

**A MUNICIPAL STRUCTURE FOR THE
KOSH AREA.**

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DECLARATION

I, the undersigned, hereby declare that the work contained in this assignment is my original work and I have not previously in its entirety or in part submitted it at any University for a degree.

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SUMMARY

South African local government is undergoing a critical process of transformation and restructuring. New structures, institutions and systems which are being established change local government to accomplish the developmental objectives of the society, improve service delivery and ensure optimum governance. The study is aimed at investigating and examining the type of municipal structure that has the capacity to achieve the objectives of local government. In this regard, the *status quo* of municipalities in the KOSH (Klerksdorp, Orkney, Stilfontein and Hartebeesfontein) area, a metropolitan municipality without sub-councils and an amalgamated Category B Municipality operating in the area of jurisdiction of Category C Municipality is explored and critically examined.

The hypothetical statement namely that the KOSH area requires a restructured, rekindled and revitalised municipal structure and the amalgamation of unviable municipalities into a larger jurisdiction to sustain development, are tested. A review of new structures and systems of local government in South Africa is made. In this regard the legal framework and context of the municipal demarcation process, structures and systems is of paramount importance. A critical analysis of all municipalities in the KOSH area including the Southern District Council in relation to their political and administrative components is made. The background and profile of each town and city in the KOSH area is also given. This encapsulates the historical background of the area, its economy and socio-demographic profile.

In the final analysis the study highlights the positive and negative effects of amalgamated municipalities whether Category A or B Municipalities. The study concludes that the KOSH area lends itself to the establishment of an amalgamated Category B Municipality operating within the jurisdiction of a Category C Municipality. The study also concludes that it is possible and viable to de-establish the present separate local authorities and create a viable amalgamated Category B Municipal structure that will improve service delivery and provide optimum governance for the KOSH area. Specific recommendations in respect of the development of the KOSH area are made.

OPSOMMING

Suid Afrikaanse plaaslike regering ondergaan 'n kritieke proses van transformasie en herstrukturering. Nuwe strukture, instellings en sisteme wat geskep word verander plaaslike regering ten einde die ontwikkelingsoogmerke van die gemeenskap te bereik, dienslewering te verbeter en om optimum regering daar te stel. Die studie is gemik op die ondersoek en ontleding van die soort munisipale strukture wat in staat is om die bogemelde oogmerke te bereik. In hierdie verband, word die *status quo* van munisipaliteite in die KOSH (Klersksdorp, Orkney, Stilfontein and Hartebeesfontein) gebied, 'n metropolitaanse munisipaliteit sonder sub-rade, en 'n geamalgameerde kategorie B munisipaliteit wat in die jurisdiksionele gebied van 'n kategorie C munisipaliteite funksioneel ondersoek en krities ontleed.

Die hipotese naamlik dat die KOSH gebied 'n gestruktureerde, munisipale struktuur benodig sowel as die amalgamering van nie-lewensvatbare munisipaliteite in 'n groter jurisdiksie om ontwikkeling te handhaaf, word ondersoek. 'n Oorsig word gegee van die nuwe strukture en sisteme van plaaslike regering in Suid Afrika. In hierdie vervand is die regsraamwerk en die konteks van die munisipale afbakeningsproses, strukture en sisteme van kardinale belang. 'n Kritiese ontleding van al die munisipaliteite in die KOSH gebied, insluitende die Suidelike Distriksraad, uitsluitende hul politieke en administratiewe samestelling, is gemaak. Die agtergrond en die profiel van elke dorp en stad in die KOSH gebied word ook weergegee. Dit sluit in die geskiedkundige agtergrond van die gebied, asook die gebied se ekonomie en sosio-demografiese profiel.

In die finale ontleding beklemtoon die studie die voor-en nadele van geamalgameerde munisipaliteite, ongeag of hulle kategorie A of B munisipaliteite is. Die studie toon aan dat die KOSH gebied homself leen tot die skepping van 'n ge-amalgameerde kategorie B munisipaliteit wat binne die jurisdiksie van 'n kategorie C munisipaliteit opereer. Die studie het ook aangetoon dat dit moontlik en haalbaar is om die bestaande aparte plaaslike owerhede te hervestig en 'n haalbaar kategorie B munisipale struktuur daar te stel wat dienslewering sal bevorder en optimum regering vir die KOSH gebied daar sal stel. Spesifieke aanbevelings word gemaak met betrekking tot die ontwikkeling van die KOSH gebied.

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CHAPTER I

RESEARCH PROBLEM AND DESIGN

1. Introduction and Historical Perspective

The dawning of a new Constitutional dispensation in South Africa has brought about new and critical challenges to local government as a sphere of government. This Constitutional dispensation has heralded a new epoch which redefines local government as autonomous and developmental within the context of co-operative governance between various spheres of government. Local government is unique and distinct from national and provincial governments because it is a sphere of representative democracy closest to the people where delivery of basic municipal services such as water, electricity, sewerage disposal and purification, stormwater drainage and refuse dumps take place.

The publication of the White Paper on Local Government in 1998 and the subsequent enactment of the **Local Government: Municipal Demarcation Act, 1998** (Act 27 of 1998), and the **Local Government: Municipal Structures Act, 1998** (Act 117 of 1998) as well as the publication of the **Local Government: Municipal Systems Bill, 1999**, has marked a turning point in the history of South African Local Government. The new legislative framework brings South Africa to the threshold of fulfilling the developmental aspirations of all South Africans in an equitable and cost effective manner. This legislative framework further creates an opportunity for various municipalities to reorganise, amalgamate and rationalise themselves in order to accomplish the objectives encapsulated in the Reconstruction and Development Programme (RDP) and the Growth, Employment and Redistribution (GEAR) Strategy (Bernstein, 1988: 299 - 301 & Pycroft, 1999: 182 -185).

One of the prerequisites for the accomplishment of these objectives, is the creation of favourable conditions for developmental local government. Developmental local government will promote economic and social development of the community, provide community leadership, coordinate and integrate efforts to develop the area, plan for integrated cities, towns and rural areas as well as ensure performance management, financial sustainability and improved service delivery.

In order to achieve developmental local government in the KOSH (Klerksdorp, Orkney, Stilfontein and Hartebeesfontein) area, three options will be explored, and they are the *status quo*, a metropolitan municipality without sub-councils and an amalgamated Category B Municipality operating within the area of jurisdiction of a Category C Municipality. A Municipal Service Partnerships system which would allow municipalities and other stakeholders in the KOSH area to work together in the delivery of services, will also be critically examined. Even before the 1994 democratic elections, protracted discussions began in the KOSH area between the local authorities, business community, political parties, civic and ratepayers associations, trade unions and community forums, to explore whether it was viable for the local authorities to cooperate in the delivery of basic services or to integrate the local authorities into a single municipality.

The reasons are the strategic location and provincial influence of the area; existence of structural organisations; large and dense population in the area; integrated society with linked lifestyles; common interests and values shared by the people; strong urban occupational structure; functional economic structure with intense commuting links; and various local government councils with diversified services.

2. Statement of the Problem

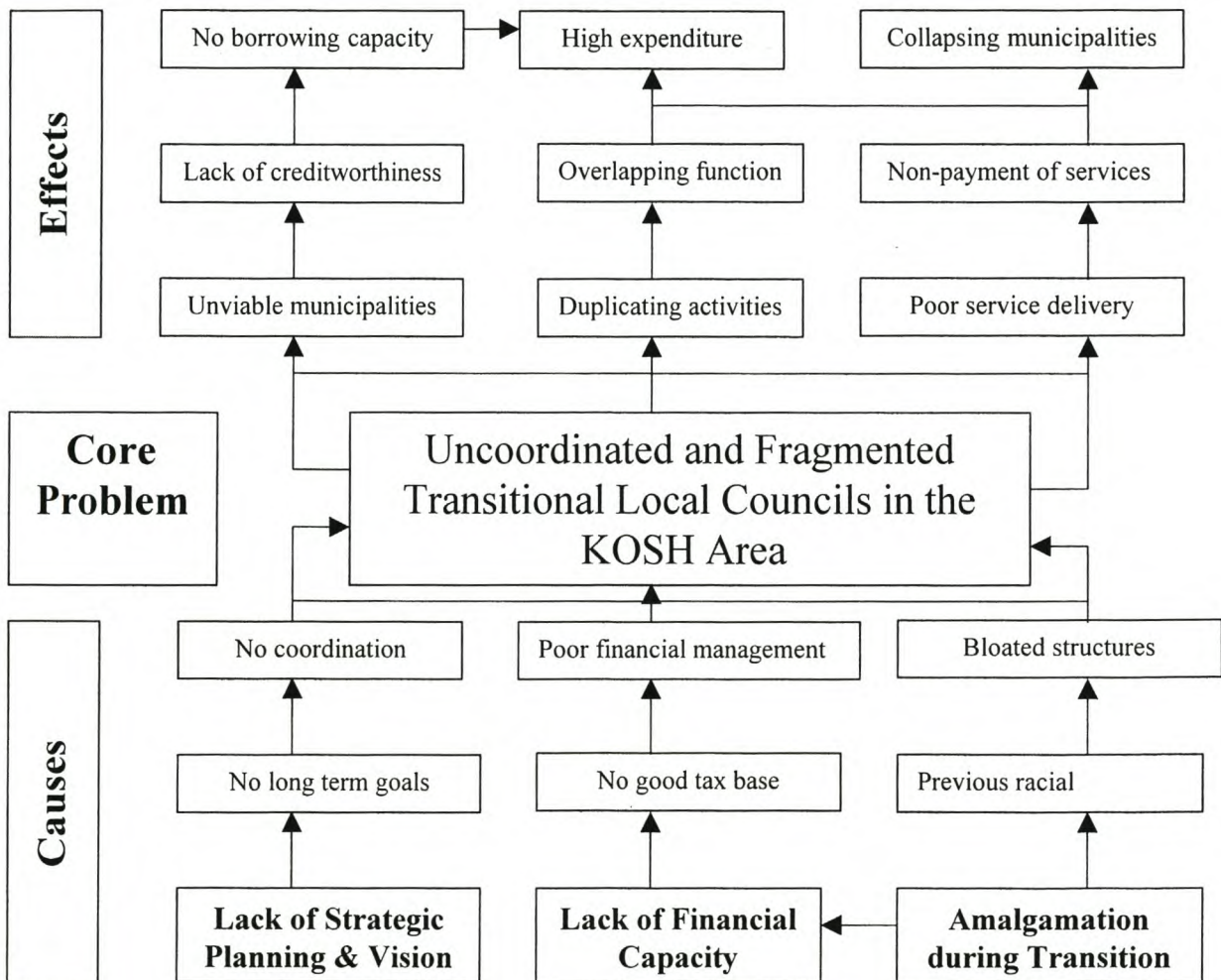
In the four years since the democratisation of local government there has been increasing concern that the capacity of municipalities to achieve RDP objectives was overestimated (Bernstein, 1998:299). With many municipalities experiencing deteriorating creditworthiness, borrowing capacity, administrative inefficiencies and unacceptable levels of non-payment of services, a need to develop local government and possibly amalgamate unviable municipalities into larger municipal jurisdictions with the necessary capacity and financial base to sustain development has been identified. Several authors have already commented (Cameron and Stone, 1995:39-40; Cloete, 1993:19-20) that fragmented local jurisdictions have often led to poorer services.

At present the four local government transitional councils in the KOSH area and the Southern Transitional District Council operate as separate entities for the delivery of services to communities. They have different councils, personnel and budgets, and they differ in the way

they function. Cameron and Stone (1995:39-40) emphasise the point by stating that if these functions were left to multiple primary local authorities, it would be handled in an uncoordinated and fragmented way.

The above problems can be characterised in the form of a Cause-effect Problem tree below:

Figure 1: Cause-effect Problem Tree



3. Aim of the Project

The aim of the research project is to investigate what type of municipal structure is viable and developmental and that will ensure improved service delivery and optimum governance for the KOSH area.

4. Research Hypothesis

The KOSH area requires strong representative local government which achieves local redistribution and re-engineering, accesses basic services to communities, promotes economic and social development and ensures integrated development planning. Local government in the KOSH area should strengthen the voice of local communities and offer citizens a platform to influence decisions and improve the quality of life of its residents with specific reference to the poor and other disadvantaged sections of the community.

The KOSH area requires a strong representative municipal structure which achieves local redistribution and reengineering, accesses basic services to communities, promotes economic and social development and ensures integrated development planning. Local government in the KOSH area should strengthen the voice of local communities and offer citizens a platform to influence decisions and improve the quality of life of its residents with specific reference to the poor and other disadvantaged community.

The establishment of a rekindled, restructured and revitalised municipal structure in the KOSH area will provide democratic and accountable local government; provide services in an equitable and sustainable manner; promote social and economic development; promote a safe and healthy environment; enable integrated development planning and, ensure improved service delivery and optimum governance.

5. Research Methodology

It is important to state that the study was based on quantitative research and was primarily of an investigative nature, which of necessity require careful description and evaluation of data. Various methods and techniques of data collection were explored and employed to test the theories, determine facts, do statistical analysis, demonstrate relationships between variables and predictions.

5.1 Literature Study

A literature study preceded the research undertaken. This was undertaken in order to provide the researcher with adequate background information, latest developments and different models and theories on local government in South Africa. The purpose was also to discover connections and logic, and other relations between different research results by making comparisons of various investigations, and this indeed has supported and verified the research undertaken.

Published research data and various research institutions including the Human Science Research Council (HSRC) and Community Agency for Social Enquiry (CASE) were contacted for more information. The library with appropriate resources was used and in this regard journals and other publications were scrutinised with a view of deepening and sharpening the theoretical perspective of the research. More information was also accessed through the Internet. White Papers, legislation and other government policies relating to local government were also reviewed.

5.2 Observation

A series of consultative workshops were held by the municipalities in the KOSH area which always invited political parties and organisations, business community, civic and ratepayers associations, community based and non-governmental organisations. The aim of these workshops was to review the *status quo* of municipalities in the KOSH area and to explore the viability and possibility of establishing an amalgamated municipality operating either as a metropolitan municipality without sub-councils or Category B Municipality sharing executive and legislative authority with a Category C Municipal government in the KOSH area.

During these workshops, the researcher stayed in the background at the position of an outsider with a view of achieving higher level of objectivity and ensure non- interference with the observed persons, events and objects of enquiry; and most importantly avoided making people aware that they were being observed as that might have changed their behaviour, made them uneasy or even stopped the meetings altogether; and that might have prejudiced the investigation.

The most important workshop is the one which was held on 15 July 1998. It agreed in principle that in order to achieve developmental local government in the KOSH area, the current situation needs to be revisited. It further established a Task Team to look into the best municipal structure model for the KOSH area.

5.3 Interviews

Personal and telephonic contacts were made in order for interviewees to express their views on the prospects of establishing a model of municipal structure that would ensure optimum governance and improved service delivery for the KOSH area.

Non-scheduled interviews were conducted whereby interviewees were asked broad questions on the topic and this enabled them to freely express themselves and expand on the topic, focussing on particular aspects, related their own experiences and above all, critique the new structures and systems of municipality in South Africa.

In this regard interviews were conducted with the Lead Advisor to the MEC for Local Government and Housing in the North West Province, officials in the Department of Local Government, councillors and officials from the local authorities in the KOSH area, business leaders, leaders of trade unions, community-based leaders and political leaders both in and outside the local authorities in the KOSH area.

6. Sequencing of Chapters

Chapter II deals with the implications of establishing an amalgamated municipality. Both positive and negative features and effects of this municipality are given a careful and critical examination.

Chapter III deals with the new structures and systems of local government in South Africa. It covers the legal framework and context of municipal demarcation, structures and systems.

Chapter IV depicts the situational analysis of KOSH area whereby its background and profile is exposed. It also examines the state of affairs in all local authorities including the Southern Transitional District Council.

Chapter V deals with conclusion and recommendations.

CHAPTER II

THE EFFECT OF AMALGAMATING MUNICIPALITIES

1. Introduction

This chapter focuses on the positive and negative effects of amalgamating municipalities whether in metropolitan or non-metropolitan areas. When the process of amalgamating municipalities takes place, it will have both positive and negative effects on among others, their structures, financial systems and on how they deliver services to the residents. These effects will have to be taken into account during the amalgamation, reorganisation and integration of municipalities. This amalgamation is done to ensure that municipalities do not only provide sustainable services to the community but also that they promote social and economic development in a safe and healthy environment.

In the context South Africa the amalgamation of municipalities broadly takes place because of two reasons. Firstly, it is a transition from apartheid oriented municipalities to deracialisation resulting in the creation of single amalgamated local government structures combining previously racially segregated elements. Secondly, it is to establish effective structures to address the service delivery, governance and management problems which municipalities face.

2. Positive Effects of Amalgamated Municipalities

Where the amalgamation of municipalities have taken place experience has shown that the positive effects of this include the integration of budgets, financial systems and structures; avoidance of duplication and overlapping of functions; increased efficiency, responsibility and confidence in the municipalities promotion of democracy and a stronger bargaining power.

2.1 Integration of Budgets, Financial Systems and Structures of Municipalities

With the amalgamation of various local authorities into a single entity of municipality the obvious fact is the consolidation of the municipal structures, budgets and financial systems, and

the result is joint planning, redistribution and provision of bulk services to the communities. Craythorne (1993:42) points out that an amalgamated “super-city” is created in which all jurisdictions are contained into one. The traditional wisdom used to reform government presumes that fragmentation of authority and overlapping jurisdictions are the primary causes of urban ills.

A single unit of government controlled by policy officials (councillors) and administered by a single chief executive (with other officials) is considered to be the appropriate remedy (Bish *et al*, 1979:1).

Larger local government units have certain advantages over smaller ones. They are usually endowed with resources and have potential to increase local government revenue. As such, they are better able to afford the services of qualified professionals and provide better public services. They might more readily establish their “presence” and thus be able to attract popular support for their programmes with greater ease (Derksen, 1988:35)

2.2 Avoidance of Duplication and Overlapping

An amalgamated municipality ensures that services are provided in a sustainable and coordinated manner thus avoiding duplication and overlapping of functions. Fragmentation is avoided and uniformity in the development, interpretation and execution of public policy is possible. According to Reddy (1995:21), the combination of adjoining urban areas is essential for the creation of a municipality which will bring about conditions of welfare for the people living in urban areas.

Bish *et al* (1979:8) emphasise that efficiency is enhanced by eliminating the numerous jurisdictions and by consolidating all authority in one jurisdiction with general authority to govern each major urban area as a whole. Such consolidations vest ostensibly enlightened leaders and professional administrators with authority to coordinate all aspects of metropolitan affairs through a single integrated structure of government.

The parochial commitment of small jurisdictions to local interests is seen as standing in the way of realising the overall public interest of the larger community. Fragmentation of authority and overlapping jurisdictions among numerous units of local government are diagnosed as the fundamental sources of institutional failure in the government of urban areas (Bish *et al*, 1979:8).

2.3 Increased Efficiency, Responsibility and Confidence

Everyone who cares about the fundamental aspirations of the communities will always emphasise effective and efficient delivery of services. They will also care about clearing needless confusion regarding the functions and responsibilities of different departments, and build the much-needed confidence of local government structures in the eyes of the people. According to Cameron and Stone (1995:39-40), the amalgamated municipality will provide certain goods and services which are best organised on a wider scale than can be done by separate local authorities.

Bish *et al* (1979:10) argue strongly that reducing the multiplicity of jurisdictions serving an urban area through consolidation will be associated with improved output of public services, increased efficiency, increased responsibility of local officials and increased confidence among citizens about their capacity to effect public policies.

Amalgamated municipalities have obvious attractions. They make it possible in theory at least for local authorities to work to a comprehensive and well integrated set of aims and policies that takes into account the full range of local needs and sets overall priorities. Overall coordination and where desirable, integration of services to achieve greater effectiveness and efficiency should be much simpler than in a multi-tier structure (Norton, 1994:32).

2.4 Redistribution of Resources and Wealth

It is critical that resources are redistributed across the metropolitan area in a just and equitable manner. This will indeed go a long way in addressing the historical imbalances of the past, thus ensuring that the urban poor who also contribute to the tax base are included in the services provided. Cameron and Stone (1995:39-40) state that local revenue which can be used for

redistribution of resources to poorer local authorities is coordinated at the level of a municipality with a larger jurisdiction.

Musgrave and Musgrave (1984:12) argue for a fiscal instrument for redistribution of wealth and that is “an automatic tax transfer system consisting of groups and subsidization of lower income groups”. But on the other hand Gildenhuys (1993:398) argues that such a redistribution policy should comply with the generally accepted democratic requirements of fairness and reasonableness and not only be based on the doctrine of altruism.

2.5 Promotion of Local Democracy

Strong representative local government can offer citizens a vehicle to influence decisions and can improve living standards. In South African fledgling local government there is a need for rebuilding of genuine democracy and this is one of the most important objects of establishing amalgamated Municipalities.

In the views of Derksen (1988:31) amalgamation will not only ensure community participation, but will also contribute towards the strengthening of local government (its powers within its own community as well as against higher authorities will increase). Allowing residents to participate in community affairs is a novelty as this strengthens democracy and empowers them, and will ensure the realisation of their needs (Jones and Ransom, 1989:1-4; James, 1989: 11-12; Norton, 1994:60).

Bryan and McGlaughry (1991:161-162) point out that in addition to the changing perceptions of local government, there is a mushrooming of initiatives around South Africa which indicates a new willingness on the part of ordinary people to take control of their lives. Indeed local government is an arena where citizens can easily express their views and can participate in decision-making affecting their lives and environment.

2.6 Integrated Development Planning

According to the White Paper on Local Government, 1998 integrated development planning enables municipalities to align their financial and institutional resources; act as vital tools for integration of various activities and serve as basis for engagement between local government and the citizens. It also enable municipalities to weigh up their obligations and systematically prioritise programmes. It ensures a holistic approach in municipal governance and ensures integrated development planning with short, medium and long-term development plans.

In this regard the development of a city-wide framework for social and economic development will be enhanced. This will lead to speedy economic growth as people will invest in physical infrastructure and human resources within the consolidated municipal area (Ostrom *et al*, 1961: 831-842; Wagner and Weber, 1975:661-685).

2.7 Strong Bargaining Power

It is an undeniable fact that an amalgamated municipality has a stronger bargaining power than individual local government jurisdictions because of its increased size and authority. According to Derksen (1988:37) municipal amalgamation would improve local powers because bigger municipalities act better and perform their tasks better than the smaller ones. He further records that (1988:35) larger local authorities have comparatively better opportunities to take advantage of the economies from large-scale operations.

Amalgamation will improve opportunities for fulfilling regional tasks (Derksen, 1988: 36). The municipal authority will also have a stronger negotiation power over other local authorities because of its size, financial resources and economy.

3. Negative Effects of Amalgamated Municipalities.

Where the amalgamation of municipalities have taken place experience have also shown that the negative effects as a result of this include the centralisation of power; the ignorance of local needs by the amalgamated municipalities; lack of transparency and openness; less local representativeness and accountability; that amalgamation is expensive and difficult; service provision deteriorates; bloated bureaucracy may develop and that it may lead to job losses.

3.1 Centralisation of Power

When amalgamating municipalities central authority rests with one municipal council which covers a larger jurisdiction making it more difficult to implement policies and programmes. There could be limited or no delegation of functions and powers to municipal councils. Norton (1994:111) characterises this as a single elected authority with general powers for a whole area. Centralisation controls and manipulates power at the expense of the general well being of the inhabitants of a municipal area.

To centralise is to reduce the learning capacity of the system, because possibilities are sifted out as they mount the hierarchies of decision making. To centralise is to reduce the adaptiveness and responsiveness of the system as organisational scale and complexity increase since issues are dealt with according to rules determined in settings remote both geographically and organisationally from the problems tackled. To centralise in government may appear to strengthen power, but it may well weaken the ability to use that power effectively (Jones and Stewart, 1985: 4).

3.2 Ignorance of Local Needs and Differences

The needs of various local communities are different and they depend on time, place and specific tastes of local residents. Parks and Oarkerson (1988:19) emphasise this assertion by stating that a governance structure is needed in which local citizens and their agents are empowered to make choices among alternative organisational arrangements. Municipal councils that are sufficiently open to allow for diverse solutions that respond to variable conditions and recognise that

inhabitants have different tastes and local public services should be modulated to better suit the local demand.

An amalgamated municipal authority needs to carry the weight of local opinion with it as far as possible in decisions that affect local interests in matters basic to the quality of life and the local economy, such as efficiency of transportation, disposal of waste and containment of population (Norton, 1994: 115).

There is a need for division of functions and responsibilities and according to Norton (1994:116) the distribution of responsibilities between authorities should ensure that as far as reasonable decisions that do not need to be taken at the metropolitan level for the common good are taken at the levels closer to the citizens. Jones and Stewart (1985:10) assert that the general case for local government is that it embodies diversity of response in a society which cannot afford the centralist risk of single solutions which may go wrong.

3.3 Lack of Transparency and Openness

The tenets of democracy are openness and transparency. This can be realised if decision-making processes are as inclusive as possible. Jones and Stewart (1985:9) state that the movement of decision-making from local authorities to central government (amalgamated municipalities) means the movement of decisions from a visible local bureaucracy to a largely invisible central bureaucracy, from control by councillors close to their officials and involved in the affairs of their localities to control by civil servants who are remote from the local communities.

Local authorities need to develop a new kind of organisational culture which is capable of being more open, democratic and self-critical. This culture would replace the bureaucratic, paternalistic model of service provision with an approach that encourages risk taking, learning and performance evaluation (Hambleton and Hogget, 1990:1).

3.4 Less Local Representation and Accountability

One of the consequences of amalgamation of various local authorities into a single Municipality is the reduction in numbers of councillors who are serving the existing local councils and re-demarcation of wards. Obviously, the geographical size of wards will increase with the subsequent increase in councillor-citizen ratio.

According to De Jonge (1998: 17) it will be more difficult for citizens to know or reach their councillor. It will be more difficult for the councillors to be aware of the many issues concerning their constituents. The expense of campaigning in larger wards will prevent many citizens from entering local political campaigns. Those who do will be more dependent on party and business contributions, increasing their obligations to such entities and compromising their ability to effectively represent citizens concerns.

3.5 Expensive and Difficult to Amalgamate Local Councils

Any transformation process is costly, so is changing systems of government. Such change could result in expenditure spinning out of proportion. Changing processes and systems cannot be achieved overnight and the challenge is to integrate the work of five local councils into a single one.

Because of the fragile nature of changing systems and structures this must be handled with care and sensitivity. Stewart (1988:4) argues that one must start with what one has. In building the public service orientation, there is a need to look realistically at the organisation. In the case of a local authority a sense of purpose can be lost. De Jonge (1998: 17) states that it is likely that with the amalgamation of the current structures of municipalities, super-structures will be created to oversee the transition. This will be costly.

3.6 Service Provision will get Worse

Every local authority strives to satisfy the general wellbeing of its residents by providing effective and quality services. The structural organisation which provides these services is critical because of its nature.

Van Leerdam (1995:357) emphasises that the strategic approach in recent years is the fact that municipalities have proved to be vital, flexible and effective public service organisations. By recognising this fact decentralisation of power to municipalities is an important component of the general goal of institutional development but this cannot be realised by the creation of amalgamated municipalities.

Big cities are notorious for urban decay. They generate a massive volume of work which result in bottlenecks in the flow of information. Setchell (1995:2) records that the growth of cities is also accompanied by the urbanisation of both poverty and environmental degradation. Big cities impose uniform policies on all, regardless of needs and differences. They hide profligacy and corruption in mountains of paperwork.

3.7 Bloated and Burgeoning Bureaucracy

Any increase in tariffs and rates is disfavoured by residents, so is bloated bureaucracy because it absorbs much of the money paid for service. Residents and businesses will want to pay less for services consumed. De Jonge (1998: 17) states that when rates and tariffs go up, the residents who are normally worst hit by this escalation are those who have invested most in their homes. Wealthier residents and successful business will be worst hit and penalised because of the linkage of tariffs to property values. The voice of those who carry the largest tax burden will be ignored.

3.8 Amalgamation Leads to Job Losses

One of the hallmarks of South African transformation is the restructuring of institutions so as to achieve the developmental objectives of the society. Municipal restructuring with the

amalgamation of various municipalities is not only expensive process but also results in job losses.

For example, each municipality currently has a Chief Executive Officer. In the case of amalgamation there is going to be a need for only one Chief Executive and this is the same for others positions in all councils. This process has serious implication for the development and growth of the local economy as a result of job losses.

4. Conclusion

Whenever an effort is made to establish new structures of municipality it is important to consider the above negative and positive effects of amalgamating municipalities whether in metropolitan or non- metropolitan areas. Any process that ignores these factors will be doomed to fail and cannot accomplish the developmental objectives of local government.

CHAPTER III

NEW STRUCTURE AND SYSTEM OF LOCAL GOVERNMENT IN SOUTH AFRICA

1. Introduction

South African local government has entered a new era of transformation, and changes to its structures, systems and types are taking place. The new Constitution outlines categories of Municipality and these are interrogated. The **Local Government: Municipal Structures Act, 1998** (Act 117 of 1998) which provides for the establishment of Municipalities according to categories and types is critically examined.

The **Local Government: Municipal Demarcation Act, 1998** (Act 27 of 1998) which provides for criteria and procedures for the determination of municipal boundaries by the Municipal Demarcation Board is examined. Also important is the **Local Government: Municipal Systems Bill, 1999** which gives effect to the vision of developmental local government and in this regard Municipal Service Partnerships will be reviewed.

2. Constitution and Categories of Municipality

The **Constitution of the Republic of South Africa, 1996** (Act 108 of 1996), hereafter referred as the New Constitution identifies in Section 155(1), that there are three categories of municipality, namely: -

- Category A** a municipality that has exclusive municipal executive and legislative authority in its area;
- Category B** a municipality that shares municipal executive and legislative authority in its area with a Category C Municipality within whose area it falls; and
- Category C** a municipality that has municipal executive and legislative authority in an area that includes more than one municipality.

According to section 2, 3 and 5 of the Local Government: Municipal Structures Act, 1998 hereafter referred to as the Municipal Structures Act, 1998 metropolitan areas will have Category A Municipalities whilst other areas (non- metropolitan) will have both Category B (local municipalities) and Category C (district) Municipalities. (See Annexure A).

3. Category A Municipalities

In this section a definition of a metropolitan area will be given as well as the types of metropolitan municipalities as prescribed by the relevant legislation and their responsibilities.

3.1 Definition of a Metropolitan Area

A Metropolitan area is defined in Section 2 of the Municipal Structures Act, 1998 as: -

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

Cloete (1995:17) states that metropolitan areas would normally be contemplated for large developed concentrations in respect of which the definition of a city would be appropriate in view of the density of the area population and the intensity of the activities therein. (See Annexure B).

3.2 Objectives and Responsibilities of a Metropolitan Municipality

When a metropolitan municipality is established, the intention is to accomplish the following objectives: - (Cameron and Stone, 1995:39-40; Craythorne, 1993:19-20; Ostrom *et al*, 1996: 831 - 842; Wagner and Weber, 1975: 661- 685)

- integration of budgets, financial systems and municipalities;
- provision of bulk services to communities in a sustainable and cost effective manner;
- promotion of strategic land-use planning, and coordinated public investment infrastructure;
- redistribution of resources across the metropolitan area between high and low income groups;
- avoidance of duplication and overlapping in service provision;
- delivery of public goods and services which can be delivered effectively on a regional basis;
- ensure integrated development planning and avoid fragmentation; and
- development of a city-wide framework for both economic and social development

Presently in South Africa there are six Transitional Metropolitan Councils established in terms of Sections 8 and 9 of the **Local Government Transition Act**, 1993 (Act 209 of 1993). These are the Cape, Durban, Witwatersrand, Kyalami, Greater Pretoria and Vaal-Lekoa Metropolitan Councils. (See Annexure C).

3.3 Types of Metropolitan Municipality

The two broad types of metropolitan municipality are:

3.3.1 Metropolitan Municipality without Sub-councils

The central authority rests with a Metropolitan Council which exercises a complete range of legislative, executive and administrative powers for the whole Metropolitan area. The Council

will either have a collective executive system or mayoral executive system. It is also empowered to decide on the establishment of ward committees or not.

Bish *et al* (1979:5) and Craythorne (1993:42) state that the predominant approach in the Metropolitan reform literature of the last century has been to recommend merger and consolidation of the different local government units into a single unit of government with general jurisdiction over each Metropolitan area.

A consolidation of authority is vested ostensibly to elected metropolitan councillors and appointed officials to perform political and administrative duties respectively, to co-ordinate all aspect of Metropolitan affairs through a single integrated structure of government in a Metropolitan area and the combination of areas is essential for the welfare of the people living in the urban area. (Bish *et al*, 1975:5 and Reddy, 1995:21).

3.3.2 Metropolitan Municipality with Sub-Councils

This is a two-tier system consisting of a Metropolitan Council with original powers (legislative, executive and administrative) and its sub-councils. (See Annexure D).

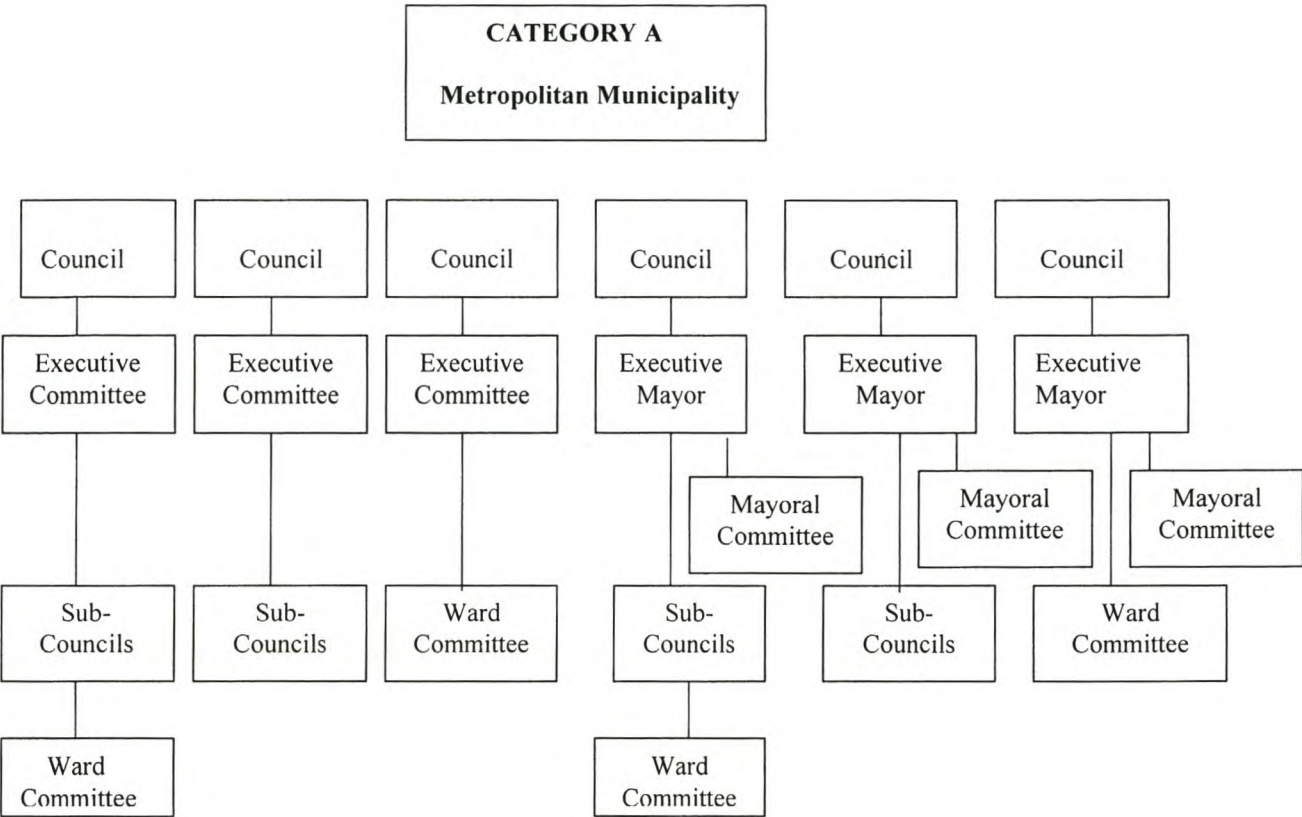
According to Bish *et al* (1975:12); Cloete (1995:17) and Craythorne (1993:40-42) all major units of local government are consolidated into one general jurisdiction to have authority over all area-wide functions in a metropolitan region together with smaller units to deal with community of neighbourhood matters within the larger consolidated unit.

According to Sections 8 and 61 of the Municipal Structures Act of 1998, the following types of Metropolitan Municipality may establish sub-councils: -

- Municipality with a collective executive system combined with a sub-council participatory system;
- Municipality with a collective executive system combined with both a sub-council and a ward participatory system;

- Municipality with a mayoral executive system combined with a sub-council participatory system; and
- Municipality with a mayoral executive system combined with both a sub-council and a ward participatory system.

Figure 2: Types of Metropolitan Municipality



4. Category B Municipalities

Category B Municipalities (Local Municipalities) share executive and legislative authority with a Category C Municipality (District Municipality). A Category B Municipality (primary structure) is a local authority that exists within the administrative boundaries of a District Municipality (secondary structure) (Pycroft, 1999:188).

Within this basic type the MEC (for Local Government) must determine whether an executive mayor or executive committee should perform the executive function of the municipality. The MEC must determine whether municipalities should have ward committees to strengthen local

representation, and must determine whether a Category B Municipality should be designated as a “developing” municipality (Pycroft, 1999:188). Pycroft (1999:188) argues that the “developing” type municipality represents an innovation in that it empowers the MEC to create a municipal “shell” comprising a minimum of three councillors with minimum powers and functions, and the District Councils is delegated with responsibility for service delivery and infrastructure development.

Another innovation about Category B Municipality proposed in the **White Paper on Local Government** is Urban-Rural Municipalities where rural and urban areas are governed by the same municipality. According to the White Paper this will not only cut costs but will also enhance service delivery in rural areas with positive economic spin-offs for the whole amalgamated area. This was confirmed by the Municipal Demarcation Board which demarcated all Category B Municipalities to be urban-rural (so-called “wall to wall”) municipalities.

5. Category C Municipalities

These are municipalities that have executive and legislative authority in an area that include more than one municipality, and are also called District Municipalities. These District Municipalities are municipal authorities which address regional challenges and assist in the development of Category B Municipalities operating in their respective area of jurisdiction.

District municipalities should always strive to ensure integrated development planning, infrastructure development, and technical assistance to municipalities and direct service provision at local level. In accordance with the powers and functions specified in the provisions of section 84 (1) of the Municipal Structures Act of 1998.

The Municipal Structures Act, 1998 provides for the following types of Category C Municipalities: mayoral executive system, plenary executive system (the entire municipal council) and executive committee system.

6. Criteria for the Demarcation of Municipal Boundaries

According to Section 24 of **Local Government: Municipal Demarcation Act, 1998** (Act 27 of 1998) hereafter referred as **Municipal Demarcation Act, 1998**, the Municipal Demarcation Board will determine all municipal boundaries in South Africa and when the Board determines a municipal boundary its objective must be to establish an area that would:-

- provide democratic and accountable government for the local communities;
- provide services to communities in an equitable and sustainable manner;
- promote social and economic development;
- promote a safe and healthy environment;
- enable effective local governance;
- enable integrated development; and
- have a tax base as inclusive as possible of users of municipal services in the municipality.

(See Annexure E).

7. Municipal Service Partnerships

In order to ensure effective delivery of services and maximise benefit to the communities the White Paper on Local Government suggest an opportunity for municipalities to consider various options. In fact, municipalities can play a pivotal role in mobilising communities, business, labour and civil society more broadly in local economic development initiatives. A number of approaches to partnerships have been taken internationally, from permanent coalitions to special purpose arrangements for specific projects. The key is to be clear at the outset what the purpose of the partnership is and what benefits are anticipated for each player involved.

According to Pycroft (1999:190) different types of municipalities can share expensive resources, with District Councils and local councils providing a range of services for emerging municipalities on an agency basis.

7.1 Public- Private Partnerships

Emerging municipalities are being encouraged to seek assistance in service delivery by initiating Public/Private Partnership (PPPs) that contract out municipal responsibilities to private providers. Councils have an opportunity to use service contracts as a powerful stimulant of the local economy and by encouraging (through their procurement policies) small local providers to win council contracts (Pycroft, 1999:190).

7.2 Partnerships with Community-Based Organisations (CBO's) and Non-Government Organisations (NGO's)

Urbanisation of local people and resources is a prerequisite not only in ensuring effective service delivery but also in the development of the local economy, and as such ensure capacity building of the community.

According to the **White Paper on Local Government**, partnership with Community-Based Organisations (CBOs) and Non-Government Organisations (NGOs) can be effective ways of gaining access to external expertise and experience.

7.3 Public - Public Partnerships

Public-public partnerships or public joint ventures allow for horizontal co-operation between municipalities to exploit economies of scale. They also allow for vertical co-operation to improve co-ordination at the point of delivery (White Paper, 1998:97).

7.4 Multi-Jurisdictional Municipal Service Districts

According to the Municipal System Bill of 1999, two or more municipalities may establish designated parts of their municipal areas as multi-jurisdictional Municipal Service Districts to facilitate the performance of a municipal service.

In this regard the participating municipalities should amongst others determine nature of services to be provided by the multi-jurisdictional Municipal Service District, the mechanism that will provide the services and establish the governing body for the Municipal Service District.

7.5 Municipal Companies and Business Enterprises

In order to maximise service delivery, municipalities are encouraged to establish separate delivery units with greater autonomy from the council to ensure that commercial management practises are introduced and service delivery is improved. A service delivery agreement should be entered into between such a business enterprise and the municipality.

8. Conclusion

The unfolding processes on local government are not only exciting but also interesting. Indeed local government in South Africa stands at the threshold of an era in which the underpinning objectives of reconstruction and development will be accomplished, i.e. meeting basic needs of the people, human resource development, building the economy, democratising the state and empowering civil society.

The following chapter deals with the background and the state of local government in the KOSH area.

CHAPTER IV

BACKGROUND AND STATE OF LOCAL GOVERNMENT IN THE KOSH AREA

1. Introduction

This chapter presents a picture of the KOSH area. It gives an overview of the location of KOSH area in the North West Province, the historical background of each town, its economic profile as well as the socio-demographic profile of the area. An exposition of the state of all local government councils including the Southern District Council is also given with specific reference to their political and administrative components, their budgets and how they function.

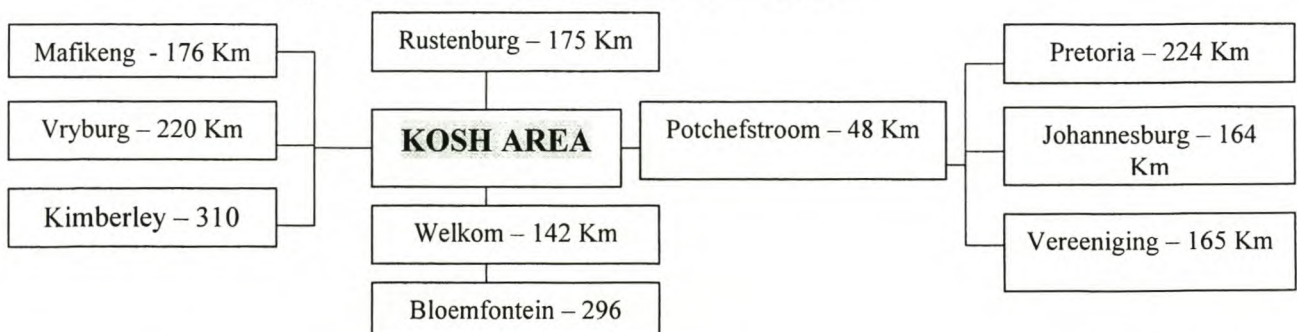
2. Background and Profile of the KOSH Area

The location of the KOSH area as well as the historical background of each town in the area is dealt with in this section.

2.1 Location of the KOSH Area

KOSH area is situated in the North West Province in South Africa, bordering on Botswana, the Northern Cape and Free State. (See Annexure F). This area is a semi-arid part of the Southern African subcontinent. The Vaal River, constituting the border between the Free State and North West Province, represents the main source of water to industries situated in this region (Wesvaal Business Guide, 1998: 5-6)

Figure 3: Distance to and from KOSH area



2.2 Historical Background of the KOSH Area

Although Klerksdorp, Orkney, Stilfontein and Hartebeesfontein are currently four independent towns and cities within the region, together they form a close unity which stems from the founding history of each town.

2.2.1 Klerksdorp

According to Wesvaal Business Guide (1998:6) and City of Klerksdorp (1997:16), Klerksdorp was established in 1837 when 12 Trekker families settled on the banks of the Schoonspruit. The Trekkers divided the ground on which they settled into erven and built rough stone houses with thatched roofs. For about 50 years Klerksdorp existed as a typical “riding town”, i.e. a single street along which all houses, shops, hotels, the school and the church were built. The discovery of gold in 1885 on the farm Ysterspruit and the start of exploration in 1887, changed Klerksdorp’s rural atmosphere permanently.

On 17 August 1888, Klerksdorp was officially proclaimed a town and continued to make an important contribution to the history and growth of the former Western Transvaal in particular and Transvaal as a whole. In 1993, Klerksdorp was finally given a city status. Like in any part of the country, the policies of apartheid were implemented in Klerksdorp hence the balkanization of people mainly according to race, i.e. Klerksdorp-whites, Jouberton-blacks, Manzilpark-Indians and Alabama-coloureds. Klerksdorp was named after Jacob de Clercq, the first magistrate in the area (Wesvaal Business Guide, 1998:5-6; City Council of Klerksdorp, 1997:16).

2.2.2 Orkney

Orkney originated with the discovery of the Western Transvaal gold fields. The name Orkney has its origin in a small gold mine which was marked in the 1880s by a Scot, Simon Fraser, who came from the Orkney islands. The old shaft is still used today by Vaal Reefs Exploration & Mining Company as ventilation shafts (Wesvaal Business Guide, 1998:5-6; Mayoral Report, 1997:31-33).

The town's founding date is regarded as 18th September 1936, the day on which Sir Ernest Oppenheimer dug the first sod of the erection of Orkney's first shaft. Gold was not the only mineral which was originally mined. For many years diamond digging was a prominent industry. Orkney was officially founded on 20th March 1940 by Administrator's Notice 45. On 28th October 1959 Orkney obtained town status and became a full town council on March 7, 1962. The Township in Orkney is Kanana and in 1995 the town celebrated its 55th Anniversary (Wesvaal Business Guide, 1987:2; Mayoral Report, 1997:31-33)

2.2.3 Stilfontein

According to Wesvaal Business Guide (1987:2-3), between 1947 and 1952 the discovery of the rich gold reefs east of Klerksdorp resulted in the establishment of new mines in the area. In 1949 the first houses in the new town, Stilfontein, were erected and in 1954 the community received municipal status. Although Stilfontein grew to be a reasonably large town over the years, it retained its rural character.

Honorary citizenship was granted to Mr. Jack Scott who is generally regarded as the father of modern mining in the region. The township of Khuma which constitutes an important part of the area, is growing at a fast pace.

2.2.4 Hartebeesfontein

It has been said that Hartebeesfontein with the exception of some missions, is the oldest settlement in Transvaal. Although this may be a bit far-fetched, it does indicate that Hartebeesfontein historically developed along Klerksdorp. It is situated about 25 km North West of Klerksdorp and was regarded as particularly fertile and as possibly the best farm in Transvaal (Wesvaal Business Guide, 1987:4; Wesvaal Business Guide, 1998:5-6).

On May 1, 1907, 40 people signed the deed of agreement for the founding of a Health Committee. This was the first step towards the founding of the town. A major development came on July 31, 1974 when the status of the Health Committee was changed to that of a village council. In 1988 the status of town was conferred to Hartebeesfontein (Wesvaal Business Guide, 1987:5; Wesvaal Business Guide, 1998:4-7).

3. Common Features and Characteristics of the KOSH Area

The characteristic features of the KOSH area which include the integration of the society, boundaries, linkage as well as the economy and demographic profile are detailed here.

3.1 Integration of the Society

Common history and closeness of the KOSH area has resulted in its population having linked lifestyles, common interests and shared values. Its inhabitants have cooperation and a willingness to work together. Many organisations and institutions have identified themselves with the area by developing relationships, trust and they even use the name the KOSH as a unifying perspective, for example KOSH 2000, KOSH Community Radio and KOSH Education Trust.

3.2 Magisterial and Municipal Boundaries

Historically, the four mentioned areas in the KOSH area resorts under the jurisdiction of Klerksdorp Magisterial District with each having its own municipal boundaries within the area of jurisdiction of the Southern Transitional District Council. For the purpose of re-demarcating municipal boundaries, the current Magisterial and municipal boundaries will impact on the process of restructuring and rationalisation of organisational systems of the local government councils so that if this takes place should only cause minimal disruptions in the provision of goods and services. (See Annexure G).

3.3 Commuting and Communication Links

Intense commuting linkages of people between employment, schools, residential areas, recreational facilities and shopping is critical in the demarcation of the KOSH area. The measured distance between boundaries of the local authorities in the KOSH area is indispensable. Stilfontein and Orkney are 14 km from Klerksdorp, with Hartebeesfontein 25 km (Metroplan, 1997:3). The fragmentation and distance between the area is little and internal communication is effective.

3.4 Interdependence and Viability of Economy

KOSH is the economic nucleus of the North West Province and the KOSH area generates 25% of the total Gross Geographic Product (GGP) of the Province and this clearly distinguishes it as the major commercial and business centre of the Province. (See Annexure H).

The regional economy of the KOSH revolves primarily around mining and agriculture, with the commercial and service sector showing market growth over the past decade. Although the basis of the economy is currently biased towards the gold mining and agricultural sector, there is potential for expansion (City of Klerksdorp, 1998:4-8; Wesvaal Business Guide, 5-7).

Other characteristics of the economy in the area are: -

- more than 25% of the province's GDP is generated in KOSH area;
- a mainly mining based economy with increasing signs of diversification;
- the share as well as the growth of mining is declining;
- a relative diversified manufacturing potential, but fluctuates with changing mining prospects; and
- the decline in the mining sector has a negative effect on the growth of most other sectors.
- government services are the exception (City of Klerksdorp, 1997:11-19; Wesvaal Business Guide, 1998:4-7)

3.5 Socio-Demographic Profile of the KOSH Area

The socio-demographic profile of the KOSH are characterised by the following factors:-

- almost half a million population;
- 12% of the total, 25% of the urban and 4% of the rural population of the North West Province live in KOSH area;
- mine hostel dwellers constitute 17% of the area population;
- the formal and informal housing ratio is 50/50; and
- there are diversified educational and health facilities.

(Central Statistic Services, 1997:4-9; Wesvaal Business Guide, 1998:6-8; City of Klerksdorp, 1998:9-13). (See Annexure I).

According to a notice in terms of Section 21 of the Municipal Demarcation Act of 1998 which was published in the Provincial Gazette of 22 November 1999 the Municipal Demarcation Board made publicly known its determination of the boundaries of Category A and C Municipalities. In terms of this Notice the KOSH area was not declared a metropolitan area which means that all the municipalities will remain Category B Municipalities operating within the area of jurisdiction of Category C Municipality.

4. Transitional Local Councils in the KOSH Area

The political structures, administrative structures and the budgets of the Transitional Local Councils in the KOSH area are presented below:

4.1 Political Structures

Table 1: Political Structures of Transitional Local Councils

Municipality		Number of Councillors	Ward Councillors	Proportional Councillors
1.	Klerksdorp	30	18	12
2.	Orkney	24	14	10
3.	Stilfontein	19	12	07
4.	Hartebeesfontein	09	06	03

4.2 Administrative Structures

The present administrative structures of municipalities are as follows:

Table 2: Administrative Structures of Transitional Local Councils.

Municipality				
Personnel	Klerksdorp	Orkney	Stilfontein	Hartebeesfontein
Town Clerk	1	1	1	1
Town Secretary	1	1	1	1
Town Treasurer	1	1	1	1
Heads of Departments	6	4	5	3
Number of Employees	1700	480	379	88

4.3 Budget

The budgets of the municipalities in the KOSH area for 1998/1999 Financial Year (in Millions) are as follows: -

Table 3: Budgets Transitional Local Councils

Municipality				
Expenditure	Klerksdorp	Orkney	Stilfontein	Hartebeesfontein
Capital Expenditure	R23,1m	R3,6m	R2,38m	R0,446m
Current Expenditure	R182,4m	R45,6 m	R39,07m	R6,594m

5. Infrastructure and Service Provision by Transitional Local Councils

Municipal infrastructure and service provision is an important ingredient in improving the living conditions of the community. This has a potential of stimulating the local economy and creating job opportunities.

5.1 Bulk Water Supply

The source of water for Klerksdorp, Orkney and Stilfontein is the Vaal River which is purified by the Midrand Water Board to serve the reservoirs of the three municipalities by means of an integrated pipe network. Hartebeesfontein uses groundwater as an own source of supply.

5.2 Electricity Supply

ESKOM serves the KOSH area with electricity from fossil fuel power station within the proximity of the North West Province. In Klerksdorp bulk users are charged at the current ESKOM rate plus 15% with further reductions in the off peak time rates. These rates differ from the rates of other municipalities in the KOSH area. Each municipality acquires electricity from ESKOM on its own.

5.3 Roads

The KOSH area has the advantage of being served by excellent road links to its immediate neighbours as well as the Republic of South Africa and beyond (Wesvaal Business Guide, 1998:7). Klerksdorp has a well developed road infrastructure linking the city to the surrounding towns via provincial roads and to the Cape Town via Kimberley; and via Klerksdorp, Stilfontein, and Potchefstroom to the Gauteng and Free State Provinces (City Council of Klerksdorp, 1997:9).

Each municipality has a department which deals with road maintenance and construction, and there is no overarching authority to connect various towns in the KOSH area despite such a need.

5.4 Sewerage and Refuse Disposal

At present each municipality performs these functions independently from one another, and each has adequate facilities. A new sewer plan will be needed for the expansion between Orkney and Jouberton in Klerksdorp due to the development of the areas. The rates for sewerage and refuse disposal differ from one local authority to another.

6. Southern Transitional District Council

This section deals with Transitional District Councils in the North West Province and the political structure, budget and services delivered by the Southern Transitional District Council.

6.1 Transitional District Councils in the North West Province

Currently the North West Province has five Transitional District Councils, namely Eastern, Rustenburg, Southern, Central and Bophirima. These District Councils are based on the areas of the Regional Services Councils that were formally part of Bophuthatswana “Homeland” State. The Southern Transitional District Council is the successor of the former Klerksdorp Regional Services Council and has an urban concentration in comparison with other Transitional District Councils.

According to the Report of the Department of Local Government in the North West Province, approximately 2.2 million people (65%) live in the rural parts of the Province.

Table 4: Estimated Rural Population in the North West Province

District	Rural Communities	Rural Villages	Population
Eastern	65	15	675 000
Central	210	14	493 462
Bophirima	443	17	378 620
Rustenburg	68	16	354 780
Southern	15	12	245 062

Source: Department of Local Government, North West Province, 1999

The rural population in the North West Province as mentioned at Table 4 does not include the population in the KOSH area which is estimated to about half a million (500 000).

6.2 Services Delivered by the Southern Transitional District Council

The Southern Transitional District Council addresses regional challenges and is a form of municipal authority which assists in the development of municipalities operating in its area of jurisdiction. In discharging its mandate, it also strives to ensure integrated development planning, infrastructure development, technical assistance to local councils and direct service provision to the rural areas.

The legislation which empowers the Southern Transitional District Council to perform its functions is the **Regional Services Council Act**, 1985 (Act 109 of 1985). Schedule 2 of the Act outlines the functions of Regional Service Councils which include bulk supply of water, electricity and sewerage to the municipalities falling in its area of jurisdiction.

The contractual agreement entered into between the Southern Transitional District Council and Klerksdorp, Orkney and Stilfontein municipalities stipulates that the Southern Transitional District Council will provide infrastructure for bulk water and bulk sewerage whereas the aforementioned municipalities will acquire these services directly from the Midrand Water Board.

In the past two years the Southern Transitional District Council provided the following infrastructure services to the KOSH municipalities: -

- Jouberton / Klerksdorp upgrading of sewerage and treatment;
- Jouberton water pumpstation;
- Kanana upgrading of main water supply;
- Tigane sewerage scheme; and
- Orkney water pumpstation and Kanana reservoir.

6.3 Political Structure

The Southern Transitional District Council comprises 30 councillors representing Transitional Local Councils, Transitional Representative Councils, rural villages as well as representatives from sectors falling within its area of jurisdiction. (See Annexure J). In accordance with the North West Proclamation, 1995 (Proclamation 90 of 1995), the MEC for Local Government is empowered to establish the Transitional District Council and its present composition is as set out in Table 5.

Table 5: Political Structure of the Southern Transitional District Council

Transitional Local Councils	No. of Councillors
1. Klerksdorp	3
2. Orkney	2
3. Stilfontein	2
4. Hartebeesfontein	1
5. Potchefstroom	3
6. Fochville	1
7. Wedela	1
8. Ventersdorp	1
9. Wolmaranstad	1
10. Makwassie	1
11. Christiana	1
12. Boemhof	1
13. Leeudoringstad	1
Transitional Representative Councils	
1. Witpoort	1
2. Amalia	1
Rural Villages	
1. Doorkop	1
2. Migdol	1
3. Mogopa	1
4. Regsmitbult	1
Sectors appointed by the MEC for Local Government	
1. Traditional Leaders	1
2. Women Organisations	1
3. Levy Payers	2
4. Farm Labourers	1
TOTAL	30

6.4 Budget

Budget of the Southern Transitional District Council for 1998/1999 and 1999/2000 financial years is as follows: -

Table 6: Budget for the Southern Transitional District Council in Rands

FINANCIAL YEAR	1998/1999	1999/2000
Income	112m	110m
Capital Expenditure	107m	104m
Current Expenditure	5.495m	5.581m

Source: Financial Report, Southern Transitional District Council, 1999

The major source of revenue for the Southern Transitional District Council is the regional establishment levy (tax on business turnover), regional service levy (based on the wage bill of employers) and loans from the Development Bank of Southern Africa (DBSA). About 60% of the levy generated by the Southern Transitional District Council originate in the KOSH area.

7. Problems with the *Status Quo*

The integration of the municipalities done in accordance with the **Local Government Transition Act, 1993** (Act 209 of 1993), resulted in the problems outlined below:

7.1 Amalgamation during Transition

The current municipalities in the KOSH area were established in accordance with the transitional process outlined in the Local Government Transition Act of 1993 (Act 209 of 1993), namely a pre-interim, interim and final phase. At present the transition is in the interim phase which started after the first democratic Local Government elections which were held on 01 November 1995 until and will end when the second democratic elections are held in November 2000.

According to Pycroft (1999: 181) this was a transition from apartheid orientated municipalities to deracialisation of local government which resulted in the creation of single amalgamated local government structures that combine the previously racially segregated elements of each local area.

In the case of KOSH municipalities, it was an integration of: -

- Klerksdorp City Council (for Whites), Jouberton Local Authority (Blacks), Manzilpark and Alabama Joint Management Committees for Indians and Coloureds respectively;
- Stilfontein Town Council (Whites) and Khuma Local Authority (Blacks);
- Orkney Town Council (Whites) and Kanana Local Authority (Blacks) and
- Hartebeesfontein Town Council (Whites) and Tigane Local Authority (Blacks)

This was the only prerequisite for the amalgamation of these municipalities and no emphasis was placed on establishing effective structures to address many service delivery, governance and management problems and most importantly disparities and inequalities resulting from apartheid systems.

The integration of township areas with their concentrations of poverty, high unemployment, associated social problems, poor municipal structure and service backlogs has placed a financial burden on amalgamated municipalities. Since the establishment of the current municipalities in the KOSH area, their revenue bases have not increased proportionately with the new demands of fulfilling the developmental objectives of governance. (Pycroft, 1999:182). The income generated by the KOSH municipalities for the financial year 1998/99 was R303 million.

7.2 Financial Capacity

According to the Project Viability Report (which is the national barometer to monitor the short-term liquidity of municipalities, including payments levels, the positions with regard to arrears and the effectiveness of credit control function) for the North West Local Authorities which was released by the North West Provincial Department of Local Government and Housing in March

1999, the financial status of Orkney Local Authority is stable, Hartebeesfontein is vulnerable, whereas Klerksdorp and Stilfontein is deteriorating rapidly.

In terms of criteria set by the Department (Department of Local Government, 1998:8):

- Stable means the bank balance of the local authority is increasing at a greater rate than the debtors;
- Vulnerable means debtors are increasing more than balance; and
- Rapid deterioration means dramatic increase in debtors and dramatic decrease in bank

The assessment was based on two important indicators namely the total debtors and the bank balance of municipalities in the North West Province. This report highlights financial weaknesses in the KOSH municipalities which require imminent intervention to achieve stabilisation and turn around strategy for the distressed local authorities.

7.3 Administrative Capacity

Lack of administrative and technical capacity coupled with the inability to recruit these staff is a problem which affect the local councils in the KOSH area. The vacancy posts in these municipalities are advertised internally and as a result the current staffs fill them. There is no opportunity to attract people from outside. The problem is serious in Hartebeesfontein and Stilfontein.

Hartebeesfontein is a Grade 4 Local Council and its remuneration package disadvantages it to attract competent and qualified personnel who will contribute to the delivery of service. Its salary structure is not competitive with the private sector and other municipalities. The Stilfontein municipality is unable to encourage the residents to pay for their services and as such it is unable to attract the necessary administrative staff.

Councils have had to manage the amalgamation of administrative staff from two separate structures, the white town councils where autonomous administration operated under apartheid, and its neighbouring black townships which were generally administered by the former

provincial administration (Pycroft, 1999:182). In the case of the KOSH municipalities, townships (Jouberton, Kanana, Khuma and Tigane) were administered by the former Transvaal Provincial Administration.

7.4 Duplication and Overlapping of Functions

Local government councils in the KOSH area operate as autonomous and separate entities in the delivery of services to the communities. They have different councils, personnel, budget and they differ in the way they function.

The four councils combined have 82 councillors elected on ward and proportional representation systems. This number is high considering the distance between areas in the KOSH area, interdependence and inability of the economy, population size and the need to redirect the budget to programmes that will contribute to the development of the economy and improved service delivery.

The total number of personnel for the local authorities is 2647. According to Pycroft (1999:182) amalgamated municipalities have frequently found themselves burdened with an overstaffed middle and lower echelon and with a range of complex administrative problems related to conditions of service and pay parity.

With a budget of R 303,45 million combined the local councils find themselves spending unacceptable high proportions of income on salaries and related operation expenditure.

The local authorities spend about R 30 million on capital expenditure and the rest on current expenditure and as such they are unable to ensure infrastructure development and create job opportunities.

Giving the above there is duplication of functions and services because councils functions independently from each other. The local councils only coordinate their efforts at Southern District Council level.

7.5 Lack of Coordination and Cooperation

Despite the fact that the municipalities in the KOSH area are close to one another, there is no cooperation, coordination and partnerships in their functions and provision of service to the communities. They do not even have informal cooperation where exchange of learning experience; sharing of staff; technology and equipment; joint investment projects and given the provincial influence of the area, strong bargaining power could take place.

As a result of lack of coordination of activities and functions, wasteful competition and costly duplication is borne, and the already meagre resources are not utilised optimally. It is estimated that millions of rands could be saved annually when coordination and cooperation between the KOSH municipalities takes place.

8. Evaluation of the Options for Local Government Transformation in the KOSH area.

After the new constitutional dispensation of 1994 all the local government councils in South Africa were created in accordance with the Local Government Transition Act, which effectively only deracialised the system of local government through the amalgamation of former racially-based structures. This Act did not provide a final blueprint for a new local government system in South Africa but only sketched a transitional process comprising pre-interim phase, interim phase and final phase. It is because of that reason that the transformation of local government into a democratic, developmentally oriented and accountable component of government is continuing unabatedly. In order to fulfill this role effectively, local government will have to be transformed into an instrument for the implementation of the RDP and GEAR Strategy.

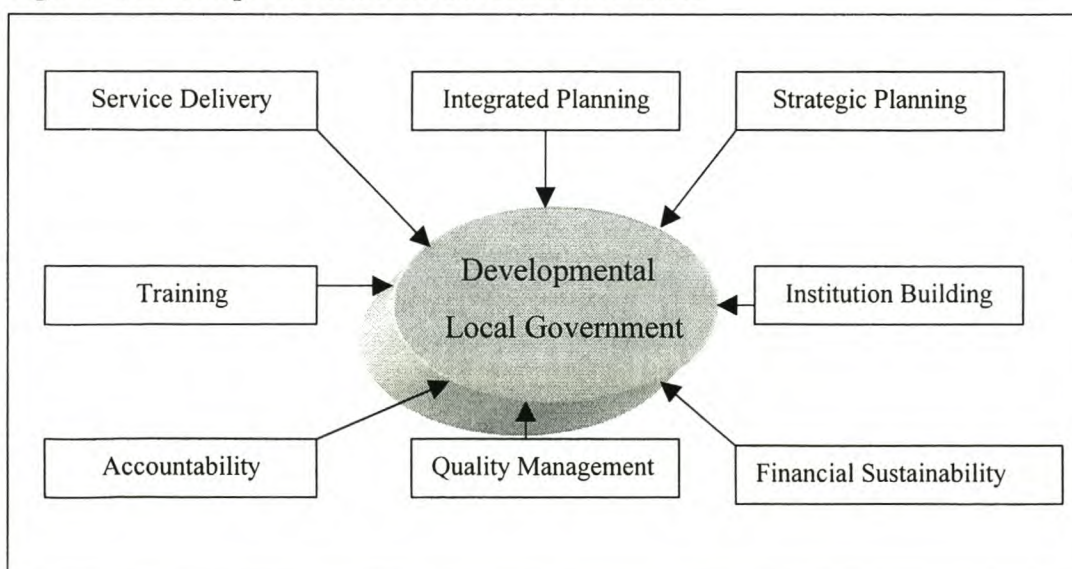
The whole process of transformation of local government is spelt out in the White Paper on Local Government which was released in 1998. Subsequent to this new legislation i.e. Municipal Structures Act of 1998 and Municipal Demarcation Act of 1998 was passed by the government to give effect to this transformation process. The Municipal Structures Act of 1998 provides for the establishment of municipalities according to categories and types. The Municipal

Demarcation Act of 1998 provides for the establishment of an independent authority called the Municipal Demarcation Board that will determine municipal boundaries in accordance with the criteria and procedures set out in the act. The process to enact the Municipal Systems Bill is also presently ongoing. This bill provides for the establishment of developmental local government and focuses on aspects such as performance management, integrated development planning, human resource management, training and labour relations within structures of local government.

In line with the transformation of local government in South Africa, the study looked into a model of local government in the KOSH area to ensure the realisation of developmental local government that will promote financial sustainability, local economic development and poverty alleviation in the area. Three options were explored, namely the *status quo* of four transitional local councils with municipal executive and legislative authority in their areas, falling within the area of a Southern Transitional District Council; an amalgamation of the transitional local council into a metropolitan municipality without sub-councils as well as the establishment of an amalgamated Category B Municipality in the KOSH area.

Whichever the municipal structure is to be established in the KOSH area, it will be confronted with daunting challenges of taking appropriate actions to overcome the growing, serious problems of exclusion, deteriorating living conditions and the degradation and disorganisation of the area. These could be realised by the establishment of a developmental municipal structure underpinned by critical issues as outlined in Figure 4.

Figure 4: Developmental Local Government Model



In order to accomplish the above objectives it is important to revisit the current structures of municipalities in the KOSH area based on one of the models investigated in this study. The results of the study will be outlined in the following chapter based on the conclusion and recommendations.

9. Conclusion

The background and profile given above is necessary to determine what type of municipality should exist in the KOSH area. The analysis is that there are also problems which impact on service delivery and sustainable development in the KOSH area.

CHAPTER V

CONCLUSION AND RECOMMENDATIONS

1. CONCLUSION.

The purpose of the study was to investigate a viable and development structure of municipality that would provide optimum governance and improve service delivery for the KOSH area. Three options were explored and they are the *status quo*, a metropolitan municipality without sub-councils and an amalgamated municipality operating as Category B in the area of a Category C Municipality within which the whole area it falls.

From the exposition made in the previous chapters, it is clear that the transformation and reorganisation of the local government system and structure in South Africa is not only necessary but also inevitable. The challenge facing South Africa therefore is to entrench and deepen new systems and structures of government which address the developmental needs of the South African society at local level.

The study has revealed that at the present conjuncture, it is not possible and viable to establish a metropolitan municipality without sub-councils in the KOSH area. The characteristic features which define a metropolitan municipality as contained in the Municipal Structures Act of 1998 do not fit the KOSH area. Firstly, a Metropolitan area must have a conurbation featuring a high population density. The total population in the KOSH area is less than half a million whereas where metropolitan municipalities are established, its population is more than one million.

Secondly, even if the KOSH area lies within the heart of what are arguably the richest gold, platinum, nickel and diamond deposits to be found anywhere in the world and is also the springboard to some of the most interesting and varied tourist, anthropological, historical and ecologically significant destinations on the subcontinent, the area has agricultural features which are not always associated with a metropolitan area.

Thirdly, generating 25% of the GGP of the North West Province, the KOSH area is the economic nucleus of the province. Its economic viability because of its close proximity to Gauteng Province makes it a practical choice for the future business expansion and relocation. However, its economic base does not qualify it to be a metropolitan municipality.

Fourthly, the society in the KOSH area is overwhelmingly integrated with linked lifestyles and common interests and values. The only exception is with regard to the previous cultural and racial stereotypes linked with the previous systems of apartheid. Indeed there is an existence of strong occupational structure and infrastructure in the KOSH area.

According to a preliminary framework on the nodal points for Metropolitan and District Council areas in South Africa, released by the Municipal Demarcation Board on the 28th of June 1999, the KOSH area is not part of those areas identified for possible establishment of metropolitan municipalities. This is a blow and setback to any effort to establish a metropolitan municipality in the KOSH area.

Having considered the above, the establishment of a metropolitan municipality in the KOSH area is not a possible and viable option in the nearest future.

The *status quo* of autonomous municipalities in the KOSH area has its own problems. Some of the municipalities like Stilfontein and Hartebeesfontein are unviable and cannot optimally realise the development objectives of local government. The Project Viability Report has revealed that the financial health of some municipalities warrants a turn around strategy to improve service delivery.

It must be remembered that the current municipalities in the KOSH are products of a negotiated settlement established in accordance with the Local Government Transition Act of 1993 and as such the demarcation of all municipal and ward boundaries throughout South Africa will be determined or redetermined by the Municipal Demarcation Board specifically created for this work

When the municipal boundaries of the KOSH area were determined emphasis was not placed on effective structures to address many of the problems of service delivery, governance, management problems and dealing with disparities and inequalities resulting from apartheid system.

All four municipal councils have their own councillors, personnel, budget and the way they function, duplication and overlapping occurs. Expenditure could be redirected to improve service provision and stimulate local economic growth and development.

In the light of all arguments advanced in this study, it remains now to be determined whether the hypothesis stated in Chapter I have been satisfactorily verified. It has been proven that the establishment of an amalgamated Category B Municipality in the KOSH area will provide plans for local distribution and re-engineering; avoid duplication and overlapping of services in the KOSH area, and to a certain extent offer citizens a platform to influence decisions and reduce costs.

It is the considered view that the amalgamation of municipalities in the KOSH area into a larger municipal jurisdiction with the necessary capacity and financial base to sustain local government becomes a necessity.

The amalgamated municipalities will reduce the number of councillors and also clear needless confusion as to responsibilities. Politicians are made more accountable and work for their pay unlike in the present arrangement and above all, city services are distributed strategically across the amalgamated municipality and no area have more than what it needs.

Because revenue and expenditure are centrally administered, there is no duplication of services and the municipality saves million of Rands. The bargaining power of the municipality becomes strong because of its increased size and authority. With the establishment of ward committees, strong representative local government can increase participation of citizens in local government affairs, thus ensuring their influence in decision-making processes.

The establishment of an amalgamated Category B Municipality will also make it possible for integrated development planning, coordinated public investment in physical and social infrastructure, and most importantly economic development.

Notwithstanding the above effects of an amalgamated municipality in the KOSH area, there are also negative aspects that must be taken into account when establishing such a structure. These negative effects were addressed in Chapter V. They must be given serious consideration and strategies need to be developed to counter each negative aspect.

From all the facts emanating from this study, it can be concluded that the establishment of an amalgamated Category B Municipality in the KOSH area is a viable option in meeting the developmental objectives of local government. Specific attention needs to be given to the intervention strategy outlined in the Municipal Systems Bill of 1999 particularly establishing Municipal Service Partnership and Municipal Internal Service District.

2. RECOMMENDATIONS

The new model as proposed should build on the already existing partnerships in order to consolidate its effort to improve service delivery and ensure optimum governance in the KOSH area, and in this regard the Municipal Service Partnership is of critical importance.

In case that the four mentioned municipalities wish to explore this possibility, the following recommendations are placed forward as fields of further research: -

- The implications that this amalgamation will have on the Southern Transitional District Council;
- the concomitant substantial reduction in the amount of councilors when enlarging the size of the wards;
- the re-demarcation of municipal boundaries in the KOSH area;

- the appointment of a technical task team to ensure that the process is carried forward;
- the establishment of a forum where consultation with the relevant stakeholders to solicit their views . It is important to consider people as participants in decision making and see them as partners to governance;
- make a comparative study with other countries on the workings of the integrated municipalities; and
- encouragement of the private sector to invest and participate in municipal infrastructure and service delivery in the manner which enhance and not weaken public accountability over municipal service delivery.

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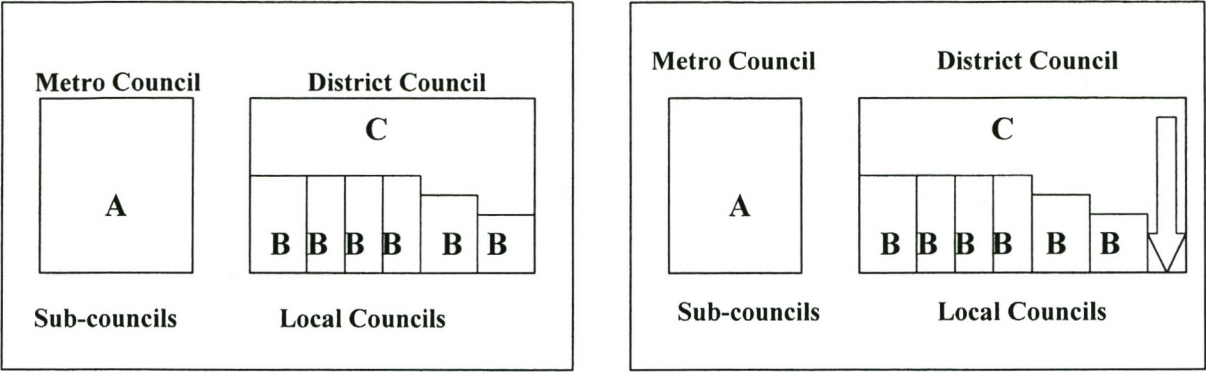
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ANNEXURE A

Categories of Municipalities



ANNEXURE B

POWERS AND DUTIES OF A TRANSITIONAL METROPOLITAN COUNCIL REFERRED TO IN SECTIONS 7 (1)(b), 8(2) AND 10(3)(h) OF LOCAL GOVERNMENT TRANSITION ACT (ACT 209 of 1993)

1. Bulk supply of water
2. Bulk supply of electricity.
3. Bulk sewerage purification works and main sewerage disposal pipelines for the metropolitan area.
4. Metropolitan co-ordination, land usage and transport planning:
5. Arterial metropolitan roads and stormwater drainage.
6. Passenger transport services.
7. Traffic matters.
8. Abattoirs.
9. Fresh produce markets.
10. Refuse dumps
11. Cemeteries and crematoriums
12. Ambulance and fire brigade services.
13. Hospital services.
14. Airports
15. Civil protection
16. Metropolitan libraries.
17. Metropolitan museums.
18. Metropolitan recreation facilities.
19. Metropolitan environment conservation
20. Metropolitan promotion of tourism
21. Metropolitan promotion of economic development and job creation.
22. The establishment, improvement and maintenance of other metropolitan infrastructural services and facilities.
23. The power to levy and claim-

- (a) the regional services levy and the regional establishment levy to in section 12(1) (a) of the Regional Services Council Act, 1985 (Act No. 109 of 1985), or section 16(1)(a) of the Kwazulu and Natal Joint Services Act, 1990(Act No. 84 of 1990), as the case may be;
 - (b) levies or tariffs from any transitional metropolitan substructure in respect of any function or service referred to in items 1-22; and
 - (c) an equitable contribution from any transitional metropolitan substructure based on the gross or rates income of such transitional metropolitan substructure.
24. The receipt, allocation and distribution of intergovernmental grants.
25. The power to borrow or lend money, with the prior approval of the Administrator, for the purposes of or in connection with the exercise of performance of any power or duty.

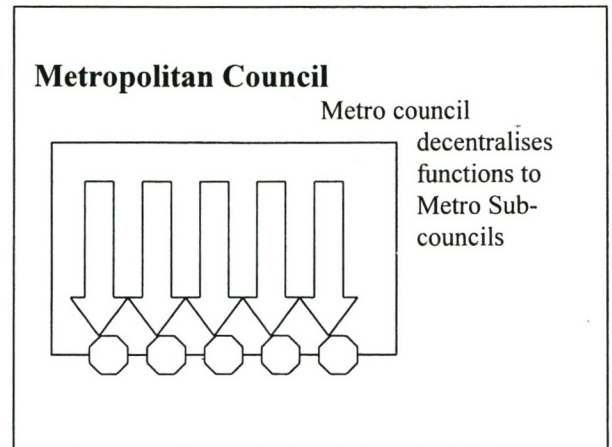
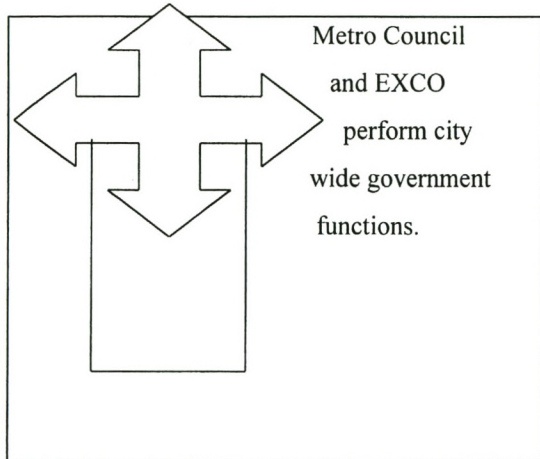
ANNEXURE C

CURRENT METROPOLITAN AREAS IN SOUTH AFRICA.

PROVINCE	METROPOLITAN COUNCILS	METROPOLITAN SUB-COUNCILS
Gauteng	-Witwatersrand Metropolitan Council	Southern, Northern, Eastern and Western
	-Kyalami Metropolitan Council	Kempton Park and Edenvale
	-Greater Pretoria Metropolitan Council	Acarcia, Centurion and Pretoria
	-Vaal Metropolitan Council	Eastern and Western
Western Cape	Cape Metropolitan Council	Oostenberg, Southern Peninsula, Helderberg, Blaauberg, Cape Town and Tygerberg
Kwazulu-Natal	Durban Metropolitan Council	North Central, North South, Inner West, South, Outer West and Central

ANNEXURE D

Models of Metropolitan Municipality



ANNEXURE E

FACTORS TO BE TAKEN INTO ACCOUNT IN DETERMINING A METROPOLITAN AREA IN ACCORDANCE WITH SECTION 25 OF THE LOCAL GOVERNMENT: MUNICIPAL DEMARCATION ACT (ACT 27 OF 1998).

- (a) The interdependence of people, communities and economies as determined by
 - (i) existing and expected patterns of human settlement and migration;
 - (ii) employment;
 - (iii) community and dominant transport movements;
 - (iv) spending; and
 - (v) the use of amenities, recreational facilities and infrastructure;
 - (vi) commercial and industrial linkages;
- (b) The need for cohesive, integrated and un-fragmented areas;
- (c) The financial viability and administrative capacity of the municipality to perform municipal functions effectively and efficiently;
- (d) The need to share and redistribute financial and administrative resource;
- (e) Provincial and municipal boundaries;
- (f) Existing and proposed functional boundaries, including magisterial districts, voting districts, health, transport, police and census enumerator boundaries;
- (h) Existing and expected land use, social, economic and transport planning;
- (i) The need for coordinated municipal, provincial and national programmes and services, including the need for the administration of justice and health care;
- (j) Topographical, environmental and physical characteristics of the area;
- (k) The administrative consequences of its boundary determination on
 - (i) municipal creditworthiness;
 - (ii) existing municipalities, their council members and staff; and
 - (iii) any other relevant matter; and
- (l) The need to rationalise the total number of municipalities within the Metropolitan government to achieve the objectives of effective and sustainable service delivery, financial viability and macro-economic stability.



W. A. F.

REPRESENTATIVE OF THE FARMER
Mark Wainwright

G.I.R.S.

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Tel 010 364-9948

Magisterial districts: Surveyor General
Villages, police, hospitals: Eskom Help database, 1999
Roads: Department of Public Works
Towns: Various sources

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ANNEXURE H

ECONOMIC PROFILE OF KOSH

	Sectoral contribution to GDP	Location quotient ¹	Shift share ²
	91 : 94	91 : 94	88- 91: 91-94
Agriculture	0.6 : 1.6	0.1 : 0.2	0.9 : 30.8
Mining	65.2 : 58.9	1.5 : 1.5	99 : 45.8
Manufacturing	3.4 : 3.3	0.3 : 0.4	9.5 : 1.9
Electricity	1.3 : 1.3	1.0 : 1.0	4.5 : 0.6
Trade	8.5 : 9.2	0.9 : 0.9	30.6 : 28.1
Construction	4.4 : 4.3	1.3 : 1.3	13.6 : 2.4
Transport	1.3 : 1.4	0.5 : 0.5	1.7 : 1.2
Finance	9.7 : 8.0	0.9 : 0.9	33.8 : 49.6
Services	1.6 : 8.4	0.6 : 0.6	6.3 : 39.6
Government	2.0 : 4.0		
TOTAL	100 : 100	1.0 : 1.0	87.2 : 71.8

Source : Development Bank of Southern Africa (DBSA), 1995

¹ Location quotient: An indication of the comparative advantage of an economy

² Shift share: the shift is the relative share of a sub-regional economy, can be estimated by allowing e.g the 1970 GGP in the sub-region to grow at the regional growth rate, and comparing the results

ANNEXURE I

SOCIO-DEMOGRAPHIC PROFILE OF KOSH AREA

	Klerksdorp	Orkney	Stilfontein	Hartebeesfontein	Mining areas	Total
Population						
White	48 839	14 500	16 000	1 128	1 390	81 857
Black	140 000	84 198	64 836	17 387	62 890	369 311
Coloureds	10 811	-	100	13	13	1 564
Indians	1560	-	4	-	-	
TOTAL	201210	98698	80940	18515	64293	463656
Housing						
Formal houses	16 352	5953	5864	625	1669	30463
Flats (no. Units)	2208	452	274	69	24	3027
Informal structure not on stands	6688	4750	1285	925	0	20433
Single quarters	0	93	300	0	72247	72640
Businesses	2075	333	309	86	21	2824
Industries	328	60	53	15	-	456
Education						
Primary Schools	25	8	9	4	2	48
Secondary Schools	14	2	2	1	1	20
Tertiary Institutions	8	0	0	0	1	9
Health Care						
Provincial Hospitals	2	0	0	0	0	2
Private Hospitals	2	1	0	0	2	5
Clinics	3	4	4	4	1	16

Sources: Metroplan Surveys 1997, Development Bank of Southern Africa (DBSA) 1995 and Central Statistic Services. (CSS) 1997.



DISTRICT COUNCIL

Study Area (Southern District)

TRANSITIONAL LOCAL COUNCILS

Bloemhof
Christiana
Schweizer-Reneke
Wolmaransstad
Leeudoringstad
Makwassie
Hartbeesfontein
Orkney
Klerksdorp
Stilfontein
Potchefstroom
Venterdorp
Fochville
Wedela

TRANSITIONAL REPRESENTATIVE COUNCILS

Amalia
Witpoort



SOUTHERN DISTRICT SETTLEMENT STRATEGY

LOCAL AUTHORITIES



Date:
Sep 1996

Scale:
1: 1 000 000

Figure No:
4

