

THE Makings of a metro

MSUNDUZI, MANGAUNG AND BUFFALO CITY MUNICIPALITIES JOIN THE RANKS

The Municipal Demarcation Board (MDB) recently confirmed that Msunduzi, Mangaung and Buffalo City municipalities are to become category A (metropolitan) municipalities, bringing the total number of metropolitan municipalities to nine.

Sections 2 and 4 of the Municipal Structures Act lay the basis for the MDB's authority to determine that an area must have a category A (metropolitan) municipality and the criteria to be used in this regard. Section 2 provides:

An area must have a single category A municipality if that area can reasonably be regarded as –

- (a) a conurbation featuring –
 - (i) areas of high population density;
 - (ii) an intense movement of people, goods and services;
 - (iii) extensive development; and
 - (iv) multiple business districts and industrial areas

In addition, an area must be regarded as a centre of economic activity with a complex and diverse economy, showing strong interdependent social and economic linkages between its constituent units. When municipal boundaries are determined, including those of metros, the MDB is also expected to take into account the demarcation criteria outlined in sections 24 and 25 of the Municipal Demarcation Act. These factors, which range from the interdependence of people, communities and economies to the financial viability and administrative capacity of a municipality to perform municipal functions efficiently and effectively, are all linked to the larger objective of ensuring that municipalities are enabled to fulfil their constitutional obligations.

Stakeholder engagement

Section 4(2) of the Municipal Structures Act provides that the MDB may only determine that an area must have a category A municipality *after* consultation with the Minister for Provincial and Local Government, the MEC for local government in the province concerned and SALGA.

In respect of Msunduzi, Mangaung and Buffalo City, the MDB consulted all of these before taking the final decision on the new metros. Meetings attended by an MDB delegation were

held in the provinces concerned, and a presentation was also made to the South African Cities Network (SACN) with the aim of sharing the rationale behind the MDB's intended action with the country's big cities. The SACN is a body comprising the six metros in the country (Johannesburg, eThekweni, City of Cape Town, Tshwane, Ekurhuleni and Nelson Mandela Bay municipalities), together with the three secondary cities that have now been identified by the MDB to become metropolitan municipalities on the date of the next local elections in 2011. Public opinion was also tested through the section 26 and 21 notices provided for in the Demarcation Act. A number of views and representations were submitted to the MDB by various stakeholders. While some of these spoke directly to the criteria laid down in the Structures Act, others, as far as municipal boundaries were affected, were far removed from the demarcation criteria provided for in sections 24 and 25 of the Demarcation Act.

Issues considered in creating the new metros

The MDB considered a number of indicators, ranging from population size and growth patterns, geographic area and size, density levels, rate of urbanisation, sectors of employment, budgets, economic development and the rates base to staffing levels of the top 15 large category B (local) municipalities, or the so-called secondary cities in the country.

The five big metros have a combined density of more than 1 000 people per square kilometre. The smallest metro, which is Nelson Mandela Bay, has a density of 536/km². This is smaller than Msunduzi's level of 973/km², but bigger than Buffalo City (287/km²) and Mangaung (120/km²). The density levels vary in relation to other category B municipalities. Because of its large geographical size, Mangaung has the lowest density of all the identified secondary cities.

The metros and economic growth and poverty

Large urban municipalities are coping with rapid demographic and economic growth. South Africa's six current metros play an important role in supporting economic growth and combating poverty. Their combined budgeted expenditure comprises 57.5% of all municipal budgets for the 2007/08 financial year. They employ 49.2% of all municipal personnel and contribute 58.6% to the national economy in terms of value of goods and services provided.

Johannesburg contributes 18.13% to the national economy in terms of value of goods and services provided, followed by Cape Town (11.23%), eThekweni (10%), Tshwane (9.2%) and Ekurhuleni (7.08%). Nelson Mandela Bay contributes 2.94%, which is marginally above the non-metro Mangaung, with 2.14%. Buffalo City (1.21%) and Msunduzi (0.74%) are at the tail end of the list.

According to the medium-term estimates released by the National Treasury, the original budgets for operating expenditure increased as follows from 2003/04 to 2007/08: Johannesburg, R11 088 499 000 to R18 389 615 000; Ekurhuleni, R7 032 145 000 to R10 593 608 000; Tshwane, R6 068 408 000 to R7 899 977 000; eThekweni, R7 762 453 000 to R11 155 446 000; Cape Town, R8 465 543 000 to R14 123 493 000; Nelson Mandela Bay, R2 510 568 000 to R5 145 055 000; Buffalo City, R1 159 067 000 to R1 758 449 000; Mangaung, R1 280 398 000 to R1 630 263 000; and Msunduzi, R1 139 193 000 to R1 758 397 000. Compared with other local municipalities, Mangaung, Buffalo City and Msunduzi have a high rates base, with their commercial and industrial nodes showing strong interdependent social and economic linkages.

Urbanisation and the need for single integrated planning

Urbanisation is the process by which people move from rural to urban areas. The term can also refer to a systematic transformation of a rural area into an urban area. Urban areas tend to provide multiple economic activities and employment prospects so people flood to them in pursuit of these opportunities. This process results in many rural people settling around urban areas.

Urbanisation proceeds at different rates in each province, country and region. The Third World countries are urbanising at a faster rate than the First World countries. A World Bank report for 2007/08 suggests that the world will be 65% urbanised by 2025. Research has shown that urbanisation is best managed by unitary metropolitan municipalities. It is the MDB's considered view that the time may be ripe to create additional metros instead of waiting



until 2016, when further reviews of the boundaries of metropolitan and other municipalities may come into effect. There is therefore a need to establish 'core metros' in 2011 and to adopt an incremental approach to reconfiguring the core metros to accommodate other linked areas from adjacent municipalities.

Consequences for affected districts

The creation of metropolitan governments in Mangaung, Buffalo City and Msunduzi municipalities should not have any significant effect on their creditworthiness or that of the affected district municipalities. The municipalities will have precisely the same tax base, as their boundaries have remained the same. There will be little or no effect on the activities of the district municipalities in the metro areas as they do not provide any services within the three secondary cities. These three secondary cities have, by and large, exclusive powers and functions. Simply put, the MDB decision was merely a formalisation of existing arrangements.

The way forward

The creation of three additional metropolitan areas and the extension of the municipal areas of Ekurhuleni and Tshwane are the beginning of a process of reviewing municipal boundaries. As the redetermination of municipal boundaries has been halted to allow for the alignment of voting districts for the 2009 national and provincial elections, and the delimitation of wards for the 2011 local elections, this review process will continue after the 2011 local elections. It is likely that more metropolitan areas will be demarcated and that the boundaries of the nine metros and other municipalities will be further refined from 2011 to 2013.

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