

[4]

METROPOLITAN RESTRUCTURING

*A working paper
prepared by the
Task Force appointed
by the Executive
Committee*



MAY 1991

<u>CONTENTS</u>	<u>PAGE</u>
Chairman's Note	(ii)
Executive Summary	(iii)
TASK FORCE : BRIEF AND WORK METHOD	1
Appointment of the Task Force	1
Composition	1
Time constraints	1
Work Method	1-2
The Object of the September Conference	2
Key Issues	2
<u>SECTION A : PRE-CONFERENCE ISSUES</u>	2
PRIORITISING ISSUES FOR DEBATE	2-3
GOALS FOR RESTRUCTURING	3-4
PROCESS AND NEGOTIATION	4
Purpose	4
Meaning	4
Process	4
Negotiation	4
Who is locally Involved?	4-5
LEGITIMACY	5
Legitimacy through the right process	5
The need for an "inclusive" approach to participation	5
The need for an "open" agenda	5
The need for sensitivity to the National/local debate	6
The need for an acceptable convenor/mediator	6
LOCAL GOVERNMENT AUTONOMY	6-7
Regulatory	7
Liberalisation	7-8
METROPOLITANISM	8
The Notion of Metropolitanism	8
Boundaries	9
ONE CITY	10
Geographical Area	10
Structure	10
CITY FINANCE ISSUES	10-12
Single Tax Base	12

ACCOUNTABILITY	13
General Comment	13
Specific Methods	13-14
<u>SECTION B: POST CONFERENCE ISSUES</u>	14
PROCESS AND NEGOTIATION	14
Who is Involved?	14
How Decisions could be taken	14
Consensus	15
Other Possibilities	15
Procedure (The Agenda)	15
Option 1	15
Option 2	16
Managing of Numbers	16
THE GENERIC FUNCTIIONS OF LOCAL GOVERNMENT	16-17
METROPOLITAN BOUNDARIES	17
Functional Factors	17-18
Political Fators	18
Services Consideration	18-19
Procedure	19-20
Boundary permutations regarding services	20-22
ALTERNATIVE STRUCTURES OF METROPOLITAN GOVERNMENT	22
One Level	22
Two Level	22-23
The Core City Approach	23
Special Purpose Bodies	23-24
Structure in relation to services	24-25
DEMOCRACY AND ACCOUNTABILITY OF LOCAL GOVERNMENT	25-27
Franchise Qualifications	27-28
Councillor Qualifications	28
Representation : Possible methods	28
Direct Representation	28-29
Indirect Representation	29
Proportional Representation	29-30
The Single Transferable Vote (STV)	30
List System	30-31

Wards : Criteria for Demarcating	31-33
Number of Councillors per Ward	33
Possibilities	33
Advantages/Disadvantages	33
MAYORAL SYSTEMS	33
Traditional Mayor	33
Combined Mayor/Chairman of EXCO	34
Strong mayor	34
COMMITTEE SYSTEMS	34
General Comment	34-35
Possible Options	35
The Portfolio System	35
Multiple Committees	35
An Executive Committee (sole committee)	35
A Combined Approach	36
Non-Executive Committees	36
SERVICES ISSUES	36
General Comment	36
Types of services provided at metropolitan level	36-37
Economies of scale	37-38
Standard of service and affordability	38
Utility Companies	38-39
FINANCIAL AND RELATED ISSUES	39
Inadequacy of the Property Tax	39-40
Cross-Subsidisation and Re-distribution of Income	40-41
Single Tax Base : Problems Identified	41-42
Infrastructural Up-grading Requirements	42
Capital Requirements	42-43
Capital Expenditure : Impact on Operating Account	43
Other Issues Raised : Impact on Operating Account	43-44
User Charges	44
Uniform Tariffs and Charges	44-45
Additional Sources of Income	45-46
Utilisation of Land and Property Holdings	46-47
Other Issues Requiring Attention	47
Allocation of Resources : Further Investigations	47-48

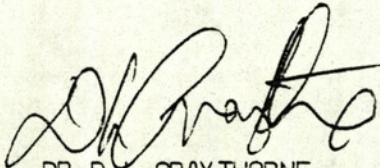
STAFFING AND ORGANISATION	48
Powers and Duties	48-49
Policies	49
Organisation	49-51
Affirmative Action	51
Training	52
Surplus Staff	52-53
THE FUTURE OF THE RSC	53-54
FURTHER ISSUES WHICH SHOULD BE INVESTIGATED	54
CONCLUSION	54

FIGURES

- Fig. 1 : Areas of urban development in the Western Cape.
- Fig. 2 : Jurisdictional Boundaries.
- Fig. 3 : Surface water catchment areas.
- Fig. 4 : Limit of supply of Cape Town Water Undertakings.
- Fig. 5 : Environmental systems.
- Fig. 6 : Major roads.
- Fig. 7 : Preliminary boundary permutation.

CHAIRMAN'S NOTE

I could not let the work of the Task Force come to an end without placing on record my warm and sincere thanks and appreciation to my colleagues who welded themselves into an effective multi-disciplinary team and laboured mightily to produce what I believe to be a significant document in the history of the Council. The council can rightly be proud to have competent professionals of this calibre in its service.



DR D L CRAYTHORNE
CHAIRMAN : TASK FORCE

EXECUTIVE SUMMARY

The Task Force divided its Working Paper into two main subdivisions, viz. Section A: Pre-Conference Issues and Section B: Post Conference Issues.

In approaching the pre-conference issues the Task Force has prioritised a number of issues relating to matters such as goals for restructuring local government, process, local government autonomy, etc., these issues are related to a goal for restructuring local government the effect of which is that the aiming point for such restructuring in the Cape Metropolitan Area should be the establishment of a non-racial, strongly democratic, accountable and viable system of local government which is appropriately structured to carry out the functions entrusted to it.

SECTION A

The section on Process and Negotiation deals with the sensitive issue of who is to be involved, and this section is underpinned by a section on Legitimacy. The legitimacy of any process or any negotiation is in essence linked to doing the right things in an acceptable manner within an inclusive approach and on an open agenda.

The next topic dealt with in Section A is local government autonomy. The Task Force records that this issue must of necessity be linked to inter-governmental relations, about which there can be no certainty until national negotiations have taken place. Within this state of uncertainty the Task Force suggests two approaches to local government autonomy, viz. a regulatory or a liberalisation approach.

The emphasis on Metropolitanism falls mainly on considerations relating to boundary formation and is followed by a meaning that can be given to the concept of "one city" in terms of geographical area and structure.

City Finance Issues are approached in the light of the meaning to be given to the concept of "one tax base" and thoughts on the prioritisation of expenditure, as well as a suggested non-racial but purposeful basis for the levying of local taxation.

Section A concludes with a section on Accountability which the Task Force considers to be a key issue in the establishment, growth and development of a democratic system of local government. Various possibilities are suggested, such as regular elections, a justiciable code of conduct for councillors, the holding of recall elections, etc.

SECTION B

Section B commences with a statement which qualifies the sections which follow, namely that the proposals and options contained in Section B will only come into issue if there is a successful outcome to the September Conference.

After this caveat, Process and Negotiation is dealt with, with particular emphasis being laid on how decisions can be reached, eg. by consensus or by voting. This section also refers to the need for an open agenda, and possible mechanisms for managing the large numbers likely to be involved.

The next main section of Part B is a description of the generally accepted Generic Functions of local government as a foundation for the establishment of new structures. The section on Metropolitan Boundaries starts with a description of the functional and political factors which could or are likely to affect the determination of boundaries, as well as service considerations. Service considerations are important in respect of gravity systems such as stormwater, sewerage and water provision in relation to optimising efficiency and effectiveness. Accordingly the boundary permutation regarding services is spelt out in a series of figures which are attached to this report. Finally, a procedure is suggested for the determination of boundaries based on an open process and a maximum of public consultation.

Having dealt with Process, Negotiation and Boundaries, Section B of the report then deals with Alternative Structures of Metropolitan Government, and goes on to outline the possible options open, viz. the one level, two level, core city and special purpose body approaches. Comment is given on each option as an aid to decision-making. Thereafter there is comment on structure in relation to services with reference to the effect that a one level or a two level structure would have on services.

The section containing Democracy and Accountability of Local Government policy options is preceded by a statement dealing with the differences between franchise issues and representation in a two level structure. In their order, this section then goes on to submit for debate the issues of franchise qualifications, councillor qualifications, possible methods of representation, criteria for demarcating wards and the number of councillors per ward.

Thereafter, there are sections on Mayoral Systems and Committee Systems, with possible options for debate. Services Issues, which come next, deal with the types of services which can be provided at a metropolitan level, the issue of affordability, standards of service and the role of utility companies.

Under the heading Financial and Related Issues there is both factual information regarding estimated current resources and deficits as well as explanations on the effects of cross-subsidisation in relation to a financial "cake" which remains constant in size, thereby giving rise to the need to examine alternative methods of taxation as well as an investigation into the economies of service provision. This section concludes with estimates of the costs of infrastructural upgrading and other current capital requirements.

After finance the report deals with Staffing and Organization in relation to policy options in regard to staffing policies and the possible need to create new organizations and to restructure existing organizations.

The second last part of Section B deals with the future of the RSC and it is suggested that if a new metropolitan council comes into being as a result of negotiation there would be no justification for the continued existence of the RSC. The last section lists issues which were identified but fell outside the terms of reference of the Task Force. It is felt that these matters should be investigated.

1991-05-02

THE AD HOC CONSTITUTIONAL COMMITTEE

WORKING PAPER ON METROPOLITAN RESTRUCTURING

1. TASK FORCE : BRIEF AND WORK METHOD

1.1 Appointment of the Task Force

The Task Force was appointed by the Executive Committee on 1991-03-18 for the purpose of formulating possible inputs on all issues relevant to the Council's participation in the proposed Metropolitan Conference to be held during September 1991, and any discussions regarding the future of local government and in particular metropolitan restructuring in Cape Town. The members of the Task Force were to be dedicated solely to this task but in practice this has not been entirely possible.

1.2 Composition

The members of the Task Force are:

Mr Bernie Botha (City Legal Adviser)
Dr Donald Craythorne (Associate City Administrator)(Chairman)
Mr Roy Gentle (Chief Planner, Policy and Research)
Mr Chris Glaum (Assistant City Legal Adviser)
Mr Neville Lomnitz (Deputy City Treasurer)
Mr Mike Marsden (Chief Engineer, Research and Development)
Ms Amanda Younge (Assistant Director of Planning)

1.3 Time Constraints

The Task Force was given two weeks to carry out its assignment. This has patently been too short a time to prepare detailed proposals on every issue. Accordingly, the Task Force has made basic contributions in regard to what it sees as key issues, and either lists or gives short expositions on other issues.

1.4 Work Method

The Task Force has interpreted its function as the preparation of short but meaningful proposals for the Council to enable it to take positions on pending constitutional, planning, financial and operational issues.

The Task Force sees its contributions as providing inputs both for the September Conference and afterwards. In essence, this means that there are three phases, viz.: the pre-conference phase; the conference itself; and the post-conference phase.

The contents of this report have accordingly been classified into pre-and post-conference parts.

The Task Force wishes to stress very strongly that there is a fundamental difference between these two phases. The period leading up to the conference and the conference itself are aimed at bringing together a wide range of constituencies to identify and talk about key issues related to metropolitan restructuring, planning, the future of local government, etc. In this respect, the identification of boundaries (who is to be involved) is one of the key issues in which Ms Helen Zille is involved.

If the conference has a positive outcome there can be a post-conference phase in which much more specific issues can be addressed but, and this must be stressed, the process to be followed is again of crucial importance. The proposals contained in the second part are not intended to prescribe the future of the metropolitan area but are proposals or policy options on which the Council can decide when it enters into metropolitan negotiations.

1.5 The Object of the September Conference

The object of the September Conference is to ensure that all significant stakeholders participate in a forum to enable them to put forward their views in an open dialogue on local transition.

1.6 Key Issues

There are key issues which relate to the Conference and what happens afterwards (assuming a positive outcome of the Conference), and that are dealt with below under the following main heading:

Section A : Pre-Conference Issues
Section B : Post-Conference Issues

SECTION A : PRE-CONFERENCE ISSUES

2. PRIORITISING ISSUES FOR DEBATE

It is in the nature of the negotiating process that issues are addressed in some order of priority. Currently, it can be anticipated that the most urgent priorities for discussion at the September Conference will relate to:

1991-05-02

THE AD HOC CONSTITUTIONAL COMMITTEE

WORKING PAPER ON METROPOLITAN RESTRUCTURING

1. TASK FORCE : BRIEF AND WORK METHOD

1.1 Appointment of the Task Force

The Task Force was appointed by the Executive Committee on 1991-03-18 for the purpose of formulating possible inputs on all issues relevant to the Council's participation in the proposed Metropolitan Conference to be held during September 1991, and any discussions regarding the future of local government and in particular metropolitan restructuring in Cape Town. The members of the Task Force were to be dedicated solely to this task but in practice this has not been entirely possible.

1.2 Composition

The members of the Task Force are:

Mr Bernie Botha (City Legal Adviser)
Dr Donald Craythorne (Associate City Administrator)(Chairman)
Mr Roy Gentle (Chief Planner, Policy and Research)
Mr Chris Glaum (Assistant City Legal Adviser)
Mr Neville Lomnitz (Deputy City Treasurer)
Mr Mike Marsden (Chief Engineer, Research and Development)
Ms Amanda Younge (Assistant Director of Planning)

1.3 Time Constraints

The Task Force was given two weeks to carry out its assignment. This has patently been too short a time to prepare detailed proposals on every issue. Accordingly, the Task Force has made basic contributions in regard to what it sees as key issues, and either lists or gives short expositions on other issues.

1.4 Work Method

The Task Force has interpreted its function as the preparation of short but meaningful proposals for the Council to enable it to take positions on pending constitutional, planning, financial and operational issues.

The Task Force sees its contributions as providing inputs both for the September Conference and afterwards. In essence, this means that there are three phases, viz.: the pre-conference phase; the conference itself; and the post-conference phase.

The contents of this report have accordingly been classified into pre-and post-conference parts.

The Task Force wishes to stress very strongly that there is a fundamental difference between these two phases. The period leading up to the conference and the conference itself are aimed at bringing together a wide range of constituencies to identify and talk about key issues related to metropolitan restructuring, planning, the future of local government, etc. In this respect, the identification of boundaries (who is to be involved) is one of the key issues in which Ms Helen Zille is involved.

If the conference has a positive outcome there can be a post-conference phase in which much more specific issues can be addressed but, and this must be stressed, the process to be followed is again of crucial importance. The proposals contained in the second part are not intended to prescribe the future of the metropolitan area but are proposals or policy options on which the Council can decide when it enters into metropolitan negotiations.

1.5 The Object of the September Conference

The object of the September Conference is to ensure that all significant stakeholders participate in a forum to enable them to put forward their views in an open dialogue on local transition.

1.6 Key Issues

There are key issues which relate to the Conference and what happens afterwards (assuming a positive outcome of the Conference), and that are dealt with below under the following main heading:

Section A : Pre-Conference Issues
Section B : Post-Conference Issues

SECTION A : PRE-CONFERENCE ISSUES

2. PRIORITISING ISSUES FOR DEBATE

It is in the nature of the negotiating process that issues are addressed in some order of priority. Currently, it can be anticipated that the most urgent priorities for discussion at the September Conference will relate to:

- 2.1 goals of restructuring local government;
- 2.2 the question of process;
- 2.3 local government autonomy;
- 2.4 the boundaries of the metropolitan area;
- 2.5 whether a single or two-tier system is desirable for the metropolitan area;
- 2.6 a preliminary discussion on local government finance issues;
- 2.7 a preliminary discussion of ways in which to create local democracy and to improve the accountability of local government.

Another issue that could come up is the question of interim administrative arrangements such as the Council's attitude to the incorporation of Khayelitsha or Langa before a new structure of local government is put in place. The financial and representational implications of this should be considered further.

Detailed study of these questions and issues will be needed as the process unfolds (see Section B).

3. GOALS FOR RESTRUCTURING

It is essential that the process be guided by a set of goals, even if these are acknowledged as "interim goals". However, these must be replaced through a common goal-setting exercise with all participants as soon as this is feasible.

The focus of the Metropolitan Conference, as suggested by some participants, is "what kind of system of local government can most effectively address the key issues facing the Metropolitan Area?". Clearly there will have to be agreement on what the key issues are, before consensus can be reached on how to address those issues. But once this is established, it could form the basis of a set of criteria or principles to evaluate different local government options.

For the purpose of the current exercise, the following "interim goal" has been used to guide the work of the Task Force:

"To work towards establishing a form of local government which is best for the people of the Cape Metropolitan Area as a whole in that it:

- (a) is non-racial;

- (b) promotes local democracy and strong local (as opposed to national) government;
- (c) ensures democratic accountability of representatives to voters;
- (d) is economically viable; and
- (e) is appropriately structured to carry out the functions entrusted to it.

4. PROCESS AND NEGOTIATION

4.1 Purpose

The purpose of process is to bring together all the "stakes" (stakeholders) within one area that have an interest in negotiating a peaceful transition to a legitimate and non-racial local authority for that area.

4.2 Meaning

The meanings of "process" and "negotiation" within the context of this report are:

(a) Process

The means by which the purpose is achieved.

(b) Negotiation

Mutual discussion by "stakes" of disparate views and interests with a view to ultimately either reaching a common view or agreement on a metropolitan authority for the area or something acceptable to the majority of the "stakes".

4.3 Who is locally Involved?

All "stakes" which within a particular area have a long-term interest in a peaceful transition to a non-racial, democratic and accountable form of local government. Without being prescriptive, the following need to be involved:

- (a) The elected representatives of local bodies.
- (b) Ratepayer and civic bodies.
- (c) Political parties.
- (d) Representatives of commerce, industry and trader's organisations.

- (e) Trade unions.
- (f) Religious, women's, cultural, sporting, youth bodies, etc.

Should decisions be taken at the Conference those who attend will have to decide on the method by which they will arrive at decisions. In forming a decision-making framework, care may have to be exercised to ensure that the participating "stakes" have a basis of real support, and that key "stakes" are not outvoted, through for example, the artificial creation of cultural or sporting bodies so as to pack more votes into the conference.

5. LEGITIMACY

5.1 Legitimacy through the right process:

For a new local government system and structure to be legitimate, it must not only do the right things (such as facilitate effective local democracy and the effective and cost-effective allocation of resources) it must be arrived at in an acceptable manner. The current Bill on Interim Local Government measures is problematic to many organisations and communities because inter alia key constituencies were not consulted effectively about the proposals and are excluded from the negotiating process. The legitimacy of the proposals in the Bill itself is thus open to question.

5.2 The need for an "inclusive" approach to participation:

The Council in its Goals Process has committed itself to an inclusive process of consultation with key stakeholders, and has taken the position that extra-parliamentary bodies cannot be excluded from the process. The Council cannot afford to become associated with initiatives which empower bodies which are perceived to be discredited and which exclude key extra-parliamentary constituencies. This could undermine the legitimacy of the Council's initiative.

5.3 The need for an "open" agenda

It is essential that Council adopt an open approach to issues which will be subject to negotiations. There should be no attempt to pre-empt debate around issues/concerns, nor to come to the table with inflexible positions. The essence of negotiation is compromise. There may, however, be a need to develop some "bottom line" positions on those issues about which the Council feels very strongly.

5.4 The need for sensitivity to the national/local debate:

In essence the national/local debate centres around the question of whether significant constitutional reform should take place at the local level before this occurs at the national level.

Certain of the key constituencies to any local negotiation are not likely to support a process which attempts to reform local government structures at the local level before a national settlement is reached. It is clear therefore that national processes will of necessity have an impact on local processes.

5.5 The need for an acceptable convenor/mediator

The Bill on Interim Local Government Measures provides for a mediator to be appointed by the Administrator. If the process is to be successful, both in terms of the effective participation of key constituencies and in terms of the legitimacy of its outcome, the convenor/mediator must be acceptable to all parties. Therefore it is suggested that whoever appoints the convenor/mediator should be bound to accept the person nominated as above.

6. LOCAL GOVERNMENT AUTONOMY

The Task Force has assumed as one "sub-goal" that there is a need to protect the autonomy of local government against the depredations of central government. There are several ways in which this can be achieved.

Firstly, if the process of reform (and therefore the product) has legitimacy at the local level, a tendency towards centralisation would be actively resisted on a wide part.

Secondly, a national framework for democratic local government would need to be constitutionally entrenched so as to make it more difficult to amend.

Thirdly, the degree of local political autonomy is usually related to the degree of local fiscal autonomy. It is essential therefore that new local government structures pay detailed attention to improving their revenue bases.

This whole issue of inter-governmental relations is uncertain at this stage of South Africa's constitutional development for the following reasons:

- (a) Negotiations at the national level have not yet started.

- (b) In respect of local government, none of the parties likely to be involved in negotiations have made any definite policy statement on local government.
- (c) Consequently, it is not known at present how many tiers of government there will be or whether there will be a unitary state, a federal system or something in between.
- (d) However, the overall constitutional structure of South Africa will undoubtedly have an effect on the powers, duties, functions, financing and operations of local government.

Within this state of uncertainty it is possible to sketch out two main scenarios for relations between local government and a higher level of government, as follows:

6.1 Regulatory

Where there is a strongly centralised state, local government will tend to have less autonomy and to be more of an administrative unit than a form of locally accountable democracy. To a large extent this is the direction in which the South African state has been moving for many years. In this regard it should be noted that despite Governmental assurances only lip-service has been paid to devolution. In a regulatory structure there will be:

- (a) control over and intervention in local decision-making;
- (b) the super-imposition of higher level goals possibly to the detriment of local goals;
- (c) limited tax powers and an increasing dependence on higher levels of government for financial aid;
- (d) potential manipulation, delays in decision-making, diminished efficiency and ultimately corruption.

6.2 Liberalisation

Liberalisation means the State ensuring through a national charter, eg. empowering legislation containing democratic controls and checks and balances, that there is in each city or town a truly democratic, non-racial and accountable system of local government. Where there is a liberalisation approach there will be:

- (a) strong local democracy;

- (b) local autonomy and local accountability;
- (c) the compulsion for people to work together; but within
- (d) the national policy framework of the State as local autonomy can never be absolute.

A key principle in inter-governmental relations relates to the manner in which additional finance is facilitated and provided for local government. Where this is done by additional tax sources the problem is less urgent if the local economy can bear that load but where funds are given by way of grants or loans there exists a tendency to intervene in how and where such money is spent and this is contrary to the principle of devolution. If therefore devolution is to be applied, there must be an enlargement of the financial base, coupled with a new approach in terms of which there is less intervention by the State as the provider of funds.

7. METROPOLITANISM

7.1 The Notion of Metropolitanism

Metropolitan areas come about organically by the process of growth and concentration. Forms of metropolitanism range from one dominant city, to the growing together of many cities or local authorities as forms of metropolitan growth. The manner in which the Cape Metropolitan area came into existence corresponds to the growing together of many local authorities.

Unsuccessful attempts to halt the growth of the big city have been made ever since the phenomenon first appeared on the human scene. The form of the metropolis seems to bear a relation to the increasing division of labour and efficiency of transportation. Notwithstanding the provision of hard services, the only visible limit to growth of the economy and population of the metropolitan area is the size of its "hinterland", i.e. the region that serves as its source of supplies and as the market for its goods and services.

The boundary of this region - fairly elastic in a competitive economy - is generally determined by the means of transportation between the metropolis and the other parts of the region, but the boundaries for service areas must also be a consideration.

7.2. Boundaries

The shape of Greater Cape Town or the Cape Metropolitan Area is going to depend on the outcome of the contradictory pressures of inclusionary and exclusionary tendencies. The bases of these tendencies are a mixture of history, emotions and antithetical points of departure in terms of political economy.

From the point of view of a natural or an eco-systemic approach, service provision particularly of stormwater and sewerage gravity systems would constitute the logical boundary-informing elements.

Boundary formation, however, is very rarely determined by purely physical or natural constraints. South Africa, in particular, is experiencing tensions and contradictions that perhaps with the exceptions of Algeria, Zimbabwe and Namibia, have never been seen before, and certainly not on the scale that is occurring here. Apartheid legislation and extreme skews in income and wealth distribution have assured a volatile situation in South African cities.

Commerce, industry and better natural and regional recreational assets generally lie in the previously all-white neighbourhoods of local authorities. This gives rise to wrangles around location issues. Social welfare considerations and a desire for equity generate arguments about wealth redistribution, cross-subsidization, and tax revenues. Thus, on the one hand, there are the people who want access to opportunity and the better life while, on the other hand, there are those who have the better life and do not want to relinquish this advantage.

Boundary decisions, therefore, are likely to be determined by the relative power of the competing entities and the passive/active intervention of the Government. While a utilitarian perspective, namely, "the greatest good for the greatest number", appears as a natural point of departure, it is unlikely to be well received by existing local authorities. The Cape Town City Council has the least to lose in such a scenario since by default and history it already bears a disproportionate financial burden for the region.

Note: A more detailed discussion of the issue of boundaries is to be found in Part B, paragraph 13.

8. ONE CITY8.1 Geographical Area

The Task Force is of the view that in a geographical sense the term "one city" means a geographical area contained within a proclaimed boundary with all the urban local bodies included therein.

The boundary of such an area could be determined according to the process outlined elsewhere in this document.

8.2 Structure - (see also paragraph 13)

The following possibilities exist for a structure in relation to a "one city" approach:

- (a) A one-city-government approach, i.e. there is one local authority for the whole area. This may not be suitable for a metropolitan area.
- (b) A two-level government approach in terms of which functions, operations and finance are allocated between the two levels in order to reconcile local needs with operational efficiency.
- (c) The application of (a) or (b) above with the retention of the RSC.
- (d) The application of (a) or (b) above and the abolition of the RSC and the incorporation of its functions and income into either model.
- (e) The creation of the metropolis as a province or sub-province, in terms of which area-wide functions are handled regionally, and local functions are handled by local councils (the City-State concept). This would also involve at the regional level functions other than traditional local government functions, eg. education, transport or curative health services.

9. CITY FINANCE ISSUES

It is now generally acknowledged that the application of apartheid to local government resulted in the creation of local authorities which were not financially viable. As a result, the standards for the provision of services and housing were of necessity low and insufficient to meet the demands of urbanisation. Consequent poor township living conditions contributed significantly to urban unrest in the

post 1976 era. The establishment of RSC's and in particular their redistributive role was in direct response to this problem. Although this has created significant additional finance for capital improvements, it has not provided relief in meeting operating costs.

A partial solution to this problem is now being sought in the "single tax base" concept.

According to Mr J H Steyn,

"We cannot afford the artificial structures of divided urban tax bases when even the collective tax base of central and local government will be insufficient to address the problems in our cities". (Cape Times 1990-06-07).

It is clear that there needs to be a local government finance system established which:

- (a) provides for equitable prioritisation of revenues to meet agreed needs and which shares local revenue more equitably in the future; and
- (b) addresses the inequality in a systematic and planned manner.

However, the question needs to be asked whether pooling local rate revenue will be sufficient to address the "legacy of apartheid".

It has been argued that, even in an ideal system, beyond the year 2000 many urban areas will be severely underdeveloped and will lack an adequate rates base to finance development.

The State will therefore have to transfer revenue systematically to lower levels of government for some time. Local ratepayers and black communities should not be solely responsible for what could be termed "apartheid reparations".

There is, on the other hand, a need to minimise the level of financial dependence of local government on central government - for reasons of autonomy and accountability as much as any other. It is therefore important to try to confine the distributive role of central government to the provision of funds for disadvantaged groups or areas in the community rather than to financing local government deficits.

Addressing these issues is a political necessity. However, resistance will result if this means a significant lowering of standards on the one hand or higher rates on the other.

Given the above, it is essential that those working towards developing a new structure of local government for the Cape Metropolitan Area should address the question of broadening the revenue base of the region as a matter of urgency. In addition, the need for a viable regional economy must be stressed. It is desirable for local authorities to address the issue of promoting local economic growth. This can best be achieved on a metropolitan basis.

9.1 Single Tax Base

In the view of the Task Force the term "single tax base" means :

- (a) that all the citizens of a given area have equal access on a non-racial basis to the income from local taxation and other sources. Where there is a two level system of local government, each level must be given adequate sources of income to enable it to perform its functions within the aforesaid principle of equal access. This concept implies that all local authority revenues in a specific metropolitan area should be pooled and that priorities for spending be structured according to need;
- (b) that every resident of an area must on a non-racial basis contribute to the municipal tax base.

The basis for levying local taxation should conform to the following criteria:

- (a) Non-racialism.
- (b) Taxes can be based on the ownership or occupation of immovable property or on sales or turnover or employment or be a local income tax or a share of current Government progressive income tax.
- (c) Taxes based on property must be determined according to an approved valuation roll.
- (d) The application of the proceeds of local taxes must take place within budgets compiled, approved and administered by the local authority, whether metropolitan or local, and subsidies for the poor must be determined and paid according to policies determined and agreed by the majority of the councillors.

10. ACCOUNTABILITY10.1 General Comment

Accountability concerns the relationship between the electors and the elected and the ability to hold those in office responsible for their actions. Accountability has two parts: the public must be able to understand the structure of government and its responsibilities (who does what), and representatives must be able to reach decisions which are legitimate.

The following criteria have been suggested to evaluate the degree of accountability afforded by a system of metropolitan government:

- (a) would the electorate have a clear understanding of how their metropolitan council representatives are elected?;
- (b) would the electorate understand the responsibilities, roles and functions of local and metropolitan representatives?;
- (c) would the public be able to distinguish between metropolitan and local concerns?;
- (d) would the primary accountability of the metropolitan councillor be to the council of which he or she is a member or to the electorate?;
- (e) would the metropolitan councillor be responsible exclusively for metropolitan issues?; and
- (f) would representatives be able to influence the decisions for which they are responsible?.

10.2 Specific Methods

A main pillar in ensuring the establishment, growth and development of a democratic system is accountability. The following possibilities are suggested as the minimum for ensuring the democratic accountability to the voters of elected representatives:

- 10.2.1 A fixed term of office of not less than three or more than five years.
- 10.2.2 Periodical elections every three, four or five years depending on the term of office.

- 10.2.3 A justiciable code of conduct for councillors recording improper acts or maladministration which should not be committed.
- 10.2.4 The holding of official enquiries into allegations of improper conduct or maladministration and the discharge from office of councillors who commit one or more serious breaches of the code of conduct.
- 10.2.5 The holding of recall elections where a pre-determined percentage of voters in a ward (10%, 20%, etc.) in a written petition so request.
- 10.2.6 The retention of existing criminal sanctions for corruption and the like.
- 10.2.7 The holding of referenda and citizens' assemblies (or open public debate) in respect of specific issues.

SECTION B : POST-CONFERENCE ISSUES

It cannot be predicted beforehand that there will be a successful outcome to the September Conference because of the sensitivities of some of the constituencies. However, assuming there is a successful outcome what follows is aimed at providing the Council with the basis for deciding positions during this phase. Some matters have already been mentioned in broad outline in section A, but are elaborated on here in more detail.

11. PROCESS AND NEGOTIATION

Just as it is important for there to be an acceptable process leading up to the September Conference, it is equally important for there to be an acceptable process leading up to and during any negotiations.

11.1 Who is Involved?

The Task Force is of the view that the participants in any post-conference negotiations should preferably be determined as in the previous phase i.e. through a process of negotiation.

11.2 How Decisions could be taken

There are two options for decision-making, namely voting or consensus and these are sketched out below for debate by the Council:

Consensus

This approach would require all the participants to be unanimous on every issue, something which may pose difficulties. The simple consensus basis will be more lengthy but in terms of legitimacy it has its attractions.

Other Possibilities

- (a) Each participating "stake" has one vote only.

The implication of this approach is that of a multi-party conference, i.e. all the "stakes" meet on an equal footing, irrespective of size or influence.

- (b) Each participating "stake" has a number of votes geared to its membership or the number of people it represents.

Following this approach could give rise to arguments about the credentials of the leaders of some of the "stakes" which want to participate. If used, a formula would have to be worked out in terms of which voting power can be determined.

- (c) The "stakes" participating are elected from a common voters' roll.

The implication of this approach is that under the present electoral system the emphasis will shift from "stakes" to individuals and/or political parties, and this could result in the exclusion of some "stakes".

11.3 Procedure (The Agenda)

There are two options, viz.:

Option 1

Have a definite agenda containing all the issues identified by one of the parties or by a group of technical experts, and requiring decisions to be taken on that agenda.

This is not likely to succeed in the Western Cape among certain key constituencies, as advised by Ms Helen Zille.

Option 2

First bring all interested parties together as a result of informal contact by a facilitator. Then ask them to talk about talks and if this succeeds, go for broad agreement on identifying the key issues. If this can be achieved then a decision-making stage will have been reached but decisions on specifics should not be forced: instead agreement should move from broad issues to specific issues, eg. we need to re-structure local government (broad issue) followed at a later stage by - we need a two tier metropolitan structure (specific issue). In other words a successful process starts with broad issues and moves to the specific.

11.4 Managing the Numbers

There is likely to be a large number of persons involved in the process and the negotiations, and such large numbers may well delay or retard progress. In order to avoid this there are two possibilities:

- (a) Limit the number of representatives for each "stake": this may well not be acceptable.
- (b) Persuade the large assembly to divide into working groups on specific topics for investigation and report to the plenary group. It may well be necessary to appoint joint technical task forces to investigate and report on a range of specific issues.

12. THE GENERIC FUNCTIONS OF LOCAL GOVERNMENT

It is necessary briefly to describe the generic functions of local government in order to envisage a framework for transition and re-structuring. The term generic function essentially relates to the conferment of powers and the empowerment of local government to perform functions. It goes without saying that the framework contemplated in this report is for democratic, non-racial and accountable local government.

- 12.1 Corporate existence as a juristic person and perpetual succession.
- 12.2 Taxing powers.
- 12.3 The power to compile, approve and administer operating and capital budgets.
- 12.4 The power to make legislation (by-laws).

- 12.5 The power to determine priorities, to allocate resources, to take decisions and to approve or reject requests, applications, plans or projects.
- 12.6 The power to plan and to give shape and structure to the area concerned.
- 12.7 The power to render services according to the wishes and needs of the local inhabitants within the resources available.
- 12.8 The power to employ persons and to determine their remuneration and conditions of service.

13. METROPOLITAN BOUNDARIES

Boundaries cannot be determined solely on a technocratic or service-orientated basis as political factors must of necessity play an important role. Accordingly there must be a balanced approach to the determination of boundaries. It follows therefore that the process for determining boundaries is of considerable importance. The optimal functioning of metropolitan government is based on the effective management of urban processes. One possible boundary to the metropolitan area will be that which allows the metropolitan authority jurisdiction over city-wide issues.

13.1 Functional Factors

There are a number of functional factors of a conventional sort which are applied to boundary determinations, as follows:

- (a) Effective and efficient local government and co-ordination and delivery of services.
- (b) Economies of scale.
- (c) Geographical factors - see paragraph 13.3.
- (d) Finance; its availability as against needs.
- (e) Spatial sufficiency in respect of land to meet the residential, business, industrial, and recreational and amenity needs of the inhabitants of the area.
- (f) Population distribution, growth and change.
- (g) Patterns of association:
 Patterns of intra- and inter-urban association can be used to form a basis to determine a local government area.

NB.: According to Van der Merwe and Reyneke:

"Any artificial spatial delimitation of the Cape Town Metropolis which fails to take cognisance of patterns of human behaviour and functional interaction constitutes a futile exercise. (1989)."

Patterns of association are "integrated daily patterns of behaviour" and include a sense of belonging to the city, social contact, shopping patterns and commuter patterns.

13.2 Political Factors

- (a) The call for one city/one tax base.
- (b) Non-racialism and dealing with the consequences of apartheid.
- (c) The need to upgrade and improve conditions in disadvantaged areas in a systematic manner.
- (d) The need to ensure accountability, i.e. the problem of remoteness.
- (e) Perceived identity with the metropolitan area.
- (f) Flexibility and the accommodation of political change.

13.3 Services Considerations

The process of determining the boundary of the Cape Metropolitan Area will be influenced by many factors including political, social and economic considerations. However in the long run the boundary determining factors which will have a dominant effect on the efficiency and effectiveness of the Cape Metropolitan Area's ability to satisfy the needs of the community will be the factors that enable services to be optimally planned, co-ordinated, constructed, operated and maintained.

The provision, operation and maintenance of services will undoubtedly absorb the bulk of the metropolitan budget, consequently services input in determining the metropolitan boundary is essential.

Topography, remoteness, capacities and systems should be carefully considered in this respect.

Topography particularly in relation to possible gravity systems i.e. stormwater, sewerage and water provision is an important consideration. Boundaries which incorporate entire catchments i.e. having the boundaries coincident with the watershed, are generally more economic to service than boundaries that cut across catchments. Residual catchment areas outside the metropolitan area would also have to be serviced by adjacent authorities at an increased cost.

The factor of remoteness must be considered in determining the viability of including an area within the boundary. A remote area, the servicing of which imposes a high marginal cost on the metropolitan budget, may be better serviced by incorporation into an adjacent authority should the marginal cost of servicing the area by the adjacent authority be lower. A further factor associated with remoteness is the capacity constraint on some services, particularly the bulk supply of water. This is a physical constraint determined by bulk water allocations from central Government and obviously cannot be exceeded unless additional sources can be negotiated.

Environmental systems should be respected. Such systems will become of increasing concern and it is necessary that they be treated as a whole. Fortunately environmental systems to a large extent parallel catchment areas and should the criterion of establishing boundaries on watersheds be accepted, then ecosystems will generally also be accommodated.

In conclusion there is a strong economic and environmental motivation for establishing a metropolitan boundary that accomodates entire catchments provided such catchments are not too remote.

13.4 Procedure

The process for the determination of boundaries is of crucial importance in that there should be a maximum of public consultation. The following is considered to be the outline of a process:

- (a) A joint task force appointed in terms of a regional consensus to draw up a provisional boundary description based on the functional and political factors outlined above.
- (b) The report of the task force to be sent to the plenary body and to be made public.

- (c) A period (say 3-4 months) to be allowed for representations, comment and negotiation by any interested person or body.
- (d) A public hearing to be held and all who so request to be given an opportunity of appearing before a commission appointed in terms of a regional consensus.
- (e) The report of the commission to be made public and a further period of (say 60) days allowed for further representations and comment.
- (f) Application thereafter to be made to the competent authority to proclaim the boundaries of the metropolitan area.

13.5 Boundary permutations regarding Services

Based on the rationale in paragraph 13.3 the diagrams referred to below have been prepared to introduce preliminary thoughts on boundary permutations. However, political and social inputs in the process of determining boundaries will have to be accommodated and this has not been addressed in this preliminary technical approach. Such inputs will have to be obtained through the negotiation process.

Figure 1 - Areas of urban development in the Western Cape.

Figure 2 - Jurisdictional boundaries.

Figure 3 - Surface water catchment areas.

Figure 4 - Limit of supply area of the Cape Town Water Undertaking.

Figure 5 - Environmental systems.

Figure 6 - Major roads.

A number of boundary permutations can be extracted from this information. A preliminary boundary permutation which is considered suitable has been depicted although other options may be equally suitable. The preliminary boundary permutation is shown in -

Figure 7 - Preliminary boundary permutation.

This boundary permutation accommodates most of the urban development, catchment and system requirements. The permutation includes the

catchments discharging to False Bay, the watershed of the Hottentots Holland and the southern sub-catchment of the Diep River. This permutation would include the Cape Peninsula, Stellenbosch, Somerset-West/Strand and Atlantis. The entire False Bay coastline falls within this boundary which enables the entire False Bay system including waterbody and contributing catchments to be optimally managed.

The northern extent of this permutation would exclude the Berg River catchment and thus Paarl and Wellington. However, both Paarl and Wellington fall within the Cape Town Water Undertaking's area of supply and consequently this factor, together with the fact that these two areas form a significant urban concentration, may motivate a case for including Paarl and Wellington but these areas are relatively remote and the Berg River catchment should ideally be maintained intact. Consequently there is a significant case for excluding Paarl and Wellington from the Cape Metropolitan Area.

The catchment of the Diep River to the north of the Cape Metropolitan Area is a large, relatively shallow basin and although the northern boundary of the Metropolitan catchment area would ideally be sited on the northern watershed of this catchment from a systems point of view, the relative shallowness of this basin and the poorly defined gradations of the environmental systems within the catchment of the Diep River indicates that the northern boundary may be moved from the watershed to the south where a convenient subcatchment has been identified. The location of the northern border on the watershed of the sub-catchment will also accommodate the problems of remoteness which would otherwise have been encountered.

Atlantis which can to some extent be regarded as a dormitory town for Cape Town is accommodated within this permutation. The Vissershok regional disposal site for industrial and intractable waste is also included in this permutation.

This permutation overlaps to a large extent with the Cape Town Water Undertaking's area of supply. Areas which are not supplied but fall within the permutation's boundaries include Atlantis and parts of the Diep River catchment. Consequently the Cape Town Water Undertaking's area of supply may have to be expanded to include the entire metropolitan area and additional water sources may have to be negotiated.

The preliminary permutation lies mostly within a 40 kilometer radius centered on the Cape Town CBD which together with the adequate road network in the area addresses the aspect of remoteness quite adequately.

14. ALTERNATIVE STRUCTURES OF METROPOLITAN GOVERNMENT

14.1 One Level

Under this approach all local authorities and their employees in the metropolitan area are amalgamated into one council served by one organisation.

This is the closest to the one city/one tax base concept but there will be serious disadvantages which are perceived as follows:

- (a) Unwieldly size leading to operational problems of co-ordination and control and the probability of excessive bureaucracy with its attendant delays and inefficiency.
- (b) Remoteness of the governed from the governors.
- (c) Dealing at metropolitan level with issues and problems which could more efficiently be dealt with at a more local level.

14.2 Two Level

In term of this approach there is a layer of constituent bodies with meaningful powers related to local issues and a metropolitan council reponsible for metropolitan issues, such as finance pooling, urbanisation, housing, environmental management, area-wide services and any other matter entrusted to it by the constituent bodies.

Alternatively, the functions of both levels could be entrusted to them by a functionary from a higher level of government (as is the case with RSCs).

This approach also accords with the one city/one tax base concept but in a more structured manner.

The characteristics of this approach are:

- (a) More efficient service delivery as functions are entrusted to the level best equipped to render them.

- (b) Improved democracy and accountability through closer contact between the governed and the governors.
- (c) - The effective addressing of the key issues facing the region.

14.3 The Core City Approach

Under this approach the structure of the metropolitan area remains virtually the same and all services are rendered on an agency basis by the Core City or other existing provider, and with some or other forum in which the other bodies in the area can express opinions.

It is unlikely that this model will be accepted for the following reasons:

- (a) It is a rejection of the one city/one tax base concept.
- (b) It minimises the growth of local democracy in the metropolitan area, and causes accountability problems.
- (c) It leaves certain areas outside of the local tax net and it could leave certain areas at the mercy of Government for funds.

14.4 Special Purpose Bodies

Under this approach there could be the following possibilities:

- (a) All functions are divided according to specific services or groups of services and entrusted to a number of special purpose bodies.
- (b) Within a one level or two level metropolitan system some functions are entrusted to a special purpose body, eg. because the function has to be performed in an area wider than the metropolitan area. Examples of such services would be the bulk supply of water and electricity.

It is unlikely that the pure application of this approach, as outlined in 14.4(a) above will be acceptable because it in effect fragments local government. Furthermore, because each special purpose body will require its own source of tax or income, it channels funds into specialised fields without there being any overall political and democratic control. In addition, problems are likely

to be encountered with the devolution of functions such as health, housing or welfare. One of the advantages of a multi-purpose body is that certain specialised technical or professional services can be consolidated and provided for all, whereas under the special purpose body approach whatever expertise is required will have to be duplicated at additional cost and the benefits of co-ordination are lost.

Nevertheless, there can be an argument in favour of a limited adoption of this approach. For example, where the boundaries of a metropolitan area are for political or service reasons, or a combination of these reasons, fixed at a point smaller than that required for an optimum result by a particular service, a special purpose body could be justified. Examples of services of this sort would be the bulk supply of water or electricity. However, these limited bodies would have to obtain their funds by agreement with the local bodies and be subject to democratic control, such as through the formation of an executive committee consisting of members nominated by all bodies within the area of the water or electricity provision body. In this regard, the Task Force refers to urban development corporations and points out that there could be democratic and accountability problems in the use of these bodies. However these are not strictly special purpose bodies although there may be many similarities to special service bodies.

14.5 Structure in relation to services

Only two types of metropolitan structures have been considered for this section - one tier and two tier. The core city approach has not been addressed as the required agency arrangements are largely arbitrary and do not yield to a technical assessment.

A single tier structure implies that all service functions will be undertaken by one body. Experience elsewhere indicates that this has the effect of distancing the community from the servicing authority in matters that directly affect life on the neighbourhood level.

A two tier structure whereby local authorities form the first tier of the metropolitan structure and handle some of the operational aspects of services (eg. refuse collection, reticulation, minor roads) seems to be more amenable to community involvement. The second tier in this structure is the metropolitan government which would handle the strategic planning, co-ordination, construction and operation of the major services in the metropolitan area, eg. refuse disposal, trunk pipelines, major roads, etc.

Existing local authorities of varying size may have to be re-organised into optimally sized local area authorities of about 250 000 population to gain optimal benefit from a twin tier metropolitan structure from a services point of view. This size has been selected from Cape Town's Roads Maintenance Depots which function effectively at this size although it may be possible to increase the size slightly if considered desirable for other reasons.

Both one level and two level metropolitan structures would require considerable reorganisation and rationalisation. The core city approach while considerably less efficient as a metropolitan structure would require relatively less re-organisation.

15. DEMOCRACY AND ACCOUNTABILITY OF LOCAL GOVERNMENT

The section which follows deals with a range of key issues on which the Council needs to have policy positions before entering into any negotiations for restructuring local government.

Reference is made in paragraph 2 to prioritising issues for debate and the issue in paragraph 2.7 relating to the creation of local democracy and improved accountability is of considerable importance to what is given below.

Within the options given below the issues of franchise and representation are of cardinal importance. It is a given that the franchise must be non-racial but within this principle there are other possibilities, eg. is the fictitious person to be retained and on what basis or should the qualifications for voters be related to property or not?

Following upon the franchise issue is the issue of representation. Where a metropolitan "super-city" one-level local government is established, the representation enjoyed by stakeholders will depend on the electoral system (majoritarian, plurality or proportional) and the criteria according to which wards are demarcated.

Where however, there is a two-tier local government system the issue of representation on the upper or metropolitan level comes to the fore. Thus, if the electoral system for the primary level (constituent bodies) is according to majoritarianism or plurality, either a system will have to be worked out for the representation of constituent bodies or there would have to be direct election for the metropolitan council. If, on the other hand, the electoral system on the primary level is based on proportional representation then it is possible that the results of the primary level elections could be adapted to provide for

representation on the metropolitan body, if direct elections are not to take place. If that should be done then representation will not be given to the constituent bodies as such, but to the various stakeholders according to how they fared in the elections. This amounts to a hybrid between direct and indirect election.

It is likely that the constitutional aspects of franchise and representation will figure prominently in any negotiations and the council is accordingly requested to give careful consideration to the options given hereunder relating to these matters.

Before passing onto specific issues, mention is made of the four main (but different) ways in which democracy can be exercised:

(a) Representative democracy:

This involves a system in which each person or party contesting a seat at an election produces a public manifesto as to what he or it will work towards if elected. The winning party assumes that it has a mandate to pursue those goals and can, at the next election, be called to account for not doing so. There is no need to consult the electorate between elections.

(b) Participatory democracy:

This system is an adjunct to representative democracy, and involves a number of mechanisms to bring elected representatives closer to their constituencies. These would include extensive consultation with affected groups around specific issues, co-operative ventures, user control of facilities and the encouragement and funding of voluntary activities. While more "democratic" this system is slower. In evaluating the system it is necessary to decide whether it can deliver a better final product.

(c) Delegate democracy:

In this system, which is the one being used by the Johannesburg Metropolitan Chamber, elected members are seen as delegates from a particular party. Their constituents are directly involved in formulating their instructions (mandates) and in assessing their performance. This assessment takes place through the system of reporting back.

A variant of delegate democracy is often used in relationships between different levels of government. For example, local authorities are represented on Regional Services Councils and the Co-ordinating Council in this manner.

(d) Market democracy:

The privatisation of many local government functions has been based on the concept of market democracy. Market democracy implies that the citizen's most effective way of exercising an influence over local government decision-making is as a consumer of local government services. This system is an adjunct to other systems and would function with difficulty on its own.

15.1 Franchise Qualifications

Because the franchise is a political issue, the following possibilities are submitted for debate within the Council:

Age (Natural Persons): Whether the qualifying age should be 16 years, 18 years or 21 years.

Should there also be Property Qualifications?: The following possibilities exist for any property qualification:

(a) Lawful ownership or occupation of immovable property.

or

(b) Residence less than occupation.

Other Qualifications: (a) South African citizenship.
(b) Normal provisions re insolvency and mental capacity. Disqualification where money is owed to the local authority, eg. rates.

(c) Disqualification by reason of having been convicted eg. of dishonesty or a Schedule 1 offence, or also by reason of having been disqualified to be a voter by a competent court.

Fictitious Persons: (e.g. companies) Whether the system of fictitious persons should be retained, and if so, whether there should be :

(a) One vote for each property owned or occupied.

or

- (b) One vote per ward irrespective of the number of properties owned or occupied in that ward.

Alternative:

The same qualifications as contained in the Electoral Act for Parliamentary elections, eg.

- (a) murder;
- (b) corrupt or illegal electoral practices;
- (c) trading in drugs, etc.

15.2 Councillor Qualifications

The following is submitted for debate on the qualifications for election as a councillor, viz. that each candidate for election should:

- 15.2.1 Be an enrolled voter.
- 15.2.2 Not be a member of another legislative body.
- 15.2.3 Not hold an office of profit in the service of the local authority concerned.
- 15.2.4 Not be disqualified by reason of money being owed to the local authority, eg. rates.
- 15.2.5 (a) Not have been removed from the voters' roll.

or

- (b) Ceased to be eligible if no longer qualified to be a voter.

Furthermore, once a person has been elected he should cease to be a councillor if he fails or refuses or neglects to attend any meeting which he has been summoned to attend, or where a commission or committee of enquiry finds a councillor guilty of improper conduct, including a breach of the code of conduct, to the extent that he should no longer hold office.

15.3 Representation : Possible methods

- 15.3.1 Direct Representation (One or two level systems).

- (a) One person, one vote and the candidate securing a clear majority of votes is elected. This applies best to single-member wards.
- (b) Multiple member wards (2 or more) in which case both candidates must secure a clear majority or the highest number of votes.

15.3.2 Indirect Representation (Upper of a two level system).

One or more members are elected, nominated or appointed by each of the constituent bodies to serve on the metropolitan council on one of the following bases:

- (a) Ratable valuation within the constituent bodies expressed as a ratio to the whole.
- (b) Contribution to metropolitan services by the constituent bodies expressed as a ratio to the whole (the RSC system).
- (c) Contribution to metropolitan income by the constituent bodies expressed as a ratio to the whole.
- (d) Population or voters on the voters' roll.
- (e) A use of the results of elections according to proportional representation, where this system is used.

15.4 Proportional Representation

In the current circumstances of South Africa, electoral systems need to be capable of being understood by all, including many people who are inadequately educated. The term plurality relates to single-member or two member territorially defined constituencies, sometimes also described as the first-past-the-post system. The term majority system relates to the prevention of a candidate winning on a minority vote (as could happen under the plurality system) by the use of two mechanisms - the second ballot and the alternative vote. Where the second ballot is used, a second election is held if no candidate has won an absolute majority, sometimes with the elimination of the candidates with a low percentage of votes. The alternative vote is a preferential system of voting in single-member constituencies, i.e. the voter expresses a first

preference and subsequent preferences; if no candidate has an absolute majority the candidate with the fewest votes is eliminated and the second preference applicable to him is re-distributed, and the process continues until one candidate has an absolute majority of the vote.

The following two systems of proportional representation are briefly described below:

15.4.1 The Single Transferable Vote (STV)

The aim of the STV system is to ensure that as many of the electorate as possible are able to elect a representative of their choice, i.e. the influence of the voters is extended. The voter is required to rank all the candidates of all political parties in a preferred order. The voter can put the names of parties first or he can put the names of candidates of parties other than the one he supports, in his list.

After all the votes have been determined, the total number of votes cast is divided by the number of seats, plus one - this establishes the so called "droop" quota. If a candidate attracts a number of votes at least equal to the "droop quota", he or she is elected. The second choice votes received by those elected are allocated to non-elected candidates, who may thereupon become elected, thereby preventing the wastage of votes.

15.4.2 List Systems

There are a variety of models for list systems but the aim of list systems is to secure a political party's representation according to the support it receives from the voters. Generally, political parties are required, on a constituency, regional or national level, to submit a list of candidates for an election. The compilation of a list is important in that a party is given representation according to the support it receives. Thus, if a party receives 15% of the total vote, the first 15% of the candidates on its list, starting at the top, are elected.

The following variations are found with list systems:

- (a) The party decides the order of the candidates but voters may vote for the candidates of their choice.
- (b) The voter has as many votes as there are candidates and he can vote for the candidates of this choice even if they are on different lists. He can give more than one vote to a particular candidate. This system is known as panachage in Switzerland.
- (c) The parties do not order their lists at all and the voters are thus in a position to decide which candidates will be elected. Each voter has one vote in a multi-member constituency.
- (d) There can be a mixed system incorporating proportional representation and the plurality system where half the members of a body are elected from single-member constituencies and the other half are elected from party lists with no choice allowed in respect of candidates. Each voter has two votes. A party has to receive at least a percentage of the votes on the proportional list, say 10% or 5%, or three seats, in order to gain representation.

15.5 Wards : Criteria for Demarcating

Wards could be demarcated on the following bases:

- (a) Population.

This is the usual criterion for demarcation and is used in South Africa, albeit within the system of apartheid.

- (b) Ratable Valuation.

The use of ratable valuation will weight representation in favour of high-rated areas and create wards of greatly unequal size. It is difficult to see how the "outside" groups could accept this.

- (c) Contribution to Expenditure on Services.

The effects of this option will be similar to the ratable valuation option above.

(d) Contribution to Income.

The effects of this option will be the same as those arising from the ratable valuation option above.

(e) Other criteria:

- Natural boundaries.
- Community of interest.
- Effective local government.
- Loading and unloading of electoral districts. (The use of quotas of a pre-determined percentage, eg. 10% or 15%).

Delimitation of wards could be undertaken in a variety of ways:

(a) By a Demarcation Board (not required by law at present).

The current Demarcation Board is a central Government body and in terms of the way it functions (its reports are secret and the local body has no real say) it is open to abuse and manipulation.

(b) By the Administrator

To some outside constituencies, the Administrator would not be acceptable, because he is appointed by the Government. However, if the Administrator were to be democratically elected this view could change.

(c) By a Delimitation Commission appointed by the consensus of all the constituent bodies in the metropolitan area.

This is a more democratic approach which allows the use of experts and excludes higher level manipulation.

(d) By the new metropolitan council, which appoints persons to advise it, and they carry out an investigation and the metropolitan council decides the issue.

This is the ultimate in devolution but checks and balances would have to be built in to ensure that there is proper democratic consultation and participation. There must not be any secrecy.

An alternative would be to have no wards at all and to have all elections taking place at large for a fixed number of councillors. This could result in a winner-takes-all situation. Proportional representation is also possible but likely to be more complicated.

15.6 Number of Councillors per Ward

There would be direct elections for the members of the constituent bodies and the members of the metropolitan council could also be directly elected. If a ward system is used the number of councillors per ward will have a direct effect on the extent to which "stakes" secure representation.

Possibilities

- 15.7.1 Have one councillor per ward, in which case wards would necessarily have to be small. Proportional representation cannot be used under this system.
- 15.7.2 Have two or three councillors per ward, in which case wards can be bigger and proportional representation could be used.

Advantages

- 1. The one councillor per ward system is easy to implement.
- 2. The two or more councillors per ward system and could provide for wider representation

Disadvantages

- 1. The one councillor per ward system imposes a winner-takes-all approach and excludes wider representation.
- 2. The two or more councillors per ward system is more expensive and might be complicated to administer.

16. MAYORAL SYSTEMS

The following mayoral systems may be considered both for the local and metropolitan levels but only the first exists in current law:

16.1 Traditional Mayor

This is the traditional Anglo-Saxon mayor with no executive powers. All current South African Mayors fall into this category.

16.2 Combined Mayor/Chairman of EXCO

Under this approach the Mayor would also function as the chairman of the Executive Committee. Such a mayor would not have executive powers but considerable influence.

16.3 Strong Mayor

In the USA the strong mayor exercises executive powers, eg. the hire and fire of staff, controlling expenditure, drafting the budget, etc. A strong mayor is usually directly elected at large. Under this system, the Town Clerk ceases to be a true chief executive.

The strong Mayor system could pose dangers in relation to potential abuses of power or could result in clashes between a democratically elected council and a mayor who is either despotic, corrupt or who behaves improperly.

In a time of transition, during a phase of constitutional development when it is vital to build up democracy at the local level, the introduction of the Strong Mayor system holds many dangers.

17. COMMITTEE SYSTEMS

17.1 General Comment

In considering what committee systems should be introduced, the following general factors should be considered:

- (a) the division of the work councillors have to do should be according to the real needs of the area as a whole;
- (b) there is the problem of delays and circumlocutory decision-making where there is a multiplicity of committees with finely drawn terms of reference;
- (c) the powers, functions and duties of the new metropolitan council may be quite different from the powers, duties and functions of current traditional councils;
- (d) the departmental structure of the new council;

- (e) the role of the town clerk as chief executive officer needs to be considered, and particularly the need for him or her to co-ordinate and manage the activities of departments;
- (f) the extent to which delegations can be made to officials to ensure the effective functioning of committees.

17.2 Possible Options

The following options are available in the choice of committee systems:

- (a) The Portfolio System (no committees at all)

Under this system there would be no committees but specific councillors would be appointed by the council to be "spokesmen" for a specific service or topic, and after being briefed by the officials, would introduce into the council matters related to that service or topic. This is akin to the ministerial approach.

- (b) Multiple Committees

In terms of this approach there are as many committees as a council may wish to have. There is usually a tendency to proliferate committees and at one time Cape Town had 21 standing and occasional committees, until the report of the Slater Committee resulted in this being ended. Even now, Cape Town has numerous ad hoc committees as well as its four Standing Committees and the Executive Committee in terms of Ordinance 24 of 1965, but this prescriptive approach has imposed an artificial and undesirable rigidity.

In general, multiple committees delay decision-making, diffuse accountability and create problems of co-ordination but for political reasons it may be necessary to have special committees to deal with specific issues arising out of the transition to a new system.

- (c) An Executive Committee (sole committee)

Under this system there is one committee to handle day-to-day business and to identify and submit policy issues to the council. The main complaint about this system is that other councillors "have nothing to do".

(d) A Combined Approach

The combined approach is one where there is an executive committee and some standing committees. It is a compromise.

(e) Non-Executive Committees

By non-executive committees is meant committees which formulate policy issues for debate by the council but which have no executive (delegated) powers. This approach could possibly be blended with the portfolio system.

18. SERVICES ISSUES18.1 General Comment

Services provided at the metropolitan level are the means whereby the needs of urban groups can be met more effectively and efficiently from available resources. Consequently it is essential to ensure that services considerations are adequately accommodated to ensure that the benefits of economic rationalisation in a metropolitan area are optimised for the long term benefit of the regional community.

18.2 Types of services provided at metropolitan level

The types of services provided at metropolitan level vary considerably from case to case. Some of the services commonly provided in other countries are listed below. These services may be provided at different levels such as central, metropolitan or the local level. The services may also be split between different levels in a multi-tier organization to enable different activities within a service to be addressed by the more appropriate tier. In broad category, commonly provided metropolitan services in other countries are as follows and similar entrustments may not apply in a new constitution:

Abattoir	Sewerage
Administration of Justice	Social Welfare
Ambulance	Strategic planning
Air pollution	Stormwater
Airport administration	Taxation
Building Plans	Transportation
Civil defence	Water
Conservation	Solid wastes
Education	Recreation
Electricity	Environmental
Finance	Maintenance of capital assets
Fire	Mechanical engineering
Fresh produce market	

Harbour administration	Scientific services
Health	Redevelopment
Housing	Traffic
Inspection	Support services
Licensing	Administration
Planning	Computers
Roads	Statistics
Security	Voters' rolls

18.3 Economies of scale

The creation of a metropolitan area implies a considerable increase in the scale of operations by a single service authority. Under these circumstances certain duplications of the services support structure can undoubtedly be rationalised. However considerable re-organization will be necessary to achieve rationalisation and consequently the benefits of any such economies of scale are not easy to determine in relation to time. In the short term it is in fact likely that no significant economies of scale will be realized with the possible exception of bulk electricity purchases.

Bulk electricity purchases may result in a lower average unit cost from ESKOM than is presently the case in the metropolitan area. However the benefits which Cape Town presently enjoys cannot simply be extrapolated given the changing mix of the demand which will result in different peak factors not quite so favourable as that presently enjoyed by Cape Town. In addition the ameliorating effect of Steenbras will not be so pronounced when applied to the metropolitan area as a whole.

Infrastructure development for major trunk services in the area has been reasonably well co-ordinated and little rationalisation is anticipated. Some process improvements to existing facilities may in fact be necessary. Consequently in relation to the services economies of scale will not necessarily result from a saving on major capital works in the short term.

Any economies of scale on the operational side of services supply are likely to be substantially offset by the cost of the re-organization process, the cost of staff rationalisation and the demand for an improved level of services in some areas. It is likely that economies of scale on the operational side will as a consequence only be realized in the medium to long term.

Consequently it would be wise not to anticipate any significant savings from economies of scale on services in the metropolitan area for the immediate future and in fact an increase in the total cost of

services supply to the area may be anticipated under a metropolitan structure as present differential services standards are addressed at both capital and operational levels.

18.4 Standard of service and affordability

It can be taken as given that a substantial upgrading and provision of new services will be required to meet the expectations of the disadvantaged communities.

Hard engineering services such as roads, sewerage, stormwater and water must be provided to a standard that will allow the total cost i.e. capital, operational and maintenance costs, to be as low as possible. This long term view of minimising total service costs implies a relatively high capital infusion on new services provision to that which might be provided on a low cost installation approach.

Such additional capital expenditure on new services will inevitably be directed as a priority to disadvantaged sectors of the metropolitan area. It is unlikely that the recipients of these new services will be able to absorb the cost of upgrading services to this extent.

In addition the relatively low-income communities may on average tend to default more frequently on service payments.

Consequently a considerable financial burden can be expected to be imposed on the metropolitan government in the short to medium term. Cross-subsidization, trimming of service standards in the more affluent areas and additional sources of revenue are all aspects which will have to be explored.

Standardised services upgrading will not be easily achievable given the financial resources available to the metropolitan area. Such services upgrading will thus have to be viewed as a long term project with priority areas being initially addressed.

18.5 Utility Companies

Major service entities such as water and electricity undertakings are sometimes provided in a metropolitan area by utility companies partially or completely independent of the political structure.

Such utility companies may be privately owned, publicly owned or controlled by a board comprised of user representatives.

Metropolitan water boards typically provide bulk supply, treatment, distribution and reticulation of potable water. Metropolitan water boards in addition address the conveyance, treatment and discharge of waste water. This total control of the water resource of a region may be particularly important in the Cape Metropolitan Area where conventional water sources are limited relative to population growth and the recycling of wastewater will form a major component of the water resource of the area. Bulk supply to Cape Town at the moment is mostly by allocation from the central Government to the Cape Town Water Undertaking which acts as a regional bulk supplier of water. Wastewater treatment is presently handled at municipal level.

The formation of a metropolitan electricity board may similarly be possible although political considerations may play an important part in what is potentially a substantial revenue generator.

19. FINANCIAL AND RELATED ISSUES

19.1 Inadequacy of The Property Tax

A number of key issues such as the boundary, structure i.e. a 'single or two tier system, inter-governmental relations and the abolition or not of the RSC, require to be finalised before any assessment of the overall net rate income requirements can be undertaken.

The Task Force therefore approached the question of assessing the adequacy of the Property Tax through the pooling of the rate income of all traditional white local authorities within the area bounded by Milnerton, Paarl and Gordon's Bay in order to:

- (a) quantify present total rate income generated within the area;
- (b) quantify the operating deficits of black local authorities within such area;
- (c) assess the impact of financing the total deficit of black local authorities as in (b) above by way of increased rates only.

The results of the foregoing exercise are as follows:

- (a) Total rate income - R445 million based on the actual results for 1988/89.
- (b) Deficits of black local authorities - R90 million per annum.

It has not been possible to obtain complete or reliable estimates of the current operating account deficits for each individual authority but from information obtained it is apparent that the total deficit would amount to not less than R90 million per annum.

- (c) The additional rate income required from traditional local authorities to meet the deficit referred to in (b) above would give rise to an aggregated rates increase of not less than 20%.

Bearing in mind annual rate income requirements increasing at a rate of some 12% to 14% and the impact of the introduction of VAT on 1991-09-30, it is clear that a rates increase of this magnitude would not be acceptable to or affordable by the general body of ratepayers. Equally unacceptable would be increases encompassing both rates on the one hand and tariffs and charges on the other so as to broaden or spread the burden over a wider base.

As the inelasticity of the Property Tax becomes more pronounced during times of high population growth and inflation, urgent attention will have to be given to the question of structuring an adequate and equitable financial base through the provision of additional and new sources of income.

19.2 Cross-Subsidisation and Re-distribution of Income

The concept of cross-subsidisation and re-distribution of income requires careful analysis. It is a fact that in relation to the services provided and the composition of the communities served, all traditional local authorities cross-subsidise and re-distribute income to meet specific objectives such as, amongst others, providing relief to residential ratepayers, or relief to tenants in Council housing estates in meeting administrative and other costs and to encourage, for example, industrial and commercial development through rate rebates incentives.

The size of the financial "pool" of a local authority does not alter through the transfer of funds from one area to another or from one group to another. It is the prioritisation process in meeting objectives that effectively gives rise as to how the "pool" is divided. Re-distribution, simply stated, could give rise to improvements being carried out in areas having the greatest need but with a corresponding deterioration in other areas in regard to standards of service, the maintainance of assets etc.

Excluding services such as trading undertakings or housing schemes funded by State agencies, the financial "pool" consists of income such as rates, government and provincial subsidies, grants and the like, which is currently augmented by a contribution equating to 50% of the net interest earnings of the CCDF (where applicable) and contributions from trading undertakings in the form of budgeted surpluses.

Accordingly, the perception that surpluses generated through the sale of electricity and water and the profit element derived from rates payable on properties within the CBD areas provide a base for further cross-subsidisation or greater re-distribution is fallacious.

Cross-subsidisation and re-distribution at local government level accords more to transfers through levels of government by the injection of additional income to the "pool" rather than income generated by the local authority itself unless specifically designed as an additional source of income.

19.3 Single Tax Base : Problems Identified

It has been pointed out in paragraph 9.1 above that local taxes can be based on, amongst other criteria, the ownership or occupation of immovable property and that taxes based on property must be determined according to an approved valuation roll.

The position of property situated in Black local authority areas causes concern in this regard, as in terms of existing legislation, properties in such areas do not require to be valued.

It is suggested that informal settlement areas would also not comply with legitimacy insofar as valuation procedures are concerned.

It has not been possible to determine the adequacy of the rates component included in the monthly service charge payable by the owners and occupiers of property within Black local authority areas. However, it should be noted that individual amounts constituting the rates component relate to the services, facilities, etc., provided within such areas only.

Through the extension of existing service units of surrounding local authorities so as to provide service to Black local authority areas, it may well be possible to bring about a reduction in unit costs.

Urgent attention to the problems associated with property valuations affecting Black local authority areas as well as informal settlement areas is thus necessary. It should be noted that the Department of Finance has been investigating the matter for some time.

An analysis of the services provided by each Black local authority should be undertaken to ascertain if any service can be more economically provided and if so by whom?

19.4 Infrastructural Up-grading Requirements

Presently identified infrastructural requirements in respect of areas most in need of up-grading account for a capital investment of some R695 million.

19.5 Capital Requirements

The annual capital requirements of traditional local authorities within the area bounded by Milnerton, Paarl and Gordon's Bay, based on the actual 1988/89 levels of expenditure, are estimated at some R400 million for the current financial year.

Besides any essential projects that other local authorities may have on their three year capital development programmes, Cape Town's own requirements relating to a water augmentation scheme, a marine outfall sewer, electricity transmission systems and interceptor sewers amount to some R545 million.

The Cape Town Metropolitan Transport Fund's capital requirements over the next five years amounts to R199 million of which 20% is required to be contributed by constituent local authorities. This amount, however, does not include the present requirements of either the RSC or the Provincial Administration. Due to the curtailment of funds provided by the Department of Transport it may well prove necessary for constituent local authorities to fund a significantly greater percentage of the total expenditure if progress in solving the traffic congestion problem is to be achieved.

The extension of existing services and infrastructure to meet demands resulting from the increase in urban population would usually carry the highest priority rating. However, it can be anticipated that the demand for improved and additional facilities resulting not only through the increase in population but also from the expectations that have been raised, will increase considerably over the next few years. The latter issue, namely, that of expectations is likely to prove complex and difficult to deal with.

The necessity for prioritising all requirements will therefore play a major role in ensuring not only political acceptance of capital expenditure programmes, but also acceptable levels of affordability, from the point of view of both the local authority and the consumer/ratepayer.

The Task Force is of the opinion that a further detailed investigation into the total capital expenditure requirements for the next three financial years for all local authorities in the area should be undertaken; the investigation to include loan redemption requirements in order to more accurately determine the overall capital requirements position.

19.6 Capital Expenditure : Impact on Operating Account

Possibly one of the most important and financially complex issues to be faced in future years will be the impact of capital expenditure on the operating account, and more specifically expenditure falling within the category "rate and general services".

Whilst capital expenditure in certain instances could give rise to a reduction in maintenance costs, it can be expected that, with the exclusion of instances involving capital 'subsidies, grants and revenue generating assets, the resulting capital charges and increased operating costs (in respect of new assets) will impact adversely on the operating accounts of local authorities. This in turn would, of necessity, give rise to increases in rate levies, tariffs and charges above those necessary to meet general increases resulting from the various inflationary forces; the question of affordability thus becomes a critical issue.

This aspect requires detailed investigation in order to quantify the effect that capital expenditure of the magnitude referred to in paragraph 19.5 above will have not only on the rates bill but also on tariffs and charges.

19.7 Other Issues Raised : Impact on Operating Account

As stated above, a number of key issues require to be finalised before any assessment of the overall net rate income requirements can be undertaken. In addition, numerous other areas including staffing, training, organisation, the number of councillors, structures and even the mayoral system require decision before any such assessment can take place.

Furthermore, finality will for example also have to be reached on : valuation procedures; the levying, or otherwise, of property taxes in black local authority areas; the additional sources of income to

be "approved" or authorised for local government; and whether or not services could be more economically provided in Black local authority areas.

19.8 User Charges

While traditional local authorities in the Cape Metropolitan Area raise separate charges for water and electricity supplied, policies relating to cleansing and sewerage services differ. From enquiries made, 13 of the 17 traditional local authorities raise separate charges for cleansing and sewerage services.

Both the Permanent Finance Liaison Committee and the United Municipal Executive support local authorities raising separate charges for measurable services such as these because this approach conforms with the benefit-received principle.

Insofar as Cape Town is concerned attention is drawn to the resolution of Council (1990-07-31) following consideration of the "Report of the Committee of Enquiry to Investigate a Rating System for the City of Cape Town" namely that ".... the introduction of Service Charges be adjourned until the impact of the new Valuation Roll has been assessed". However, in view of the urgency in the matter an investigation into the likely impact of the introduction of service charges should commence with the least possible delay.

Impact studies should be carried out in respect of the three other local authorities which, like Cape Town do not raise separate charges for the provision of cleansing and sewerage services.

Because the rates component in the service charges levied by black local authorities is, in effect, an inclusive charge, the impact of introducing separate charges in such areas also requires assessment, together with the more complex position in regard to informal settlement areas.

From the foregoing it can be inferred that the question of whether or not separate charges for measurable services should be levied will elicit considerable debate, particularly in the light of notions of affordability.

19.9 Uniform Tariffs and Charges

A single tier system would tend to lead to arguments in favour of a uniform set of tariffs and charges being structured.

Under a two tier system, it will only be possible to introduce uniform tariffs and charges in respect of those services provided by or on behalf of the metropolitan authority.

Constituent local councils would be required to levy tariffs and charges sufficient to meet the costs of local services and goals.

The question of uniformity of rates and tariffs turns on whether rates should be levied centrally for the metropolitan area by the metropolitan authority or by individual constituent local councils, each with its own valuation roll. This question requires considerable investigation, the more so when cognisance is taken of the differing methods of rating employed, and the vastly differing effective dates of introduction of the existing valuation rolls.

The criterion for uniformity of rates and tariffs will depend on what is in the interests of the area as a whole, and this concerns what is politically, socially and financially desirable. One option may be tariff stratification.

19.10 Additional Sources of Income

The reasons underlying the need to broaden the revenue or income base are dealt with, in the main, under City Finance issues in paragraph 9 above.

The following list of possible additional and new sources of income is not intended to be exhaustive but is given merely as a range of options and possibilities should enabling legislation be enacted:

Motor Vehicles	- local registration tax
	- local tax on transfer of registration
	- taxi permits
-Roads	- toll fees and permits
	- central city road use tax
	- petrol sales tax
Cleansing	- tax on non-returnable containers (glass and tin cans)
Amenities etc	- local entertainment tax
	- local hotel bed tax
	- local liquor tax
	- local horse racing tax
	- pay beaches
General	- local lottery
	- local sales tax
	- local employment tax
	- local income tax
	- betterment fees

Central Government - providing for specific disadvantaged groups or areas

Whilst not attempting to justify (or quantify) any of the sources referred to above, it should be considered that local taxes cannot be based entirely on the benefits received, the cost incurred or the ability to pay principles since some of the more important and essential services, facilities, etc., are for the benefit of persons who can least afford them.

In paragraph 8.2(d) above reference is made to the possible abolition of the RSC and the incorporation of its functions and income into either of the two possible structures referred to in paragraphs 8(a) and (b).

At present the income generated from RSC levies amounts to R133 million per annum (establishment levy R93 million : service levy R40 million) and, the cost of collection amounts to some R3,25 million.

The "establishment levy" is comparable with a local sales tax and the "regional services levy", is equatable with an employment tax. More specifically the establishment levy provides greater buoyancy than property taxes as increases in turn-over, even if only resulting from inflation, give rise to increased income without it being necessary to amend the rate of the levy itself.

The structuring of a wider income base could therefore include the present RSC levies but in the form of "metropolitan levies" with essentially the same objectives insofar as the appropriation of the proceeds are concerned.

19.11 Utilisation of Land and Property Holdings

Land holdings of traditional local authorities could include, to name but a few categories:

- undeveloped land zoned public open space
- undeveloped land reserved for private development
- undeveloped land reserved for municipal purposes including road schemes, amenities and facilities

Property holdings could include, by way of example, properties purchased due to their being wholly or partially affected by future road construction or widening schemes, or schemes for amenities or facilities.

Bearing in mind the present economic climate and the financial discipline required to be exercised, many of the projects envisaged may no longer be feasible or in the interests of the area as a whole.

Accordingly, the land and property holdings of constituent local councils should, in a metropolitan context, be reviewed in order to ensure that the most effective use is ultimately made of such holdings.

19.12 Other Issues Requiring Attention

Not only should attention be given to future expenditure requirements and additional sources of income to meet the inadequacy of the property tax as the primary source of funds, but also to existing levels of income and expenditure.

In this regard differences between traditional local authorities in respect of standards of service (and therefore expenditure levels), tariff structures, administration and the provision of desirable (as opposed to essential) but uneconomic services, facilities and amenities all have an impact.

In addition, the rationalisation and co-ordination of certain services such as traffic and fire could bring about a reduction in total expenditure. Financial benefits will not automatically materialise unless policies regarding personnel, premises, vehicles and equipment have been amended.

At present, legislation prescribes limits and procedures which in certain instances are either outdated, impractical or very costly to comply with.

For example, serious consideration should be given to the structuring of more feasible and less costly property valuation procedures. It might also be more cost-efficient to replace rates on non-residential properties by RSC type levies as was recently suggested by the Institute of Municipal Treasurers and Accountants.

Enabling legislation will not only have to ensure a democratic, non-racial and accountable system of local government, but also cost-efficient financial and control procedures. The City Council could, in this instance, also play a leading role bearing in mind its status and the recognition it enjoys as being one of the country's leaders in the field of local government finance.

19.13 Allocation of Resources : Further Investigations

In order for the City Council to be in a position to play a leading and meaningful role in the process of metropolitan restructuring, it should have factual and researched information at its disposal. The

necessary investigations will have to cover a wide field and bearing in mind the time constraints, certain selective investigations should commence with the least possible delay.

However, the City Council is from both a budgetary and manpower point of view lacking in resources to carry out investigations of any magnitude. The matter is of such importance that the Task Force believes that resources should be made available even if this could give rise to or result in the halting or suspension of other research and similar projects.

20. STAFFING AND ORGANISATION

A local authority in its activities has to become an employer and thereby creates job opportunities but the central reason for the existence of a local authority is to provide services in exchange for taxes and fees paid. In its role as an employer a local authority is given powers and duties but it must also develop policies based on the principles upon which it is going to operate. These and related issues are sketched out below.

20.1 Powers and Duties

All local authorities are empowered to appoint staff and to determine their conditions of service and remuneration but these wide powers are limited or tempered in the following respects:

- (a) Each council must appoint a town clerk - see Ordinance 20 of 1974 read with the Profession of Town Clerks Act of 1988. The latter Act determines the qualifications for town clerks.
- (b) Each council must appoint a medical officer of health (full or part-time) and certain other properly registered staff (the Health Act of 1977).
- (c) Each council must appoint a treasurer (Ordinance 20 of 1974) and the functions and responsibilities of treasurers and accountants are spelled out in the Municipal Accountants Act.
- (d) The remuneration of town clerks is determined in terms of the Remuneration of Town Clerk Act of 1984, and at present no employee may receive benefits other than those "awarded" to the town clerk, or may be paid more than the town clerk.

- (e) Various grades of professionals are subject to the codes of their professions.
- (f) Sometimes legislation specifies the training to be given to specific occupations, eg. traffic officers or health inspectors.
- (g) Because of the Labour Relations Act of 1956 employers no longer have the unbridled right to treat their employees as they may wish.

The retention of some of this legislation will be necessary, eg. that relating to training or labour relations, while other legislation which has created new professions and reserved specific duties and functions for such professions hardly seems to add to democracy in that it tends to limit the decisions of democratically elected councillors.

20.2 Policies

A number of policy positions are postulated below. These should be applicable to all local government bodies including a new metropolitan council in that as employers, they would -

- (a) practice non-racialism and equal opportunity irrespective of colour, creed or sex;
- (b) pay at a rate commensurate with the job;
- (c) make appointments and promotions on the basis of merit, i.e. qualification for and ability to do the job.
- (d) acknowledge the right of employees to organise themselves into trade unions and to enter into collective bargaining.

20.3 Organization

There are two main approaches to restructuring the organizational side of local government in the wake of the political restructuring. Assuming that a metropolitan political body is created, these organizational options are:

- 20.3.1 All employees are formed into one large organization and become employees of the metropolitan council, i.e. in a two-tier system constituent bodies will not be employers.

This approach may well concentrate skilled and trained staff into one unit, but the problems likely to flow are size (there will be more than 24 000 employees in the

metropolitan area), control, lines of communication and possible customer dissatisfaction by citizens at how things are done, because of the sheer size of the organization.

- 20.3.2 Where there is a two-level system, staff can be allocated from the constituent bodies to the metropolitan council according to the functions entrusted to each level. This approach will result in there being a number of organizations.

In terms of the democratic notion that a democratic body should have some say on how its decisions are carried out this is a more satisfactory approach. However, depending on the size of the metropolitan area and the metropolitan functions entrusted to a new metropolitan council, even such a council could have problems of control and communication, and the new heads of departments would probably have to surrender some central or "hands on" control in favour of new concepts of field management and co-ordination.

- 20.3.3 The metropolitan council creates such positions as it may need, advertises the consequential vacancies and makes appointments according to merit.

The implication of this approach will be that current staff in the constituent bodies will not automatically obtain posts at the metropolitan level. There is consequently a potential cost implication in regard to severance and redundancy packages.

- 20.3.4 The core city provides all metropolitan services on an agency basis.

- 20.3.5 Secondment or transfer can take place within any of the options outlined above.

As discussed above this approach is not likely to be acceptable and the comments made in 20.3.1 above would also apply here.

Each of these approaches have specific cost implications. For example, in the "one organization" approach, the incorporation of staff paid at a lower rate as against other staff doing the same job at a higher rate, will result in a tendency for the lower paid staff to press for the higher rate.

A cardinal factor in any organizational restructuring is that existing professional and technical expertise should be retained. Indeed, it may be that additional expertise may have to be recruited to deal with issues emerging out of the negotiation process.

20.4 Affirmative Action

The concept of affirmative action is a difficult one and has been complicated by reference being made to American policies aimed at giving preferment to persons of colour, not always on the grounds of ability or qualification. The following possibilities may arise in any debate on restructuring:

- (a) Existing qualified and competent staff should be replaced with persons of colour, without enquiry into the ability or qualifications of the latter, as a "redress" or "reconciliation" for apartheid.
- (b) There should be an intensive period of training for persons of colour so that they can replace Whites.
- (c) Where, on merit and qualification, there is a Black and a White candidate for a job, the Black person should be given preference.

There are elements of reverse racism in these possibilities but on the other hand it cannot be gainsaid that persons of colour have been denied access to job opportunities because of factors such as labour preference policies and job reservation. To some extent in the short to medium term the problem can be dealt with by a new approach to training but at this stage the Council needs to take a position on whether staff appointments to any new council should be made -

- (i) from the open market, i.e. a free market competition approach;
- (ii) from inside the service of the City Council and other bodies; or
- (iii) whether these should be done on a political basis.

In adopting a position it should be borne in mind that it could be argued that as salaries are paid from taxes and fees, the citizen is entitled to the best possible service.

20.5 Training

Up to 1984 local authorities were able to do whatever training they wished. The Local Government Bodies Training Act imposed a training levy and centralised the approval of courses and expenditure thereon. The Task Force is of the opinion that a whole new approach to local government training is required with more decentralisation suited to local conditions (perhaps on the basis of the manpower training legislation) so as to achieve the following objectives:

- (a) To meet the training needs of the inadequately educated but upwardly mobile persons.
- (b) To ensure excellence of performance on a non-racial basis.
- (c) To deal with and address attitudinal problems among existing staff.
- (d) To re-train existing staff, to a more acceptable standard of performance.

20.6 Surplus Staff

In terms of some of the scenarios sketched out in this report, there could be either a merging of local bodies into a metropolitan council or a combination (centralisation) of some functions at the metropolitan level, or permutations of these options. One obvious option is the abolition of the RSC and the incorporation of its regional functions and taxing powers into a new body, and the re-allocation of its staff between the new bodies. Should any of these events happen the possibility exists that some of the "surplus" staff would not be suitable for continued employment for one or more of the following reasons:

- (a) A surplus of staff in certain occupations comes into being.
- (b) The lack of skills or technical ability on the part of some.
- (c) Political intransigence or political inflexibility.
- (d) A particular service is no longer to be provided.

It goes without saying that in viewing the plight of people in these categories there should be no talk of fault on their part: the issue is one of circumstance. This having been said there needs to be policies in place to deal with the problem and the following are put forward as the basis for further investigation into those policies:

- (i) alternative employment of the persons concerned in a suitable category where this is appropriate.
- (ii) Re-training where on an objective assessment this could lead to continued employment, albeit in a different capacity.
- (iii) Negotiation of a severance package in respect of those not entitled to a pension.
- (iv) Early retirement for those entitled to a pension.

The Task Force is of the view that the extra costs associated with early retirement should be met by way of a grant from central Government sources as such payments should be viewed as a part of the consequences of dismantling apartheid.

21. THE FUTURE OF THE RSC

The Task Force is of the view that the restructuring of local government in the Cape Metropolitan Area will inevitably lead to a form of metropolitan government, whatever its ultimate structure may be.

This leads to a consideration of the future role, if any, of the RSC. In this regard the following points should be noted:

- (a) The RSC system was never negotiated with the extra-Parliamentary groups and was seen as being as a part of a dispensation aimed at keeping Blacks out of the central Government.
- (b) The system of representation on the RSC, being based on expenditure, is loaded against the representation of Black and Coloured areas and is also based on racially-separated local authorities.
- (c) The continuation of an RSC in an area where a new metropolitan council has been brought into being will create competing power centres. The division of the tax sources could promote conflict and lessen the impact of metropolitan actions aimed at political reconciliation and the redressing of infrastructural imbalances.

Accordingly, the Task Force is of the view that there is no justification for the continued existence of the RSC in a new dispensation where a metropolitan body is to be negotiated and established.

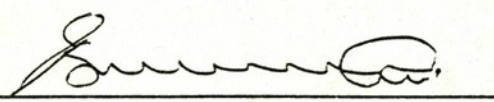
FURTHER ISSUES WHICH SHOULD BE INVESTIGATED

The Task Force has in the course of its activities identified a number of issues which are likely to arise during the September Conference and perhaps also afterwards. The investigation of these issues did not fall within the terms of reference of the Task Force and even if they did, the two weeks allowed to the Task Force would not have allowed these matters to be investigated. The issues referred to are:

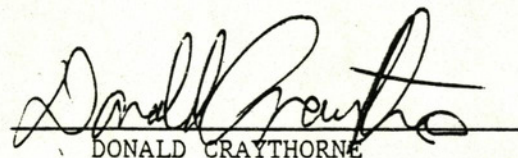
- (a) Metropolitan land use and transportation planning.
- (b) Future directions of regional growth.
- (c) Privatisation.
- (d) Functional decentralisation (devolution).
- (e) The role of any future metropolitan authority as a growth agent.
- (f) Restructuring of assets and liabilities following the restructuring of local government.
- (g) Gender issues.
- (h) Environmental issues.
- (i) Ethical code of conduct for councillors.
- (j) Role of ratepayer and civic organizations and interaction between these bodies and whatever local government bodies come into being.
- (k) Minimum agreed standards for services and affordability.

CONCLUSION

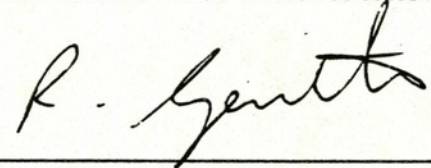
The Task Force has striven to cover as widely as possible all relevant aspects relating to process, negotiation and the re-structuring of local government. Within the two weeks allowed, the Task Force was compelled to omit in-depth investigation of some issues, particularly those of political or financial significance. Accordingly, the Task Force suggests that before the Council finally commits itself to positions on issues such as electoral or financial systems it requests further investigations on specific aspects of these issues.



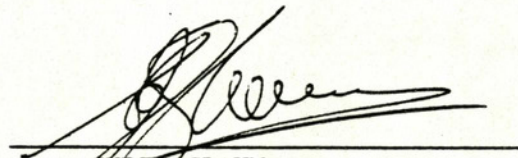
BARNIE BOTHA
CITY LEGAL ADVISER



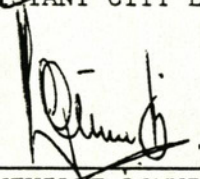
DONALD CRAYTHORNE
ASSOCIATE CITY ADMINISTRATOR



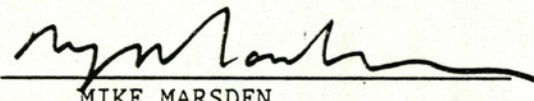
ROY GENTLE
CHIEF PLANNER, POLICY & RESEARCH



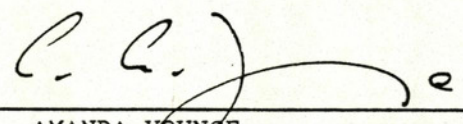
CHRIS GLAUM
ASSISTANT CITY LEGAL ADVISER



NEVILLE LOMNITZ
DEPUTY CITY TREASURER



MIKE MARSDEN
CHIEF ENGINEER, RESEARCH & DEVELOPMENT



AMANDA YOUNGE
ASSISTANT DIRECTOR OF PLANNING

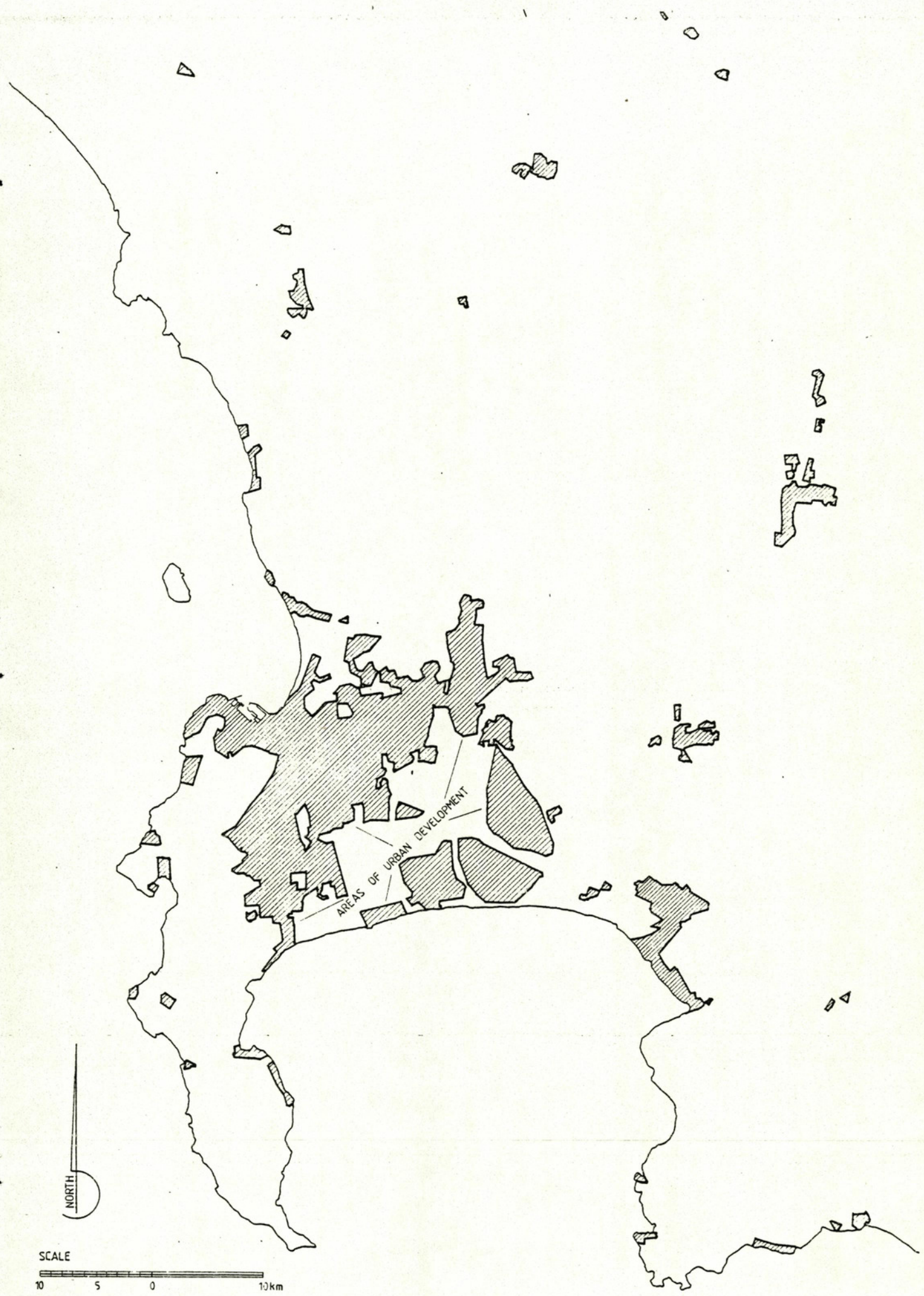


FIGURE 1 AREAS OF URBAN DEVELOPMENT IN THE WESTERN CAPE

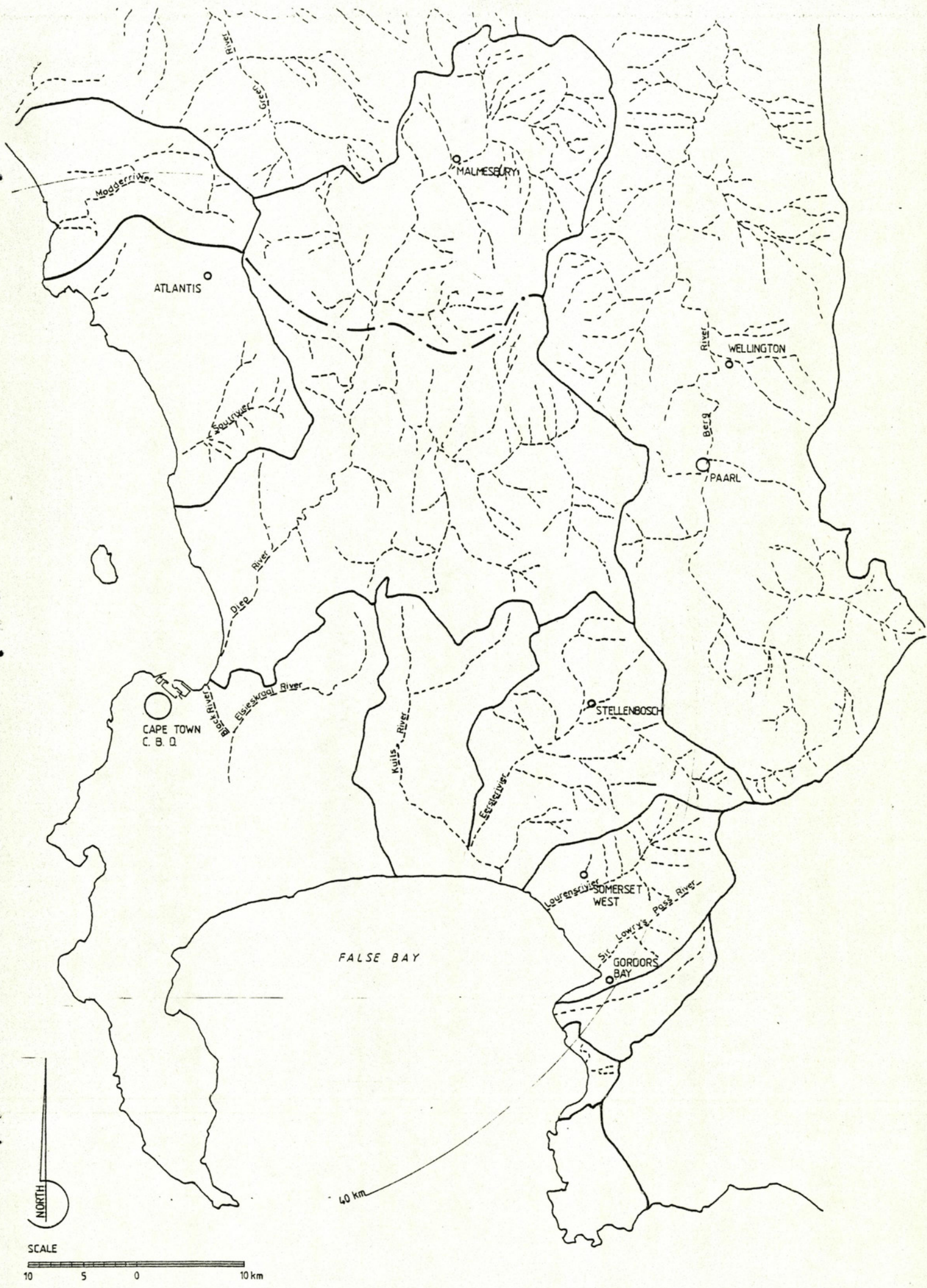


FIGURE 3 SURFACE WATER CATCHMENT

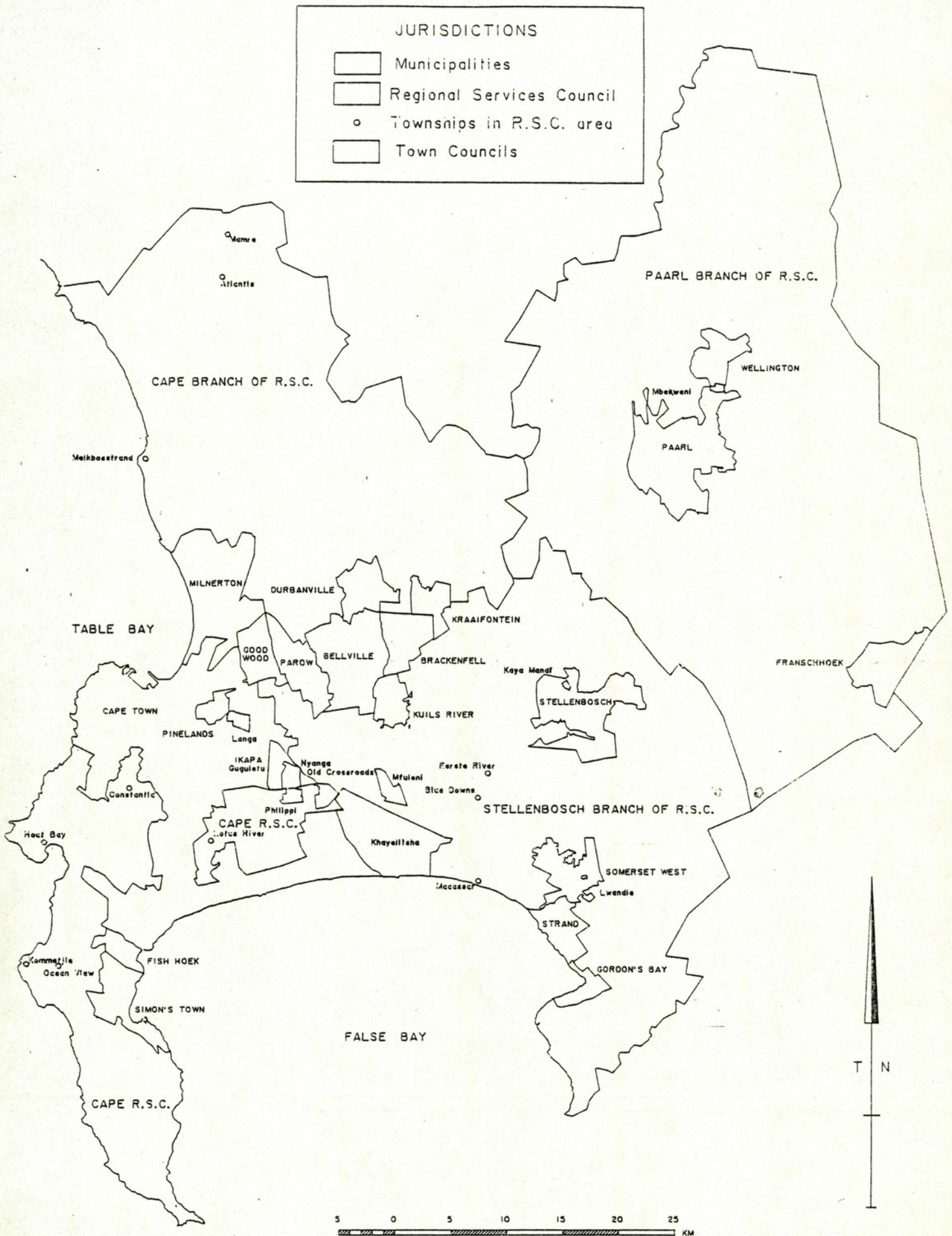


FIGURE 2 JURISDICTIONAL BOUNDARIES

Local authority jurisdictions in the Western Cape Regional Services Council area

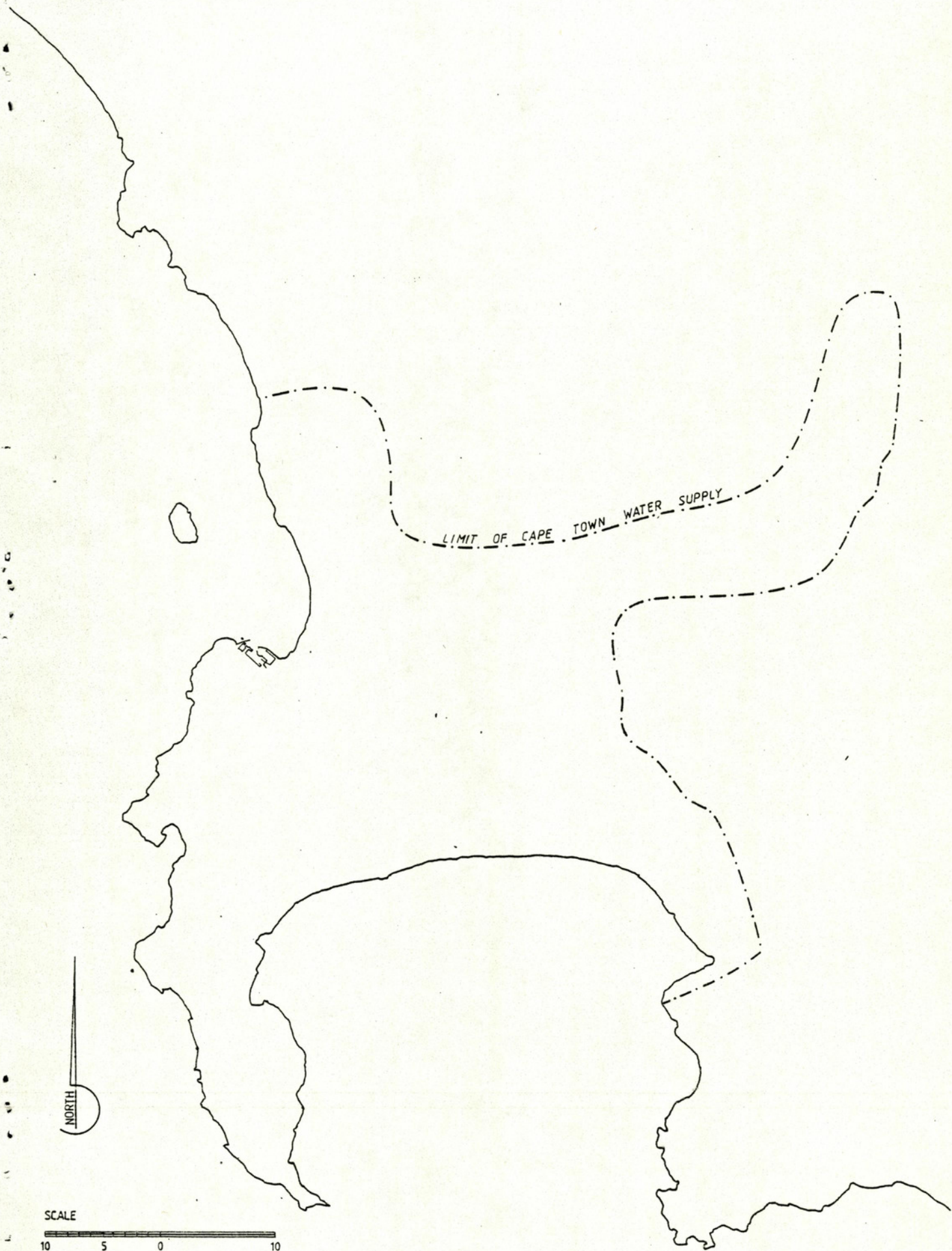


FIGURE 4 LIMIT OF SUPPLY - CAPE TOWN WATER UNDERTAKING

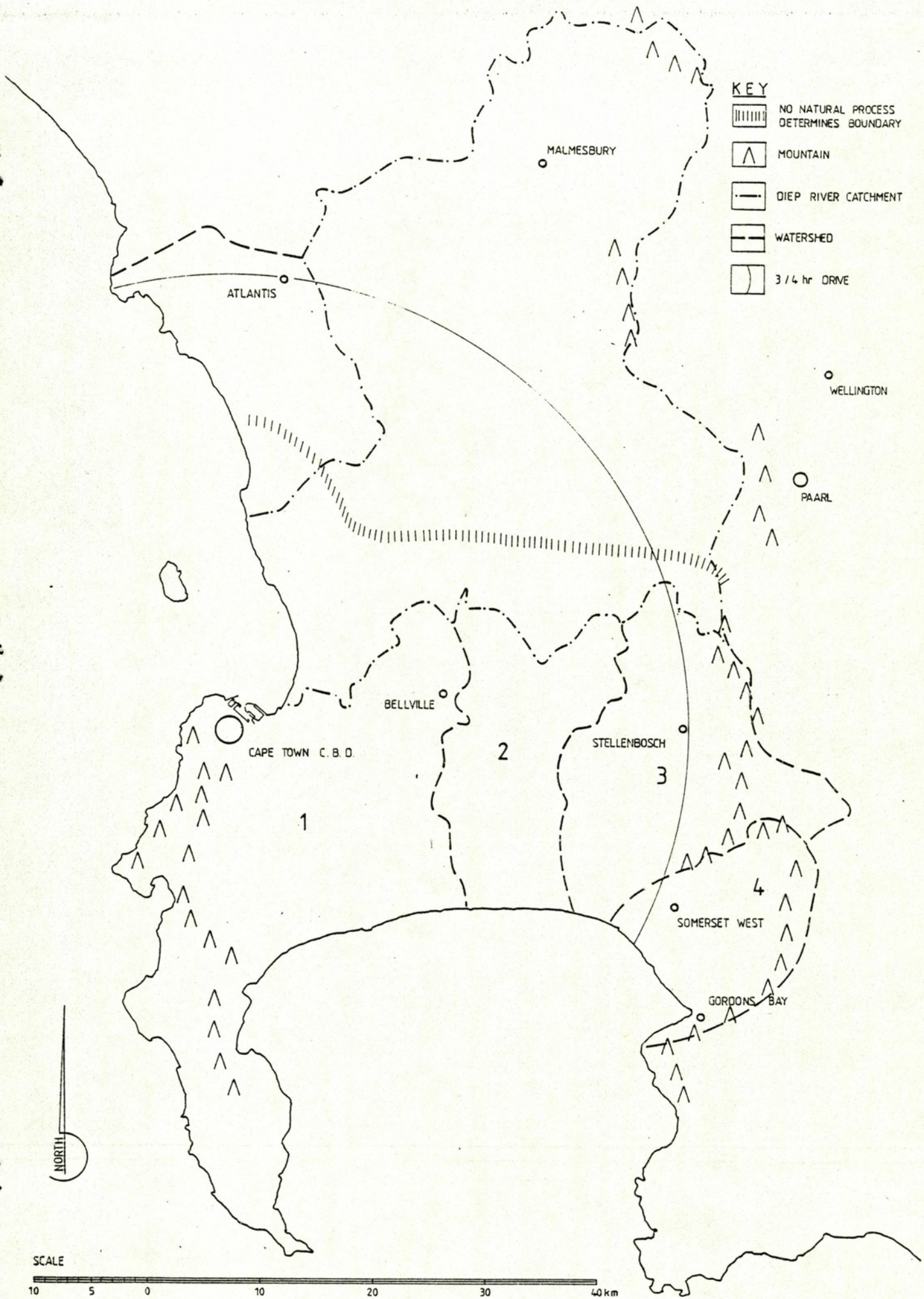


FIGURE 5 ENVIRONMENTAL SYSTEMS

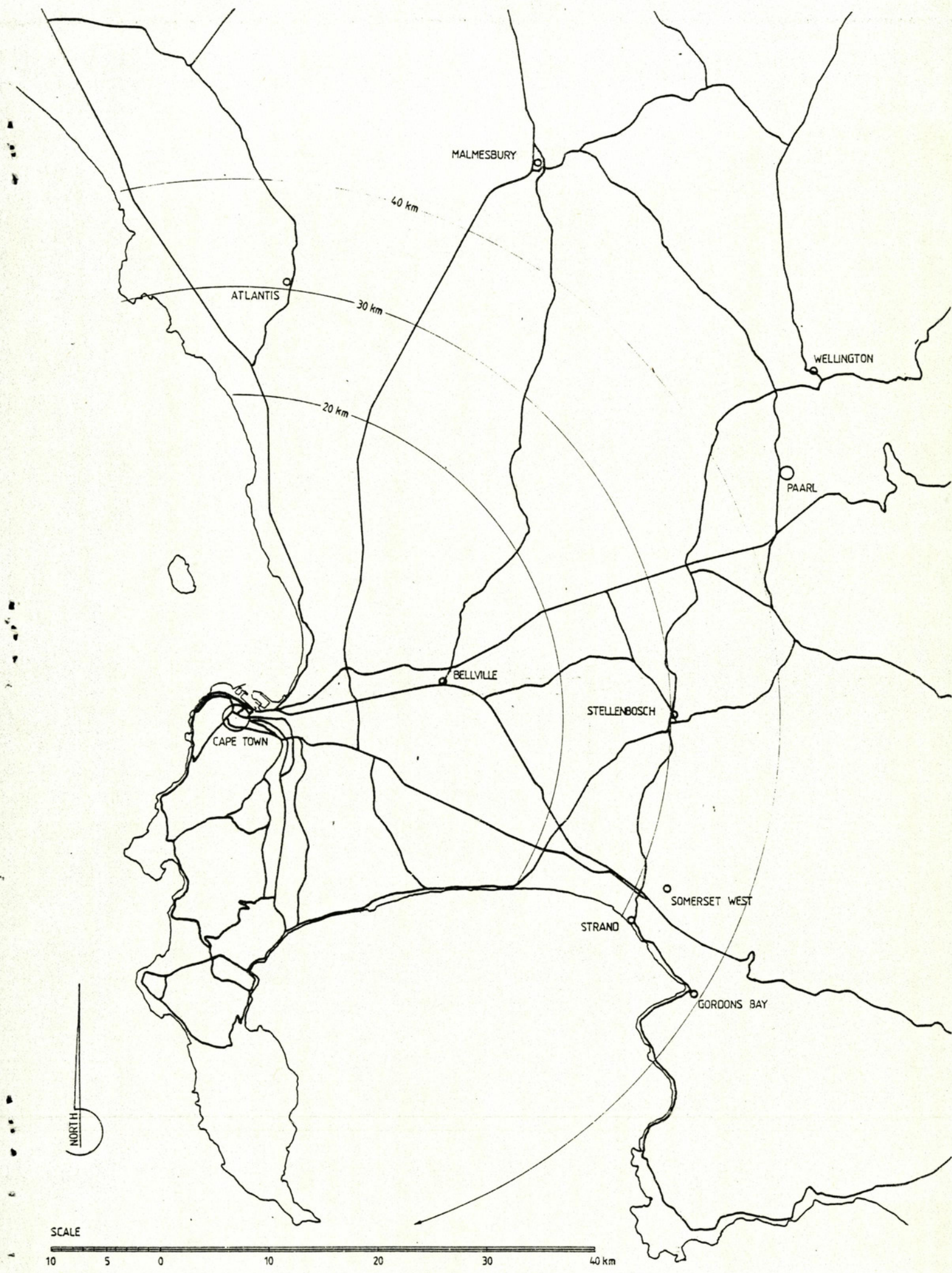


FIGURE 6 MAJOR ROADS

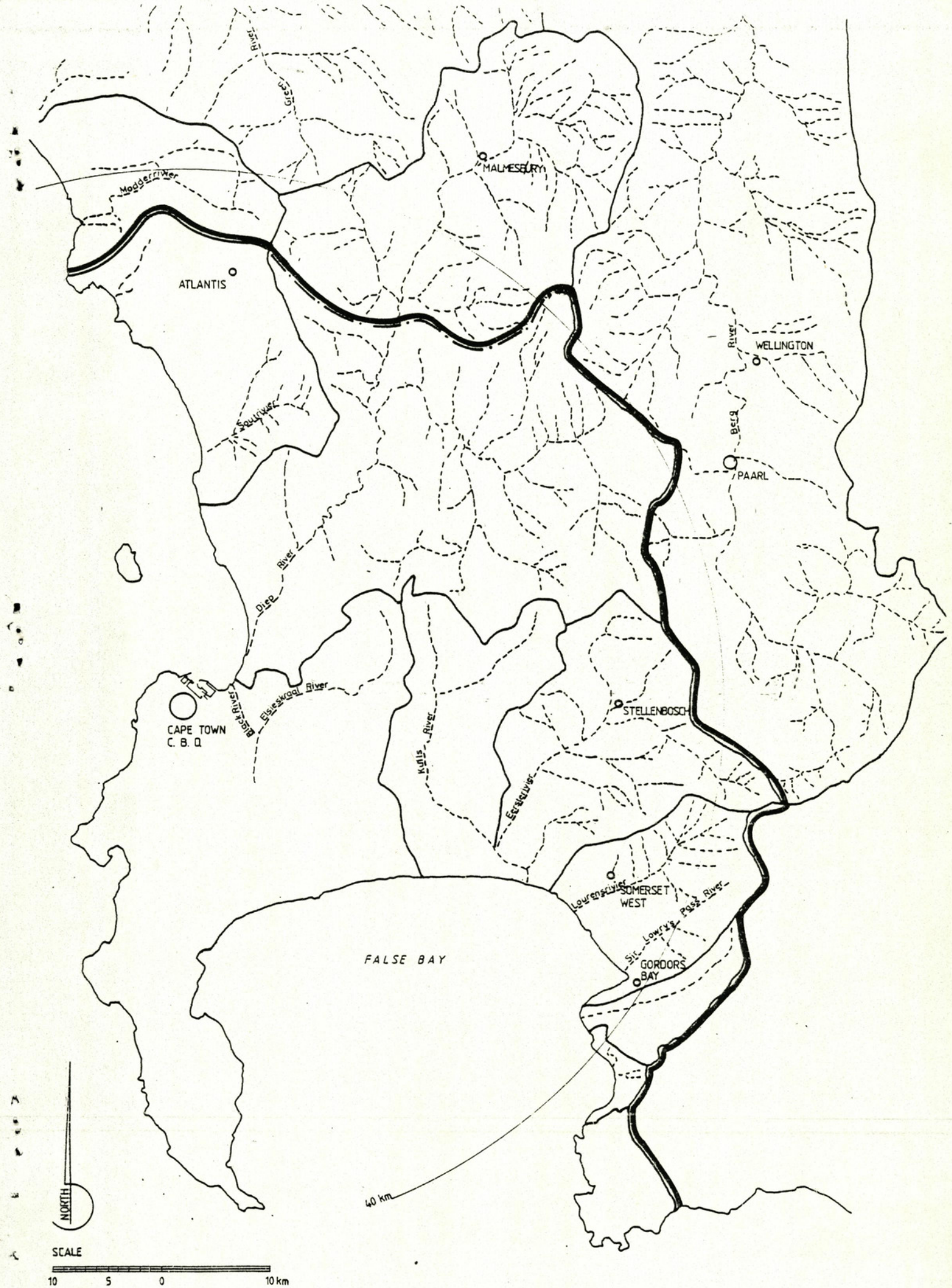


FIGURE 7 PRELIMINARY BOUNDARY PERMUTATION