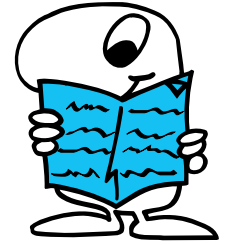


Initiative for Sub-District Support



Kwik-Skwiz #18

Local Government Transformation: A guide for health workers

This Kwik Skwiz aims to provide an overview of the current situation and future changes in local government.

- This will assist anyone working within the health sector to understand the changes and to contribute to the transformation process.
- The overview describes the new responsibilities allocated to local government, the methods being developed to enable local government to function more efficiently, the demarcation process, the new types of municipalities to be introduced, and the changing relationship between local government and the health sector.

File for quick reference

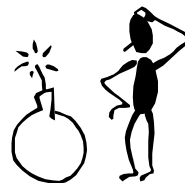


1. Why is it important to know about local government?

Local government in South Africa has been undergoing significant changes in the last few years. Our new Constitution gives expanded responsibilities to local government and new policies are being implemented which will change the way municipalities function.¹ It is important to understand these changes, because whether you are from a non-governmental organisation, a private company, or a government department, it is likely that the new policy and legislation will have an impact on your work.

The changes in local government will have a significant influence on the health sector, for local government currently delivers some health services and will play an important role in the district health system which is being established (the role may differ according to the

municipality). Furthermore, local government is in an excellent position to mobilise communities and to facilitate the interaction between different role-players in the health sector, such as national government, provincial government, and the private sector, as well as other sectors such as housing and water affairs.



2. Local government and the legacy of apartheid

In some provinces of South Africa, there are areas where there is virtually no effective local government body which provides basic services to the local population. In other provinces, local government is relatively well-developed and structured (especially in areas of the old Cape Province).

¹ "Local Government" refers to a sphere of government. "Municipality" refers to a local government body. There are different types of municipalities.

This situation is largely due to apartheid legislation which classified people into different racial groups and then set up separate structures of governance. The burden of the past is now carried by municipalities, which must cope with the following:

- An unequal distribution of resources (affluent and informal settlement areas combined within one municipal area);
- Huge backlogs in service delivery and limited resources to address these backlogs;
- The on-going cost of segregation. Black people were usually housed far from their places of work, and the cost of providing services to such areas will have to be subsidised on an on-going basis.



3. The transformation process

The transformation of local government was set out in three stages in 1993:

1. the pre-interim phase, which set up structures to govern until the local government elections in 1995/96;
2. the interim phase, beginning with municipal elections and lasting until a new system was designed and legislated; and
3. the final stage, when the new system would be established.

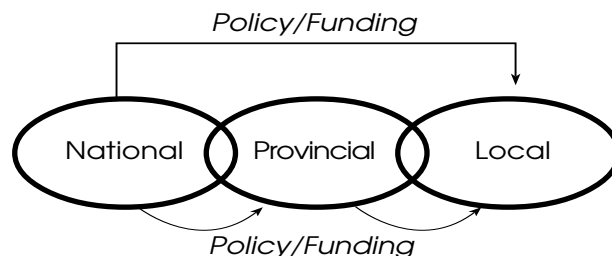
We are currently in the interim phase: the policy has been formulated in the Local Government White Paper, and some of the legislation has already been passed. The final stage will be complete with the establishment of new structures and municipal elections, which must take place no later than November 2000.

3.1 From Tiers to Spheres

When our Constitution was passed into law in 1996, the role of local government was significantly changed. Whereas before local government was considered to be a tier which fell under the authority of national government, the Constitution established three spheres of government. Each sphere is to function in its own right, while at the same time governing in co-operation with the other two spheres. (Note that provincial government was established as a new, elected sphere of government).



Tiers (pre-1996)



Spheres (post-1996)

Figure 1: Tiers to spheres

It is important to note that the local sphere of government is still subject to national and provincial legislation, monitoring, and funding.

3.2 The shift to developmental local government

Chapter 7 of the Constitution states that local government is granted some degree of autonomy and has expanded responsibilities, some of which were previously the responsibility of national government. The biggest change is that local government is now expected to play a key role in development initiatives.

The transfer of these new responsibilities is called the shift to *developmental local government*. Some of the functions which the local sphere must now deliver are:

- the promotion of local economic development, for example, through job creation;
- the co-ordination of national and provincial government, parastatal, private sector, and community initiatives;
- the redistribution of income opportunities to the poor;
- the promotion of active community participation in municipal decision-making processes; and
- integrated development planning.

In the case of metropolitan areas, many of these functions are already being performed. It is for cities, towns, and rural areas that the new constitutional mandate has the

greatest implications. The greatest concern of local government is whether the allocation of additional functions will be accompanied by the funding and capacity that are needed to fulfil these new functions.



4. What are the transformation tools?

4.1 *New planning method: Integrated Development Planning*

To drive the transformation process, two laws have been passed which encourage municipalities to formulate development objectives.

- The Development Facilitation Act, No 67 of 1995 requires municipalities to formulate Land Development Objectives (LDOs). (This does not apply to the provinces of KwaZulu-Natal and Western Cape, which are producing their own planning legislation.) LDOs set targets for service delivery, describe the land use of the area, and plan development initiatives.
- The Local Government Transition Act (Second Amendment Act) No 97 of 1996 requires municipalities to formulate Integrated Development Plans (IDPs). IDPs are like LDOs, except that they contain two additional requirements: municipalities will have to demonstrate how their development plan will be funded and how their administration will be restructured in order to meet development goals. While the IDP process is potentially a powerful tool for transforming the local sphere of government, the manner in which IDPs are formulated will determine whether they reflect the priorities of local residents.

The motivation for municipalities to formulate LDOs and IDPs is that in future, national government will make funding conditional on these objectives and plans being completed. There are moves under way to combine LDOs and IDPs into one planning process.

4.2 *Alternative Methods of Service Delivery*

Local government will also be transformed in the way it delivers basic services. Municipalities need to assess whether services are being delivered efficiently and cost-effectively, and if they are not, whether they have the following options from which to choose:

- Strengthening of the existing capacity of the municipality
- Corporatisation: where the delivery of a service is separated from the municipality with its own budget and autonomy, but is still municipally owned.
- Public-public partnership: municipalities co-operate with each other to provide a particular service.
- Partnership with non-governmental organisations (NGOs) and community-based organisations (CBOs).
- Contracting out: certain services are contracted out to private companies.
- Leases and concessions: services are contracted out for a long period of time (say, 20 years). The contractor takes charge of the assets and is in charge of infrastructure development and revenue collection. This is also a public-private partnership and can be very controversial as it transfers public assets to private control.
- Transfer of ownership (full privatisation): municipal assets are sold to and operated by a private company. Core assets cannot be sold (water, for example).

5. Present and Future Municipal Structures

5.1 The creation of “mega-cities” in metropolitan areas

There are currently six metropolitan areas in South Africa, namely the Cape, Durban, Greater Johannesburg, Vaal/Lekoa, Pretoria and Khayalami Metros. They have a two-tier structure comprising a Metropolitan Council (MC) and Metropolitan Local Councils (MLCs). Voters elected councillors to the MLCs, which in turn elected councillors to the Metropolitan Council.

Under the new system as described in the Municipal Structures Act of 1998, the current two-tier system will be replaced with “mega-cities”. Voters will elect their councillors directly onto the Metro Council, and two scenarios are then possible (see figure 2):

1. The Metro Council decentralises some of its powers and functions (excluding legislative powers) to Metro Subcouncils, to which some of the Metro councillors will be allocated. It is likely that the Subcouncil boundaries will correspond to current Metropolitan Local Council boundaries;
2. The Metro Council is the main administrative body with no Subcouncils, but the Metro Council may allocate some functions to Ward Committees, which will be chaired by the elected ward councillor

Regardless of which scenario is chosen, the new system promotes the concentration of power in the Metro Council.

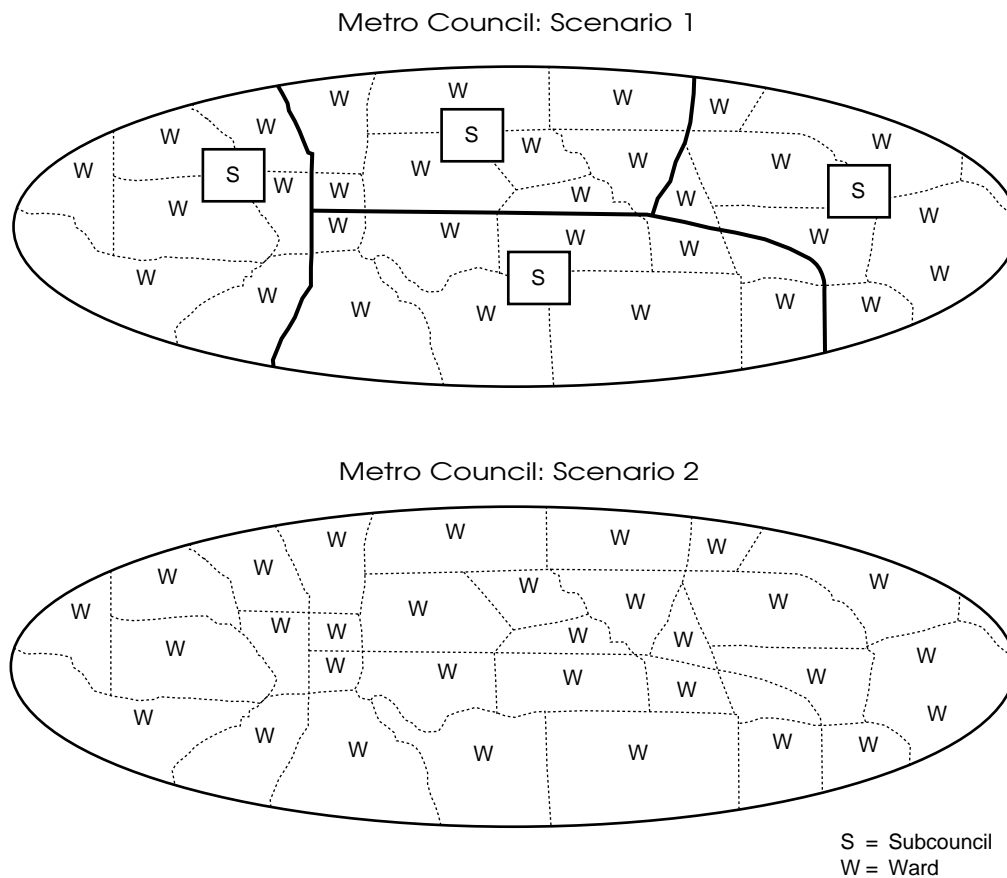


Figure 2: Possible Structures for Metropolitan Municipalities

5.2 Non-metropolitan Areas

5.2.1 The present system

In areas which fall outside the metros, there is also a two-tier system of local government. The *primary tier* consists of different types of structures:

- Transitional Local Councils, which are towns and cities that usually deliver municipal services and have legislative powers (eg create by laws);
- Transitional Representative Councils (TRepCs), which are advisory bodies to the District Councils. TRepCs have no executive powers or capacity to render services. They are found for example in the Northern Cape, Eastern Cape, Mpumalanga, Gauteng and North West;
- Transitional Rural Councils (TRCs), which technically have executive powers and functions, but owing to lack of capacity they effectively function as advisory bodies to District Councils. TRCs are found in the Free State.

The *secondary tier* consists of District Councils. Voters elect their representatives directly onto TRepCs, TRCs, or TLCs, and these bodies then elect members to serve on the District Council. Remaining Areas are those where there is no primary local government and District Councillors are elected directly by voters. This system prevails throughout KwaZulu-Natal, but it also exists in parts of other provinces. In these areas, municipal services are supplied directly by the District Council. District Councils, which were called Regional Services Councils or Joint Service Boards in the past, are generally responsible for bulk service delivery.

5.2.2 How will the system change?

a) Drawing new boundaries

The biggest changes from the present system are that boundaries will change significantly and many rural and urban areas will be combined. The new system is designed to improve service delivery by creating appropriate economies of scale and eliminating duplication and fragmentation. There is some concern that this may create other problems: in larger municipalities, residents may be geographically distant from service centres, and where urban and rural municipalities are amalgamated, rural interests may be subjugated to urban interests.

The boundaries for primary structures in non-metropolitan areas were drawn for political reasons and often did not create financially viable municipalities. The White Paper proposes the amalgamation of rural and urban areas where this will promote effective governance and financial sustainability. In some cases, towns will be combined with each other, and in other cases, the boundaries of towns will be extended to include the urban fringe (where informal settlements are usually located).

The Demarcation Act No 27 of 1998 sets out the factors to be considered when deciding on new boundaries. These include:

- existing and expected patterns of human settlement
- financial viability and administrative capacity of the municipality to perform municipal functions efficiently and effectively;
- existing and proposed functional boundaries, including magisterial districts, voting districts, health, transport, police and census enumerator boundaries;
- the need for co-ordinated municipal, provincial and national programmes and services, including the needs for the administration of justice and health care.

The National Demarcation Board will publicise the process and invite written representations from the public. People working in the health sector should make it a priority to engage in the demarcation process as it is desirable for municipal and health service boundaries to correspond.

b) Establishing new types of municipalities

In addition to the boundaries changing, the TLCs, TRepCs, TRCs, and Remaining Areas will be replaced by the following municipalities (see figure 3):

1. *Local Municipalities*, which may have completely different boundaries from the existing primary structures. In many cases they will combine TLCs with TRepCs/TRCs;
2. *District Municipalities*, which will probably conform closely to the boundaries of existing District Councils. The District Municipalities will also administer District Management Areas, which will have no primary structure.

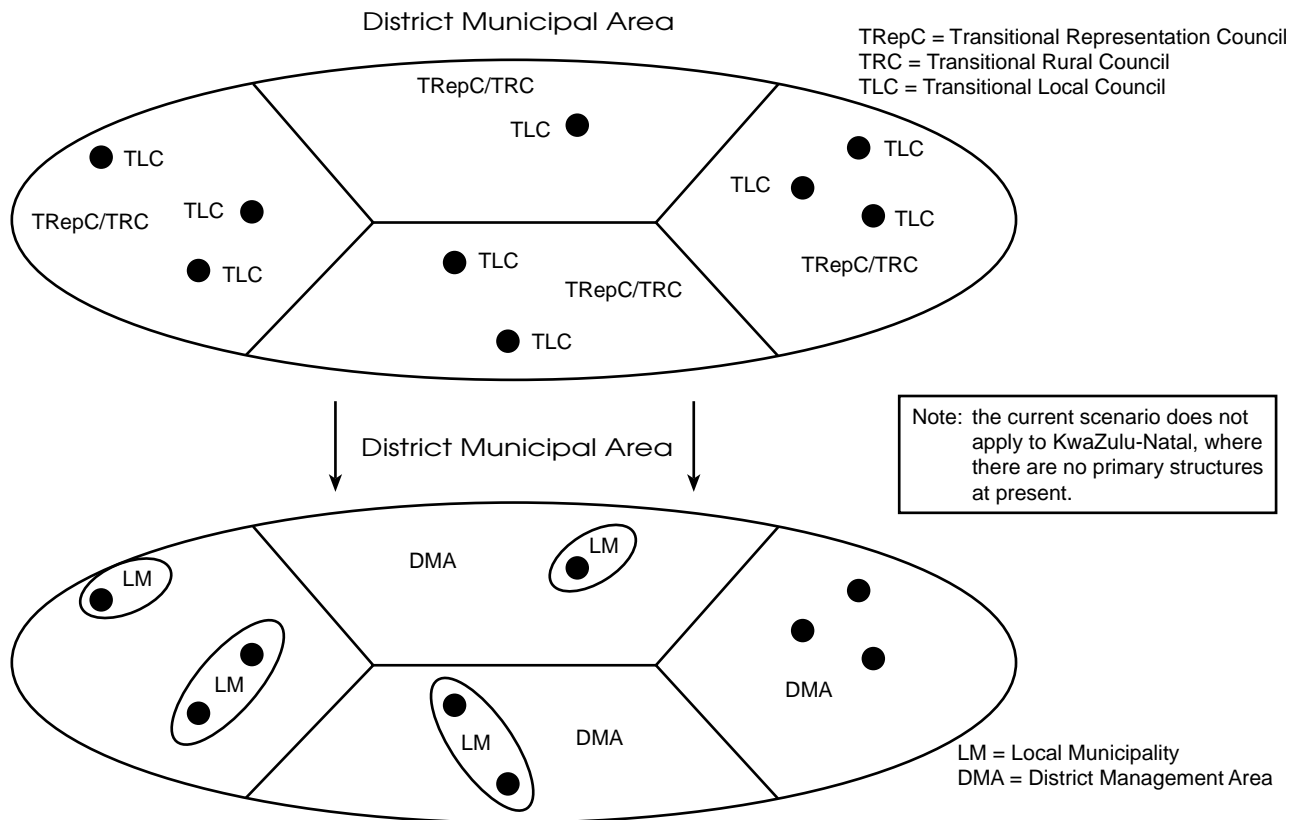


Figure 3: The present situation and possible scenarios in non-metropolitan municipalities. In the above diagram, existing TLC's are either grouped together to form a LM, or are transformed to LM's. Others are transformed to DMA's owing to their sparse populations or other factors such as capacity-issues.

c) Implementation

The implementation of the new system will vary in the provinces. In some areas, both district and local councils are both very weak, and it is likely that provincial authorities will play a strong role in the immediate future until the capacity of district municipalities is built. In other provinces, district councils are well-developed but local councils are weak, and in this situation the district councils will probably remain strong until the capacity of the local municipalities is built. The implementation strategy will therefore be influenced by realities on the ground.

5.2.3 Powers and functions of District and Local Municipalities

The Municipal Structures Act of 1998 stipulates that *District Municipalities* will be responsible for:

- integrated development planning
- provision of bulk infrastructure (water, electricity, sewage disposal, district roads, and health services serving the areas as a whole)
- development of the capacity of Local Municipalities
- promotion of equitable distribution of resources between Local Municipalities

Local Municipalities will retain the functions previously carried out by TLCs. However, if it is clear that a Local or District Municipality does not have the capacity to fulfil one of its functions, that function can then be transferred to another municipality by the member of the executive council (MEC) for local government in the province. The process of re-allocating functions will be a sensitive one. Some municipalities may feel they have the capacity to deliver a particular service, but if the municipality is

deemed unable to perform that function, they may lose it (and the revenue that goes with it).

Health professionals will need to decide whether services should be located at local or district level by assessing the current and potential capacity of municipalities to meet local needs, and then work through the municipalities and the MECs for health and local government to support implementation.

6. What is the relationship between the transformation of local government and that of health?

- According to national health policy, District Health Authorities (DHAs) will be established. Each DHA will have a District Health Council and a management team. The DHA can be a provincial body, local government body, or new statutory institution, but the long-term goal is for the DHA to be part of local government.
- Transformation processes in local government happens concurrently with the transformation of health services towards a District Health care System. Geographically these are happening parallel to each other, in the same “space”.
- A District Health System means having one management team to be in charge of all public sector primary health care (PHC) delivery for a given catchment population in a demarcated geographical area (see National Policy on DHS, January 1996). This means the integration of community-based, mobile, fixed clinic and district hospital services within a geographic area (the health district) under a single management and authority.
- At present local government mainly provides preventive and promotive health care and the treatment of minor ailments. This is done in accordance with the existing Health Act, Act 63 of 1977. These services are subsidised largely by provincial governments. This financial relationship was never guided by any formal, legal documentation. The transformation in both sectors will influence the change in the policy and funding relationships.

7. So what does this mean for health workers?

There is a strong trend towards decentralisation in South Africa and tremendous demands are being placed upon the local government sphere, but local government currently does not have the capacity to accept and carry out additional functions.

It is in this context that the District Health System is being established. The process of developing such a system will have to take account of the local government reality and the various processes that will impact on health service delivery. It will be important for people involved in the health sector to:

- participate in the formation of Integrated Development Plans;
- explore new mechanisms for delivering services;
- engage with the demarcation process;
- engage with the allocation of health service functions to District and Local Municipalities; and
- continue and improve the rendering of high quality health care in an integrated manner.

- Sources:
1. Local Government Transition Act, Act 9 of 1996.
 2. Local Government White Paper, March 1998.
 3. Municipal Structures Act, Act 117 of 1998.
 4. National Department of Health : National Policy on DHS, January 1996.
 5. White Paper for the Transformation of the Health System, 1997.

Comments or criticism?

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