions.

4. CONCURRENT AND OVERRIDING POWERS

The commission recommended that the central legislature should have overriding powers in terms of legislation, and that regional government should in turn have legislative powers that could take precedence over local authorities.

At the executive level it was recommended that overriding powers should not exist as this would compromise the operation of regional and local administrations.

Nevertheless national guidelines for legislative and administrative authorities at regional and local level should exist.

The commission recommended that more research should be done and information be made available for further discussions on this matter.

REPORT OF THE CONSTITUTIONAL STRUCTURES AND ELECTORAL SYSTEMS COMMISSION

The commission considered the following aspects:

1. electoral systems at regional and local level
2. constitutional provisions for regional government
3. the appointment of regional executive structures.

1. ELECTORAL SYSTEMS

The commission recommended that elections for both national and regional government should be based on proportional representation, with utilisation of a list system.

At the local level elections should be based on one person, one vote, but flexibility should be allowed in terms of the specific electoral system.

It was suggested that the threshold for representation of political parties in the legislature should be reduced to 3%, to ensure inclusivity.

The commission endorsed the proposal for an independent electoral commission.

2. CONSTITUTIONAL PROVISIONS

While regional government could have certain powers spelt out in the constitution, central government should have veto powers over the regional government. The powers of local government should be spelt out in the legislation rather than in the constitution.

Amendments to the constitution regarding the powers of regional government should require a two-thirds majority of the regional representatives.

3. APPOINTMENT OF EXECUTIVE STRUCTURES

Three options for the appointment of regional executive structures were considered. These were:

- the present situation, in which the State President appoints a regional administrator, who in turn appoints an executive.
- the elected regional council appoints the regional

- administrator who in turn appoints a regional executive
- the elected regional council appoints the administrator, and the executive committee is composed of representatives from political parties on a proportional basis.

The commission adopted the second option as the preferred system.

Regional Report

Northern Cape

Northern O F S

Southern O F S

Western Tvl

REPORT

NORTHERN CAPE, NORTHERN ORANGE FREE STATE, SOUTHERN ORANGE FREE STATE AND WESTERN TRANSVAAL REGIONS

POLICY CONFERENCE ON REGIONAL GOVERNMENT

6 - 7 February 1993, Savoy Hotel, Kimberley

INTRODUCTION

The purpose of the workshop was to discuss and deliberate on the Regional Policy discussion document and emerge with recommendations/amendments in terms of the policy documents. The conference was opened by an input from the regional chairperson of the host region and regions alternated to facilitate the various sessions of the conference.

(NB It must be seriously noted that no representatives from either the Local Government or Constitutional Affairs department were present in the conference and this impacted negatively on the quality of discussions during the conference, whilst we acknowledge apologies from Cde Bulelani Ngcuka and others, we do not accept the manner in which we were treated.)

The conference did not discuss the entire document but extracted the following issues for discussion in three commissions after a brief input.

- * size, number and location of government
- * metropolitan government
- * local authority powers

COMMISSION REPORTS

Size, number and location of governments

After intense discussion, the commission arrived at the following recommendations:

The commissions considered the sizes and number of regions and basing their discussion on map 2 and noted the following:

- * That it was unclear what criteria was used to determine these boundaries but felt that the following criteria could have been used.
- * Economic viability
- * On size the commission felt that the regions were too big and may not be the appropriate infrastructure to service regions both politically and socially to ensure that development take place closer to the people, however there was another view which cautioned that we need to guard against creating too many bureaucracies.

- * The commission also recommended that we should not neglect peripheral towns when determining regions.
- * There was also two different views about Free State. The two Free State regions could not agree on the number of regions for the Free State. It was felt that the two regions should further discuss the issue taking into consideration economic viability and development. Further to this debate was that Lesotho be incorporated into the Free State.
- * On the issue of Kimberley being part of the OFS, there was no agreement.
- * Because of the divided views about the number of regions - no consensus was reached in this regard although the proposal for 10 regions was favourable to conference.

METROPOLITAN GOVERNMENT - POWERS OF GOVERNMENT AND FUNCTIONS

The commission arrived at the following:

- * That Metro government be part of regional government with representation from the lower tier. (It was not discussed as to whether such representation should be on an elected basis or not).
- * That adjacent farms be represented
- * That we should avoid having too many metro governments as these could be quite expensive to run and maintain.
- * That the richer areas be forced by law to subsidise other underdeveloped areas.
- * On powers and function it was felt that where metros are formed they should have concurrent powers and should not have overriding powers on local authorities - the commission further endorsed proposals on the discussion document.

LOCAL AUTHORITY POWERS

The commission recommended that Local Authority powers be delegated and not be written in the constitution, to allow intervention by central government.

The commission further recommended that LA should not be protected from central government.

NB The commission could not exhaust debates on other questions relating to the relationship with central government.

MANAGING REGIONAL POLICY IN THE TRANSITION

The commission recommended the following:

- * Need to divorce long-term socio-economic or developmental issues from transitional structural problems.
- * Train people for integration and transformation of governmental structures

- * Get interim structure in place, concentrate on immediate problems of managing regions in the transition
- * Reincorporate TBVC states and restoration of South African citizenship to people in the Bantustans
- * Develop an integrated and comprehensive programme for the rural areas.

Regional Report

Southern Natal

Midlands

Northern Natal

N E C

REPORT
SOUTHERN NATAL, MIDLANDS, NORTHERN NATAL, N E C
POLICY CONFERENCE ON REGIONAL GOVERNMENT

Sunday February 7, 1993

STATUS OF CONFERENCE

It was affirmed that the conference was a consultative one and that recommendations would be produced for input into the national conference on regional policy.

AGENDA

Registration	Representation from:
Southern Natal	81 branches
Midlands	12 branches
Northern Natal	10 branches
National Executive Committee	2 representatives

WELCOME

Comrade Sibusiso Ndebele welcomed delegates and indicated the importance of the Regional Policy debate to the movement.

INPUT ON REGIONAL QUESTIONS

Cde Zola Skweyiya provided an overview of key issues of relevance to the regional debate and which arise out of the negotiations process. He indicated the importance of the regional question for reasons which included ensuring effective development as well as a gender-sensitive approach. The issue of regional policy was of crucial importance to not only the future South Africa, but to the ANC itself. The role of ANC regions and their views influences the final decision of the ANC. In addition, he noted how Codesa had broken down over regions. Finally he stressed a number of key issues facing us and which are being dealt with during the bilaterals.

In the commission on Managing the Transition, Cde Valli Moosa provided an important briefing on the bilaterals and the work of the Negotiations Commission. It should be noted that the consultative conference gave broad support to the matters dealt with in these inputs.

COMMISSIONS:

RELATIONSHIP BETWEEN TIERS OF GOVERNMENT:

Cde Aaron Ndlovu was supposed to provide the summary of this commission and he has not yet done so. I have asked Cde Pravin Gordhan to do so in summary form:

- * agreement on three tiers
- * some discussion on concept of metro and sub-regions and whether these were necessary/counter-productive and result in fragmentation
- * much discussion on boundaries/number of regions: support for between 7 and 10 regions
- * more attention to rural areas
- * disadvantages of smaller regions/duplication of structures, expensive/waste of resources in bureaucracy; reducing role of local authorities; financial viability and increase competition for larger, repeating apartheid ethnic boundaries, fewer regions seem to have more support but needs more debate
- * strong reservations about accountability; lack of communication, control by small cliques.

FINANCES AND RESOURCES

- 1 The commission saw its task in neither endorsing, questioning inconsistencies or omissions, or adding to the document.
- 2 Dealing with the document para by para, the commission endorsed all the considerations in 3.1.2, 3.2, 3.3, which gives rise to the principles that there cannot be fiscal autonomy in regions, that there should be a large measure of collection on a nationwide basis and distribution to regions by transfers and grants, in order to address the inequalities caused by past policies.

The commission could also endorse the position of a permanent Advisory Fiscal Commission, answerable to parliament, and operating under certain guidelines can advise government how best to ensure allocation of taxes, and advise on taxation powers at local level.

- 3 The commission endorsed the principle of "local control over use of public resources" and the "strengthening of democratic accountability, ... at the local level, however, the document is silent on the proposed structures to achieve this local accountability.

Questions raised were:

Elected representatives at local government level have no control over powers exercised by central (even regional) government; proportionally elected representatives at national (and regional) level have no direct accountability to a local community; elected representatives at national level can not deal effectively without the varied day-to-day needs of over one million people that constituency-based MP's did, that is control through representation; thus what provision is made for participatory control of civil society structures to effect "democratic accountability" at local level of services rendered by all tiers of government

POWERS AND FUNCTIONS

Here again, I have asked Cde Pravin Gordhan to provide a summary:

- * emphasis on strong central government
- * argument with concepts in policy paper
- * but more time needed to understand and contribute to this debate

In plenary, the clause 4.5.52 was completely rejected as it did not accord with a democratically elected government.

MANAGING THE TRANSITION

1. The commission accepted on broad outline the issues covered in Chapter 5.

2. The commission recommended the following in respect of the TEC:

that a Delimitation Commission be set up to recommend to the TEC the possible electoral regions and to recommend to the CA the possible powers, functions and regional delimitations. The TEC would appoint the "experts".

that in terms of elections to a CA, half the delegates come from a regional list and half from a national list.

that the regional representatives elected to a CA should be empowered to establish an interim government of national unity at regional level.

that the TEC powers must ensure control of the following areas be taken away from the regime and its surrogates; traditional leaders, education, health, pensions, local and regional government.

that the ANC must consult Chiefs and Contralesa about their future role and that the ANC's position in this regard be immediately clarified. A starting point should be the work done before we were unbanned.

that the CA must be the body to make final decisions in respect of powers and functions and delimitation of regions. This could be on the basis of a two-thirds majority.

3. In terms of the Province of Natal:

the commission supported that Natal should be regarded as a single Province. A wide variety of reasons were advanced for this.

the commission supported the division of Natal into a number of districts which in the case of the Durban Functional Region would double as a metropolitan region.

There must not be a division which supports the continuation of Bantustans.

4. The commission noted a number of strategic issues:

that we must develop our regional policy with reference to two broad principles: (a) to do what is in our best interests; and (b) to ensure that we don't give the enemy ammunition to be used against us.

that the principle of proportionality must be entrenched in our approach, hence giving the regions equality in the number of delegates is nonsense and the regional executives / councils must be based on proportionality to population size or voter size.

that ways must be found to ensure that the ANC is strengthened even after elections for a democratic South Africa.

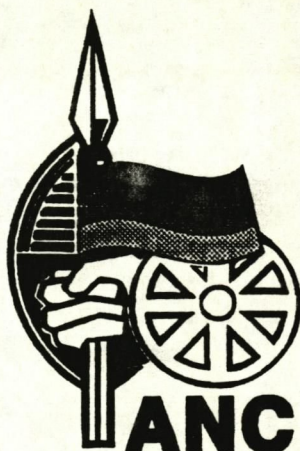
that the RECs should create a Provincial machinery to concretise the TEC / IGNU for Natal as a whole.

COMMENTS:

In plenary a number of fairly minor issues were raised. However, the Midlands delegates did indicate that they viewed the conference as merely consultative; no policy decisions could be taken. This was reaffirmed.

In addition, some additional issues were:

1. that the structures of the ANC and the structures of a future government should probably coincide.
2. that the whole question of pensions, services and the like, and the way they would be distributed, required further investigation.
3. that the metropolitan government issues were slightly problematical was it another level of government? There was support for an approach which puts metropolitan government as a district and at the third level of government.
4. that there was a need for a Commission of Enquiry, taking further the work of the 1987 constitutional guidelines. There was an urgent need to revisit the recommendations.
5. that the questions of the payment of chiefs and pensions was an issue to be taken up; some support was given that all traditional leaders and pensions be paid from central government.



PWV, NORTHERN AND EASTERN TRANSVAAL ANC INTER-REGIONAL
CONSULTATIVE WORKSHOP ON REGIONAL POLICY

held at Mariston Hotel, Johannesburg on 27 - 28 Feb 1993

Number of delegates	71
PWV	18
Northern Transvaal	7
Eastern Transvaal	46

Workshop chairperson Advocate Mathole Motshekga
Deputy Head Local, Regional Government and Housing

Steering Committee Bridgeman Sithole, Norman Prince
Secretariat Joan Fubbs and Susan Keane
Convenors Centre for Development Studies

The workshop began at 11.00am on Saturday 27 February and
continued until 12 noon on Sunday 28 February 1993

PWV, NORTHERN AND EASTERN TRANSVAAL ANC INTER-REGIONAL CONSULTATIVE WORKSHOP ON REGIONAL POLICY

27 FEBRUARY 1993

08h30 - 09h30	Registration
09h00 - 10h00	Tea/Coffee
SESSION 1 -	Mathole Motshekga Deputy Chairperson (PWV Region)
10h00 - 1015	Chairperson' opening remarks
10h10 - 10h30	Purpose of the workshop Paul Mashatile (Sec-General PWV Region).
10h30 - 11h30	Intro to draft document on Regional Policy. Thozamile Botha (Head: Department of Local, Regional Government and Housing.
11h30 - 12h30	General discussion
SESSION 2	Chairperson: Collin Chabane (Sec General N. TVL)
12h30 - 13h00	Identification of issues for commission.
13h00 - 14h00	Lunch

SESSION 3

Chairperson: January Mashilela (Sec General
E. TVL)

14h00 - 15h00	Commissions
15h00 - 15h15	Tea/Coffee
15h15 - 18h00	Commissions
18h00 - 19h00	Dinner
19h00 - 21h00	Rapporteurs prepare reports.

28 FEBRUARY 1993

SESSION 3 (CTD)

07h30 - 08h30	Breakfast
08h30 - 10h30	Commissions reports
10h30 - 11h00	Tea/Coffee
11h00 - 13h00	Commissions Reports
13h00 - 14h00	Lunch
15h00 -	Depart for E & N Transvaal delegates.
14h00 - 18h00	Task Group prepares final reports

PWV SECRETARY GENERAL PAUL MASHATILE'S OPENING ADDRESS

One of the challenges facing the Liberation Movement this year will be the speedy conclusion of the negotiation process. However at the same time we need to begin as a movement to make preparations for the Constituent Assembly elections. This is the task we have set for ourselves this year.

If elections are a major programme this year then we need to begin to define the necessary structures of government. The kind of government we would want to see in place once elections have taken place. This is necessary because the attainment of power by the people can only be realised if we can put in place the kind of structures that will empower the people.

We need to develop structures that will enable our people to determine their own destinies, to shape their own lives and the lives of their children. What kind of structures must we put in place to realise these objectives. This is the question we will have to tackle as we sit in this workshop.

As the ANC we are the protagonists who wish to bring government closer to the people. Democracy is the ability of people to decide their own destiny, to shape their lives and to ensure that the day to day problems that confront them housing, education, health, and jobs are being addressed.

As a liberation movement our objectives are very clear. To obtain the liberation of our people we have to ensure that the national and regional structures are structures of empowerment and that they are firmly in place so that the people can address these problems. We have therefore suggested that the government be structured at the national, regional and local level.

However much of the debate has been going on only at national level. There have been debates on what government should look like at the national level. The functions, and the powers at national level. But there is an urgent need to look at both the regional and local level and my view is that we have not yet really begun to do a lot of work around these questions.

This workshop offers us the opportunity to take that debate to regional and local levels. There is now an urgent need to look at the debate of regional and local government. This workshop on regional policy will address several issues.

First regional boundaries. What will be the electoral boundaries but more importantly the question of permanent boundaries for the country. Secondly we have to begin to address the functions of the regional government what function are these reg govt are going to perform. Thirdly what will be the powers of regional government.

Some of the political parties have been toying around with the idea of federalism and their argument is that you need to have structures at that level to have sufficient powers and with minimum intervention from Central Government.

We are not opposed to regional government but we are opposed to some of the federal ideas such parties have. The ANC believes that regional government must complement not paralyse the functions of national government. This workshop will give us the opportunity to debate and to concretise our ideas on these issues.

At the National Workshop on 19 March we hope that workshop will concretise proposals from various regions and that these proposals will begin to guide the national policy.

Multi-party talks will resume soon. There will be a preparatory meeting on 5 - 6 March on how to convene multi-party talks and to take the process of negotiations further. One of the key questions will be the question of regions and electoral boundaries and we wish to be in the forefront of such demarcation.

The bilateral meeting on that proposal is for the establishment of a commission. Regional and other the recommendations will be submitted to the Constituent Assembly. It is therefore imperative that the ANC should seek to influence that process. As the head of the liberation struggle we will have to head that process. We have already defined what sort of structures must exist their functions and powers.

We as the ANC cannot wait for such proposals to develop we must take a leading role when that commission begins to function and we should begin to influence its findings.

If we are to succeed in this regard we have to begin now and perhaps we need to ensure that we examine our proposals carefully and we need to begin to concretise our ideas we must always remember we said in 1955 that "the people should govern".

So we should always remember that this is the objective we wish to attain. So when we establish these structures this should lead to the attainment of this objective. The people should become the key element in the democratic government. Our discussions need to be on the basis of this understanding.

Lastly I wish you a pleasant working weekend and when the workshop closes on Sunday I hope we will have come out with some clear ideas of where we wish to go. Let us remember our slogan for this year: "Now is the time."

INTRODUCTION TO DRAFT DOCUMENT ON REGIONAL POLICY

PRESENTED BY: THOZAMILE BOTHA (Head of Department of Local, Regional Government and Housing)

INTRODUCTION

There has been a debate on regionalism since 1990. The ANC has always supported the idea of a unitary government while the NP, DP, IFP and a number of other groupings have called for federalism. But what is the difference between a unitary state and a federal constitution?

DIFFERENCE BETWEEN UNITARY AND FEDERAL SYSTEM

A unitary state means that you have the Central Government which will pass legislation governing the country under a single constitution. The statues merge from central government but you do not have to entrench the various duties of the different regional governments in legislation which can be amended at any time.

In a federal state you have to state very specifically what the duties are of regional government, for example what are the duties in education, housing etc. To remove these powers of a federal state one would require a qualified majority to change that law, i.e a two thirds majority etc. Whereas in a unitary government the powers and duties are not entrenched in the constitution and can be changed by the legislature. With federalism there is an entrenchment of certain duties.

This debate was so polarised that it lost direction. Due to the polarisation the ANC set about defining the difference in substance between federalism and a unitary state. We examined the operations of the constitutions of a number of countries and attempted to compare their constitutions and the practices.

In practice the difference between a unitary and federal system minimal. In the USA the power of the local states has been eroded through the constitutional power of the federal court. According to the German constitution the federal states have a fair amount of power but the central government has final control over this power.

CONCURRENT POWER OF CENTRAL GOVERNMENT

The ANC decided that we need to reduce this into a discussion document because some federal systems are unitary in practice and some unitary systems become federal in practice. So we need to synthesize elements of the two. The draft policy document discusses the issue of concurrent power in a unitary system, where central government lays down the framework which is entrenched in the constitution, the region must operate in terms of the framework.

Central Government can draw up the framework in which educational policies can be developed, eg. the constitution can state that there will be free education for the first eight years of school, a region can extend the length of free education, but they will not have the power to change the minimum as laid down in the constitution.

This will also prevent any potential racialisation in the regions. We want to develop structures that will empower our people, however this must not become a mechanical thing. People must be involved in decision making process.

The regime and IFP's position is different from that of the ANC, they argue that the regions can decide what powers they do or do not want, with each region having autonomy and the power to dictate what they want to the central government, this will lead to imbalances in the country and the ANC cannot except this position. This was one of the reasons for the deadlock at Codesa.

ANC OBJECTIVES FOR A UNITARY STATE

The ANC objectives for having regions in a unitary state are set out on page 3 of the draft discussion document. The demarcation of regions must be about uniting our country and providing structures that will be accountable and bring government closer to the people. The manner in which these processes are linked will determine how the government will be brought closer to the people.

In the proposed IFP constitution for Kwa Zulu-Natal the people of the area would be allowed to decide, via a referendum, whether they want a unitary system or federal state, if we allow Kwa Zulu-Natal to have a referendum then we must allow the rest of the country to choose. The whole struggle for liberation is around land therefore the issue of land cannot be decided purely on the basis of tribalism.

PHASES TO DEMOCRACY

There are three phases to the final process of the dismantling of apartheid and the transfer of power to a democratically elected government :

- 1) Pre-election Phase
- 2) Interim period
- 3) After adoption of the constitution

PHASE 1 - PRE-ELECTION PHASE

The appointment of the Transitional Executive Council (TEC) and its sub-councils by the multiparty forum (Codesa). The TEC will co-exist with the tricameral parliament and its function will be to level the political playing field and to create a climate for free political activity. The TEC will also prevent the existing tricameral from passing legislation that will entrench any apartheid structures and to prevent further squandering of fiscal reserves by the regime. The powers and structures of the sub-councils must be set and passed before the tricameral and control mechanisms must be established for the TBVC states.

Although we went to Codesa not wanting to soil our hands by participating in the apartheid regime, we cannot allow our credibility to be lost by participating in a TEC which would be a "toothless Bulldog", as a result the TEC must have controls over what is done at the executive level of the present government, eg. recommendations made with regard to the upcoming budget. The pre-election phase is not a perfect period but it allows us to have control over central government operations without having full power.

During this period a **Delimitation Commission** will be appointed by the TEC to prepare recommendations on the demarcation of regional boundaries. We have not finally decided how many regions will exist in the future and the purpose of this workshop is to put forward recommendations to the upcoming National Workshop. The final recommendations will be placed before the Delimitation Commission and could be diluted, therefore we must be clear on our policy for Regions.

The Delimitation Commission will be within bounds of reason a neutral and objective body, according to the ANC this commission should only have the power to make recommendations to the Constituent Assembly. However the regime and IFP want the Commission and not the CA to have final decision making power on the boundaries and number of regions.

The ANC has agreed that we should have electoral regions that function for the purpose of elections only and that there would be regional and national representatives on the list

ANC has stated that there should only be one house of parliament to draft the constitution, however because we have agreed to the two lists, namely, the national and regional lists, we have accepted that regions will play a role in the drafting of the constitution. This is a contentious issue.

The delimitation commission will prepare a draft of the regional boundaries, this draft will be given to the TEC who will in turn pass it to both the Election Commission and later to the CA for discussion and ratification into the constitution.

The regime has stated that the delimitation commissions' report be adopted by a simple majority but this is inconsistent with the rest of the constitutional issues that have to be adopted in the CA by a 2/3 majority. The ANC believes that there should be a 2/3 majority, by the CA, for ratification of regions in the constitution and only if agreement cannot be reached then a simple majority be used by the CA.

The regime wants regional members to appoint the Regional Executive Councils as well as a regional constitutional making body and that regions can decide what powers, functions and duties belong to each region. This approach fixes the electoral regions as final demarcated regions prior to the formation of the CA and therefore entrenching the regions in the constitution and creating a pure federal state.

This system would allow the regions to have a veto over the CA and would cause the CA to be subjected to the power and interests of the regions alone. In order to achieve this the regime want regional government to be phased in prior to the adoption of the constitution.

The Sub-Councils form part of the TEC and are national bodies, Codesa has not stated how these Sub-Councils extend to the regional level. The ANC has suggested the establishment of Regional Executive Councils (REC) which perform an administrative and co-ordinating role. These REC must be structured in a balanced manner so as not to be overwhelmed by the apartheid structures and TBVC states. The REC must subsume the apartheid structures.

At local level there would be an Interim Local authority executive to solve the provision of services etc to black areas. This allows us tap into the existing local taxes and to draw from both the establishment and other groups to function at the local level. We must also create structures that subsume the existing powers to render such powers redundant. The REC would allocate funds and examine the use of resources.

PHASE 2 - INTERIM GOVERNMENT OF NATIONAL UNITY

The Transition to Democracy Act, as proposed by the ANC, outlines the powers and functions of the interim government prior to the ratification of the constitution. The ANC has stated that during the interim phase the regional and local levels will have no final powers but that the finalisation of the regional and local tiers of government should be a priority for the CA.

Whilst the constitution is being drafted and adopted by the CA there will be an Interim Government of National Unity, we propose that this period be no longer than nine months.

Reconstruction is costly, therefore one must be mindful of the level and type of reconstruction during the interim phase, reconstruction during this phase must lead into the changes during Phase 3 (Government of National Unity and Reconstruction). One must have conditions which allow for the restructuring of Local Government.

PHASE 3 - AFTER ADOPTION OF THE CONSTITUTION

The Constituent Assembly will be reconstructed after the adoption of the constitution and will operate in terms of this constitution and the Transition to Democracy Act will fall away. During this period we will have a "Government of National Unity and Reconstruction" whose duties will be to phase in regional and local government. Elections based on the new constitution will be held at these two tiers of government.

KEY POINTS FOR DISCUSSION IN THE COMMISSIONS

1. Boundaries of the Regions - the maximum and minimum number of regions required.
2. Criteria for determining Regions.

3. What are the powers, functions and duties of Regions vs. those of the State. eg. powers that are exclusive to the regions and powers that can be overridden at national level.
4. Power of Regional and National taxation and the allocation of taxation from the national budget. At present 80 % of taxation is collected at the National level and that Local Authority taxation (collection of assessment rates/property taxation) only amounts to 6 % of the total tax collected.

One must bear in mind that a large number of regions will be a fiscal drain at the national level due to the fact that each region will create its own legislature and bureaucracy.

Boundaries are a sensitive issue and one must have clarity on the location and nature of boundaries.

Tax allocation is one method of controlling the power of regions, however if one decided to provide some power to the regions then one must allow them the power to collect their own tax, this would allow for democracy and accountability to be established at the regional and local level.

In conclusion, this report must be circulated for discussion to the alliance, civics and relevant MDM organisations which will be affected by decisions taken at this workshop.

QUESTIONS AND CLARIFICATIONS

- Q1 Who will control resources during the election period ?
- C1 The REC will be established prior to the interim period and will control these resources which will prevent abuse.
- Q2 Should we continue with the local negotiation forums as many of them have been suspended?
- C2 The NNF must establish commissions regional and local levels. The Local Executive Commission must have two divisions namely: Local Negotiating Forum (LNF) and an administrative wing. The day-to-day affairs of the Local Authorities will be linked to the LEC which is in turn linked to the REC.
- The delivery of services etc will be dealt with by the LNF. We should continue with negotiations at the local level. The Interim Measures Act and the Provincial Authorities Act and related acts and measures will either be repealed or amended at the national level which will in turn determine the local level negotiations and structures.
- Q3 Will we have the LNF before the finalisation of the boundaries ?
- C3 The LNF will submit recommendations to the delimitation Commission which would be finalised by the CA. Boundaries will be based on the constitution.
- Q4 The apartheid structures are squandering money and misusing the budget before the interim structures come into place. How will we deal with this especially in view of the fact that Bophuthatswana is not in agreement with reincorporation?
- C4 The TEC will attempt to stop the squandering of money and level the playing fields, although we will be inheriting the regime's debt we must limit this in the future. At the recent bilateral, the regime presented a report on Bophuthatswana "Implications of non-incorporation for Bophuthatswana", the report outlines the detailed costs of administering the area including the cost of the seconded staff.
- Q5 Do homelands collect their own tax?
- C5 Yes, but the majority of its funds come from South

Africa

- Q6 What about the issue of boundaries and what guidelines can be used to determine regions ?
- C6 The guidelines are laid out by the draft document and are as follows: historical and other related factors, demographic, economic viability, development potential, cultural and language reality, administrative considerations, functionality eg. work and living areas and location of people in terms of economic nodes as well as continuity of geographic area.
- Q7 How do we deal with the question of local interests especially interms of agreements made at the local level concerning joint administrations?
- C7 The LNF should continue to negotiate until the national negotiations are complete, however one should not negotiate on constitutional issues, this can be problematic eg. when negotiating for the provision of services.

Once local forums have been established all existing joint administrations will be dismantled or brought in line in terms of the new constitution. We must not allow opportunists create structures that will be difficult to dismantle afterwards. It is hpoed that the NNF will be established by March.

- Q8 We are not satisfied with the manner in which the government is dealing with the TBVC states, could we not have a referendum in these sraea to show that there is no confidence in the existing administrations ?
- C8 We rejected the use of a referendum at Codesa because the Bantustan residents were not asked to vote at the time these areas were established, there is also the question of who would be eligible to vote in these elections as many people may speak the langauge of the Bantustan area but not reside near the area.
- Further the TBVC governments would manipulate the voting because they control the present situation. In the elections we will be able to count the votes from the regions and our wins would be a vote of no confidence in the Bantustan administrations.
- Q9 Position of the traditional leaders such as Chiefs in the election of Local Government?

C9 The position of the traditional leadership is a crucial question. This issue was linked to the deadlock at Codesa. Contralesa has agreed to be party of the multiparty talks and vote on issues that affect their constituencies.

Traditional leaders are a reality and if a region wants a role for them then it must be incorporated in regional legislation and not imposed upon other regions. As this could undermine the principles of the national constitution. However what is provided at regional level must stem from the national level to allow for accountability.

For example in Botswana there is the House of Chiefs which sits prior to Parliament and puts forward recommendations in terms of pending legislation. However Parliament does not have to accept their recommendations.

Q10 Which tier of government will fund the Tribal Chiefs? There is presently no clear answer on this. However my personal view is that their remuneration should be based on the role that they play.

COMMISSION ONE: DEMARCATION BORDERS

CHAIRPERSON Jacques Modipane
 RAPPORTEUR Tsietsi Tolo

Our point of departure is the recognition of the premise that our proposals should be informed by a commitment to get the government to the people. At the same time too many regions will cause administrative problems and help develop bureaucratic structures which is a luxury we cannot afford.

Another consideration is that all regions must have a revenue base. Therefore the commission after a short discussion rejected the proposed 16 regions in Appendix 3 and debated at length the 10-regional proposal in Appendix 2.

There is a need to ensure that the policies that inform the demarcation of regional boundaries develop regional economic convergence over the long term, and lead to processes of that underpin sustainable communities and viable regions.

RECOMMENDATIONS

- 1 16-region proposal rejected
- 2 Government must interface directly with the people but there should not be too many regions
- 3 Regions must have some economic base
- 4 The socio-political and historical factors must be taken into account
- 5 Appendix 2 recommendations accepted with some modifications
- 6 Ten regions reduced to eight with the following proposals:
- 7 Northern Cape divided between Western Transvaal and Western Cape to increase economic base of Western Transvaal and with respect to part of Northern Cape's incorporation with Western Cape to recognise historical links
- 8 PWV is by far the strongest region economically with two-thirds of the country's generated wealth and infrastructure.

- 9 It could be partitioned leaving the Central Witwatersrand intact with other areas linked to N TVL, and E TVL and even W TVL. With the Central Witwatersrand, South Africa could still retain its "golden egg".
- 10 If the Central Witwatersrand becomes a region in its own right it would cover an urban rather than an urban and a rural area.
- 11 It is recommended that Pretoria be incorporated into the Northern Transvaal. If this happens the name PWV could be changed to the Central Witwatersrand.
- 12 Eastern Cape should be linked to Border Kei as existing border is artificial and part of the government's apartheid demarcations.
- 13 At present E Cape and Border/Kei is recognised by many economists and also the residents as one development region and many programmes are carried out on a joint basis
- 14 If certain key sectors such as education, housing, and health are financed by the Central Government then the economic imbalances created by apartheid can be addressed even in regions with a relatively low income base.
- 15 The whole issue of metropolitan government needs to be considered when boundaries are drawn. Metropolitans could be considered sub-regions within the region and should not be considered as not subject to the powers of the region.
- 16 Only one metropolitan is need in what presently functions as the PWV region and that is the one in the Central Witwatersrand area. Johannesburg with its surrounding existing townships would form this metropole

CONTRIBUTIONS FROM THE HOUSE

- 1 Pretoria's incorporation into N Transvaal is not feasible.
- 2 Pretoria should be included in Northern Transvaal to compensate for the "ruralness" of Northern Transvaal.
- 3 Pretoria base is mainly administrative and therefore it would not be able to support underdeveloped areas. The Central Government should rather be used to redistribute wealth across regions.

- 4 Pretoria is an integral part of the PWV
- 5 On the question of linking E Cape and Border/Kei this would ensure economic viability because at present Border/Kei is unviable on its own.
- 6 What is the role of the metropolitan? Metropolitan is higher than local government but lower than regional government. The Regional Services Councils are politically illegitimate rather than functionally illegitimate.
- 7 Metropolitan government must be democratically elected and the boundaries defined in economic and service terms rather than political.
- 8 One must examine the role of regional government if a metropolitan exists in a region.
- 9 Chairman Advocate Mathole gave the example of the PWV where the Central Witwatersrand and Vaal Areas are attempting to establish strong metropolitan government. Therefore one has to ask what role is left for the regional government of the PWV?
- 10 With regard to the size of the elected Council based on eight regions. One could consider a minimum of 15 and a maximum of 25 councillors per region depending on the size and development of the region. This would mean a total of between 150 to 200 councillors

COMMISSION TWO: POWERS & FUNCTIONS OF REGIONAL & LOCAL GOVT

CHAIRPERSON Ngwetsane W Madonsela
RAPPORTEUR Jomo Mnisi

Point of departure is the need for a strong central government which possesses concurrent and overriding powers. The Commission endorsed the relationship between regional and central governments and also regional and local governments

RECOMMENDATIONS

1 FUNCTIONS OF REGIONS

- 1.1 functions of the regions as outlined in the document is accepted with certain additions.
- 1.2 Consideration should be accorded to sports and recreation, language, culture and tradition.
- 1.3 The role of civil society is critical and was debated at length with special reference to chiefs in the whole political scenario.
- 1.4 Another sensitive area that opened serious discussion was the allocation of authority to regional governments to create mechanisms to address the question of affirmative action in all applicable government levels.

2 LOCAL GOVERNMENT

- 2.1 The constitution should stipulate in general terms, the need for local governments and that the parliament be empowered to adopt a Local Authorities Act which would detail powers and functions of such local government and also making suitable amendment when the need arises.
- 2.2 The Commission endorsed and accepted all issues as detailed in the draft discussion document under Section 4.

3 FINANCE

- 3.1 Taking into consideration the added functions and powers bestowed upon regional and local governments, the commission felt that flexibility be awarded to these respective authorities to generate resources in the form of taxes and other means of revenue so as to address their functions effectively.

CONTRIBUTIONS FROM THE HOUSE

- 1 Relationships between metro and regional government should be clarified
- 2 Regions should have the right to make laws with respect to land usage for example that certain land be used for housing and other land for grazing.
- 3 What is understood by civil society? We need to define this. for example what role can chiefs play in local government as part of civil society and not necessarily party politics.
- 4 There is a definition problem. The role of chiefs should not only be discussed at the national level. Secondly chiefs do play a political role as they control the use and provision of services in the rural areas of the Northern Transvaal.
- 5 Chairman, Advocate Mathole pointed out that how we treat the question of chiefs will affect the forthcoming elections. He suggested that we should begin to open a dialogue in this respect. He added that perhaps regions who have chiefs should have workshops with all parties to discuss this issue. In areas where are chiefs with local authorities there is a problem with the relationship between local government and chiefs.
- 6 There are problems into bringing the two together because the chiefs use their traditional powers plus those powers given them by the government. They are in effect the magistrates carrying out certain local government rules and laws.
- 7 The question of chiefs is crucial could cause serious problems if not handled correctly. After all the chiefs people may live in two or more regions. Chiefs will only attend discussions/workshops if the national leadership is present. There are also problems between the chiefs and the civics. Furthermore in some areas chiefs will not allow even the ANC to operate freely.
- 8 Chairman, Advocate Mathole said the ANC had already drafted a proposal for the establishment of district councils. He pointed out that chiefs could stand for these structures. The promotion of democratically organised structures and the chiefs involvement in such structures would transform the role of the chiefs
- 9 We should encourage the chiefs to participate in democratic structures in this way they will democratise

- their functions. But we should be wary of simply scrapping the chiefs as this could cause future problems.
- 10 Chiefs are taking on responsibilities that are not part of their function for example acting as magistrates. We need to define the role of chiefs in the townships and in the rural areas.
- 11 Chairman, Advocate Mathole pointed out that the chief has been established as a ruler with both judicial and administrative powers, in terms of the Liberation struggle. Therefore we must find ways of destroying the apartheid structure not the chiefs who are just as much victims of apartheid as we are. Chiefs must be democratised not destroyed.
- 12 Some of us as comrades have developed antagonisms/negative attitudes on this problem. But at this time it is important that we forge a working relationship with the chiefs. We cannot allow the Boers to capitalise on our differences of opinion.
- 13 The chieftainship is inherited and bringing chiefs into the local government could be problematic because on the one hand we talk of elected representation and with regard to chiefs we talk of inherited representation. There is also the problem of double taxes. In the end taxes are also a regional problem.
- 14 Chairman, Advocate Mathole pointed out that chiefs need not be automatically part of a local government structure but could be elected to that position the same as any one else. However as already noted by the Commission certain countries such as Botswana had developed an advisory forum for chiefs, which fed into the parliamentary, regional and local government system.
- 15 The Commission did not debate Local government in depth but noted that the "document" calls for two options to be discussed (See 4.1.8 on Page 15 of the Draft Regional Policy document). A clarification on the powers of local, regional and national needed here.
- 16 Chairman, Advocate Mathole said that the three tiers of government would be entrenched in the constitution and powers would be part of statutes.
- 17 Fear is not necessary generated by the two options. Entrenchment of regional powers could make hidden agendas of the regime a reality.
- 18 Regional and local government must have the right to plan and administer agricultural land.

COMMISSION THREE: REGIONAL FINANCE

Chairperson Sheila Sithole
Rapporteur John Makhubele

The draft policy document on regionalism was endorsed with the following input on guidelines for taxation and policy.

- 1 Generate taxes to redress imbalances in our communities and enhance living standards.
 - 1.1 The wealthy should bear the greater tax burden.
 - 1.2 Everyone who has an income should be taxed accordingly.
 - 1.3 A new tax framework should be drawn up and uniformly applied.

- 2 While not wishing to overemphasize the need to promote the informal sector we nevertheless need to look at creative ways to regulate the informal sector.
 - 2.1 Control measures to regulate the informal sector would entail monitoring at the wholesale level.
 - 2.2 The informal trader will also have to complete and return a tax form.

- 3 Income tax should be so designed as to redress the gross disparities caused by the system of apartheid. The principle that informs the new system of taxation should be one that allows lower income earners to effectively improve their standard of living, for access access to housing.

- 4 VAT should be zero-rated on basic foods as endorsed by COSATU, consumer organisations and other bodies. However other items should be maintained at the present level but all luxury goods should be levied at a higher rate.

- 5 A monetary policy that facilitates more money in circulation would benefit the poor in the form of greater access to low interest loans.

- 6 In under-developed regions companies should be given tax concessions and/or exemptions to encourage employment generation and development in general. However these tax breaks should have time-limits.

A finance committee at the national level should be given veto powers over regional government's fiscal policy. Such concurrent powers at national level with respect to finance would promote an equitable approach to taxation while promoting regional flexibility and initiative.

7 Compulsory education up to and including Standard Ten should be entrenched in the constitution to redress imbalances in our community and to increase the pool of skills. This measure will also promote a viable economy.

8 All regions should be taxed equally ie a national tax framework should be developed.

9 All provincial roads should continue to fall under the jurisdiction of the respective regions as historically they have been so. Toll roads should be taxed and such monies should accrue to the respective regions. The issue of national roads was not addressed.

10 The Johannesburg Stock Exchange should be examined with a view to scaling down the monopolies. the position taken on the JSE should reflect our broader policy of restructuring the economy. the commission did not formulate an appropriate mechanism to achieve this goal and suggests it is taken up by an economics commission at regional and national levels.

11 Sporting bodies eg NSC to be taxed. However a distinction should be made between commercial and charity promotions. The former should be subject to taxation whereas the latter should be free from taxation. We need to develop a position on insurance, pension and provident funds.

A policy should be formulated which enables the redirection of a greater percentage of such funds to promote the general socio-economic welfare of all the people and so reduce existing unacceptable gap.

12 Taxi owners should be exempt from fee they pay for their trading licencies. They should pay tax on income generated from their services.

13 Casinos should be allowed to operate formally just as the tote on horse-racing. In other words a common principle should be developed with respect to all forms of gambling or betting. Such a policy would give such organisations no reason to operate illegally which would make it difficult to tax such organisations and to collect taxes from them.

- 14 More taxes should be extracted on the national level and fewer at the regional and local level. However the following factors should be taken into account.
- 14.1 Certain items could be taxed and allocated to specific projects such as for example one percent of tax on fuel to go into a national housing fund, and another one percent to go into a national education fund. Housing and education have already been identified as priorities.
- 14.2 As most tax should be controlled from top to bottom ie from central to regional government. There should be redistribution of tax from central to regional level depending on the needs/requirements of the respective region with regard to say housing.
- 14.3 Tax collected at regional level should be directed into a central purse controlled by the central government. Funds should then be redistributed according to the requirements of the respective regions. However a set of criteria would have to be established to avoid abuse or unfair preferential treatment.
- 14.4 The idea of redistribution should be viewed as a mechanism to redress the wide disparities between viable and non-viable regions and should not be a cause of tension between economically unequal regions. In brief regional governments should be seen as interdependent units working constructively to build a united and economically strong South Africa.

These contributions from the Commission should not be used on an election platform. Rather they are intended as long-term policy initiatives.

CONTRIBUTIONS FROM THE HOUSE

- 1 The Johannesburg Stock Exchange should be considered a national resource and therefore controlled by national rather than regional legislation.
- 2 The same principle of national control applies to pension, provident and other forms of insurance.
- 3 Taxation at regional level can be used effectively through mechanisms such as a property tax which could also be used to encourage the higher densification of areas such as those in the Northern suburbs of Johannesburg.

- 4 Health care and medicines should also be zero-rated with regard to VAT.
- 5 The issue of the four high command corporate organisations namely Anglo-American, Rembrandt, Old Mutual and Sanlam need to be addressed nationally rather than regionally although much of their financial interests occur in the PWV.
- 6 The regions should control the service side of the health sector as this level is more accessible and it is easier for the community to ensure its accountability when things go wrong with health services.
- 7 All forms of gambling need to be regularised and their revenue more widely distributed.
- 8 People are the nation's resource. Sometimes this is the only asset a region has therefore it is important for education to be compulsory up to Standard Ten. There is a need to train people to be useful members of society and to ensure that they are gainfully employed.
- 9 Historical and natural resources should be controlled by the region and not individuals for example the Echoe Caves. Revenue arising from tourism in this area would then accrue to the region.

CLOSING COMMENTS

Mathole requested delegates to take these discussions back the various groups of civil society in their region. This was particularly important as limited resources precluded the presence of the Alliance, the civics and other organs of civil society such as the Primary Health Care organisation and the South African Health and Social Services Organisation from attending this weekend workshop.

Regions were encouraged to raise funds within their respective areas at branch level from members and the business community. In this way workshops could be sponsored and resource material funded.

Delegates were also encouraged to organise workshops at sub-regional level and even smaller units to discuss the deliberations of the workshop but to ensure that at least one workshop delegate was present during such workshops so that points could be clarified.

EVALUATION OF REGIONAL POLICY WORKSHOP

Commission One found its work hindered by the lack of suitable maps. What is needed is a large map of South Africa with place names and the two regional options ie 16-regions and 10-regions clearly superimposed. Maps of the individual regions would also have been helpful. A document or/and an input noting the existing and future economic potential would have been very helpful.

Commission Two found the input by Cde Thozamile Botha very helpful but a graphic description of the structure would have given delegates a useful resource during the commission.

Commission Three found its deliberations considerably constrained by the lack of technical input and resource material on fiscal matters.

In general the lack of immediate access to technical expertise constrained some of the discussions. For example issues on taxation, demarcation criteria, and a comparison with the situation of regional powers in other countries.

Nevertheless delegates found the inter-regional workshop a useful opportunity to explore ideas with each other. The whole concept of regionalism versus federalism needs greater explanation. The whole question of a phased transition to democracy and the changing powers of respective structures needs further clarification.

28 February 1993