

# Size, efficiency and local democracy in South Africa

## A preliminary assessment

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### **ABSTRACT**

*The objectives of this article are to locate the size of South Africa's metropolitan and local municipalities within an international context; to examine whether local government size has been a factor affecting the performance of local governments and to analyse how South Africa has situated itself within the efficiency–local democracy debate. A number of indicators were used in respect of the different population and geographical sizes of municipalities. The Municipal Demarcation Board created a number of metropolitan and local municipalities which were bigger than its own guidelines. A major reason for this was the belief that larger municipalities are more efficient, promote financial viability and can promote equity. The findings were that larger municipalities do perform better than smaller municipalities, but this is not a consistent trend. There is some evidence that bigger municipalities have led to remoteness. The available evidence suggests that the creation of larger municipalities has not necessarily led to greater efficiency nor has it promoted local democracy.*

### **INTRODUCTION**

Comparatively, South Africa has chosen to operate its local government on an extremely large scale. It has gone for larger municipalities for two main reasons. Firstly, there is the belief that smaller municipalities are inefficient and not financially viable. Secondly, it combined richer white areas with poor black townships in order to create the conditions for the equitable redistribution of services and resources from richer white areas to poorer black areas (Cameron 2006).

However for the political function to be exercised properly there must be sufficient numbers of qualified elected politicians available to do so, and for them to be able to be sufficiently close to and in touch with their electorates to know their needs, views and preferences. Logically, there must come a point when local governments become so big and the ratio of electors to their representatives so large that it becomes difficult for these basic democratic conditions to be met.

This article sets out to test this proposition. Its objectives are:

- to locate the size of South Africa's metropolitan and local municipalities within an international context;
- to examine whether local government size has been a factor affecting the performance of local governments;
- to analyse how South Africa has situated itself within the efficiency–local democracy debate;

It focuses primarily on population size but also considers to a lesser extent geographical size.

## **METHODOLOGY**

The research methodology consisted of:

- The perusal of existing data bases on local government. This enabled researchers to develop a number of indicators in respect of the different population and geographical sizes of municipalities and they were able to draw certain preliminary conclusions;
- An analysis of comparative material on the size of local government;
- A desktop analysis of relevant South African documentation.
- Semi-structured interviews with South African local government stakeholders.
- There are limitations to this research—it is still work in progress. More systematic empirical research is needed to test this relationship between size, democracy and efficiency.

## **REVIEW OF LITERATURE ON THE SIZES OF MUNICIPALITIES**

### **Efficiency vs Democracy**

There is often held to be a trade-off between efficiency and democracy. As Leemans (1970) in his classical work points out, if emphasis is placed on local democracy and large scale this results in the preference for fairly small local governments. If however emphasis is placed on efficiency, financial strength and social and economic development, the preference tends to be for larger units of local government.

### **Efficiency and Economies of Scale**

Partly because of the apparent inconclusiveness of the research evidence, there is much controversy about the optimal size of local government areas – in terms of both population



and territory. Arguments related to efficiencies of scale are used to support both large- and small-scale jurisdictions. Advocates of larger jurisdictions often propose a threshold of a minimum size, on the grounds that jurisdictions below the threshold size would either have insufficient resources to pay for the service, or too few citizens to use it. Jurisdictions smaller than the threshold are unable to attain economies of scale. The minimum jurisdiction size might be measured by population, tax base, or workload (Paddison 1983, Smith 1993, Smith 1985, Keating 1995).

The *bigger is better* thesis has underpinned mergers and consolidations of local governments in both developed and developing countries in almost all parts of the world: Europe, South East Asia, Australasia, and Africa. Many countries have undertaken amalgamation of municipalities. Research, however, is far from conclusive on there being a positive correlation between authority size and service performance – or at least on there being a single, linear one – and there are also concerns about diseconomies of scale in very large units. However, there is little conclusive evidence on what either the minimum or the optimal size should be. Larger local authorities may well become inefficient, but it is difficult to establish, even for individual services, the size at which they do so (Smith 1985, Keating 1995).

Public choice theorists would disagree with the whole thrust of economies of scale arguments, and would counter with the case for the efficiencies of fragmented local government. Citizens have diverse preferences for public goods and services, and a multiplicity of jurisdictions will operate more efficiently and effectively than an area-wide body. Smaller local governments are likely to provide a more diverse range of services and programmes – giving people and businesses alike the chance to *vote with their feet* (Keating 1995, Ross, Levine and Stedman (2001).

## Size and Local Democracy

Most of the studies on local government size focus heavily, if not exclusively on the service-providing responsibilities of local authorities. But what distinguishes elected local authorities from other institutions even more than their multi-service providing function is their role as representative and accountable institutions of local self-government. This function seems as likely to be affected by scale, as is efficiency or economy of service provision – though in this case inversely, it might be supposed. Local authorities need to be *local* enough for every citizen to be able to identify with. Larger units, particularly in metropolitan areas, would seem to risk becoming remote from their residents, service users and electorates, thereby becoming less responsive to their needs and demands.

The amalgamation of small authorities has been rejected by the politicians and people of several large European countries, in favour of the *Voluntary Partnership* route (see Table 1). There has been an effective insistence that significantly larger and, at least initially, artificial units of local government would lead to a psychological as well as a physical distancing and a likely diminution in participation.

A counter-argument to this is that of Ehrenhalt (1995:9) who suggests that, while smaller local governments may be geographically close to citizens, if they are essentially invisible – in the sense of being too small to provide basic services – the benefits of small units are meaningless. Newton too, though deploying rather different arguments (1982:91) challenged

**Table 1 The scale of local government in Western Europe – by population per municipality**

Country	Pop. (mill)	Area ('000 km <sup>2</sup> )	Density (pop per km <sup>2</sup> )	Levels of sub-central government <sup>t</sup>	Most local level (1 <sup>st</sup> tier) of principal councils/municipalities			Total number of councillors	Persons per councillor	
					Number	Av. pop. per council	Av. area (km <sup>2</sup> )			
WESTERN EUROPE, SCANDINAVIA – a selection of the largest and other countries among the 27 members of the European Union (EU)										
France	65	547	111	3	36,697	Communes	1,770	17	515,000	125
Austria	8	84	97	2	2,357	Gemeinden	3,560	36	40,570	200
Spain	46	505	88	3	8,112	Municipios	5,680	62	65,000	700
Germany	82	357	233	3	11,553	Gemeinden	7,080	31	198,000	400
Italy	60	301	192	3	8,094	Comuni	7,470	37	97,000	600
Finland	5	338	16	1	336	Kuntaa	15,960	1,000	10,400	500
Belgium	11	31	337	3	589	Gemeenten/commune	18,480	52	13,000	800
Sweden	9	450	20	2	290	Kommuner	33,340	1,550	46,000 <sup>1</sup>	200 <sup>1</sup>
Greece	11	132	81	2	325	Koinotites	34,780	406	18,600 <sup>2</sup>	600 <sup>2</sup>
Portugal	11	92	109	2	308	Municipios	34,540	299	9,000	1,200
Netherlands	17	42	393	2	418	Gemeenten	39,740	100	9,600	1,700
Ireland	4	70	60	1/2	114	Counties, cities, etc.	39,260	612	870	4,500
Denmark	6	43	125	2	98	Kommuner	56,590	440	2,500	2,000
<i>Eu 27</i>	499	4,412	113		90,782		5,630	49		
UK (1974)	56	245	228	2	484	Districts, etc.	116,000	506	26,000	2,150
UK (2010)	61	245	249	1/2	406	Districts, etc.	152,680	601	21,000	2,900

**Notes:** \* = Alternates, elected at the same time.

Sources: CEMR-Dexia, 2009, Wilson and Game, 2011, Cameron and Game, 2010.

the notion that *small is beautiful* and concluded that the democratic merits of smaller units have been exaggerated and *romanticised*, while their democratic deficiencies have been overlooked. Conversely, larger units do not seem deficient in democratic qualities and may even be more democratic in some respects. Democracy is better promoted in large local municipalities who have greater functional capacity to promote civic involvement and public participation.

Here, then, is another subject area where assertion is much easier than proof, and what research there has been is again far from conclusive. As Ehrenhalt's contribution emphasizes, considerable care is needed in drawing conclusions from studies that may be comparing different phenomena in institutions and local government systems of very different sizes.

Bearing such qualifications in mind, there is some evidence of an inverse correlation between local authority size and certain democratic behaviours: local electoral turnout, direct citizen contact with councillors and local authority officials, citizen attendance at council meetings, and other forms of political engagement (e.g. Oliver 2000, Denters 2002, Ladner 2002, Kelleher and Lowery 2004, Copus 2006). Other researchers, though, have found that, as with service efficiency, some forms of citizen involvement appear to increase as local authority size increases – up to a point, after which it begins to decline (e.g. Keating 1995, Rose 2002, Frandsen 2002).

## Comparative Data – How South Africa Compare

This article now examines some of the comparative material on local government size and analyses how South Africa performs in relation to other countries.

Several European countries have only one significant level or tier of local government, but these are mainly the smaller and, apart from Finland do not appear in Table 1. The larger countries, with one partial exception, all have two- or three-tier systems, and the figures in the central column are for the *most local* tier only. In Europe, where *first-tier* often refers to the *least* local tier, the authorities in the table might be termed second or third tier, but these terms are avoided here, in order to prevent any confusion. The countries in the table are listed according to the average population of these *most local* local authorities.

If South Africa were to appear in Table 1, its number of *most local* municipalities would be 234 – 8 metropolitan + 226 local municipalities. To combine, however, these two entirely different types of authority for the sake of comparison would be distorting so the statistic is not used seriously in this report. However, for the record, the population average to be compared to those in Table 1 would be 221 000 (see Table 3). The European averages vary considerably, but the EU27 average is 5 630 – and, excluding France as a maverick *outlier*, around 8,000 (Table 3).

In South Africa, if the metropolitan municipalities were to be excluded and only the approximately 32 million residents of local municipalities included, the average population falls dramatically to about 139 000 – extremely high by comparison with all European countries, apart from the United Kingdom (UK).

In area, South Africa is well over twice the size of the largest of the Western European countries in Table 1, and it might be supposed that this measure of scale accounts at least in part for the great differences in the population sizes of their respective municipalities. Table 2, therefore, illustrates some of the non-European OECD countries, ranging from the

**Table 2 The scale of local government in selected OECD countries**

Country	Pop. 2009/10 (mill.)	Area ('000 km <sup>2</sup> )	Density (pop. per km <sup>2</sup> )	Levels of sub-central gov't	Most local level of principal councils/ municipalities		
					Number	Av. pop.	Av. area (km <sup>2</sup> )
OECD Countries – a selection of OECD countries outside Western Europe							
Turkey	73	784	93	2+	923 ilçeler	79,000	849
Czech Republic	10	79	133	2	6,249 obec	1,700	13
Hungary	10	93	108	2	3,175 települések	3,160	29
Poland	38	313	122	2	2,478 gminy	15,000	126
United States	310	9,629	32	3+	35,933 municipalities, townships	8,700	268
Canada	34	9,985	3	2/3	3,731 municipal gov'ts	9,100	2,676
Japan	127	378	337	2+	1,788 shichōsonku	71,000	211
Repub. Of Korea	48	100	487	2	232 counties etc.	207,000	435
Australia	22	7,682	3	2	564 local gov'ts	39,000	13,620
Mexico	108	1,958	55	2	2,411 municipios	45,000	812
Chile	17	756	23	3	346 comunas	49,000	2,184

Sources: CEMR-Dexia, 2009, individual countries' publications, Cameron and Game, 2010.

geographically large and sparsely populated to the small and densely populated. The countries vary greatly too in the functional and financial importance of their local government sectors, as measured, for example, by their local authorities' share of total government spending – an obviously vital consideration in all of these statistical comparisons.

This basic observation is further confirmed in Table 3, the last of these comparative tables, for the larger African countries. This table is deliberately set out in more detail than the others are, because some of the comparative municipality figures may be open to question. There are two related problems. The first is that, on virtually all decentralisation measures – political, administrative, fiscal – South Africa scores higher, and in many cases much higher, than just about all other African countries (Ndegwa 2002).

Comparison of South Africa's local government arrangements with those of almost all other African countries is unlikely to be a comparison of like with like. The second difficulty is to determine, if any comparison is to be attempted, which tier of local government in these generally weak governmental systems is the principal, and therefore the most appropriate, one to select.

Questionable as some of these comparisons may be, the table does seem to reinforce the impression that South Africa's priorities in structuring and restructuring its local government arrangements have resembled those of successive British governments in their drive towards



**Table 3 The organisation and scale of local government in selected African countries**

Country	Pop. (mill.) 2009/10	Area ('000 km <sup>2</sup> )	Levels of sub-central government			Average municipality		
			Regional/provincial	Supra-communal	Municipal/metropolitan	Pop. ('000)	Area (km <sup>2</sup> )	Density (pop./km <sup>2</sup> )
<b>AFRICA (1) countries with populations over 30 million</b>								
Algeria	35	2,400	48 wilayas (provinces)	[553 daïras (counties)]	1,541 baladiyas (municipalities)	22	1,560	14
Egypt	79	980	26 mouhafasat (governorates)	217 cities	4,617 towns (+27,000 villages)	17	210	81
Kenya	40	580	8 mkoa (provinces)	[46 (legal) districts]	175 municipal etc. councils; 3 county councils (+ 5,200 parishes, 44,400 villages)	208	3,260	64
Morocco	32	447	16 regions	13 prefectures (urban), 48 provinces (rural)	1,497: 199 urban municipalities, 1,298 rural municipalities	23	300	77
Nigeria	155	924	36 states		774 municipalities	193	1,190	162
South Africa	51,8*	1,221						
8 Metros (A)	20,4	25	9 provinces		8 metro municipalities ;	2,546	3,180	800
44 Districts (C)	31,4	1,196			44 district municipalities +	714	27,180	26
226 Locals (B)	—	—			226 local municipalities	139	5,290	26
Primary (A+B) authorities only	51,8	1,221				221	5,218	42
Tanzania	44	945	26 mkoa (regions)	[127 districts]	22 urban councils; 3 townships, 92 district councils (+ 10,000+ village councils)	376	8,080	47
Uganda	31	236	4 regions	111 districts/cities (principal l.g. units)	164 county, municipal councils; 958 sub-county, town councils	189	1,440	131

Continue on next page

Table 3 continued

Country	Pop. (mill.) 2009/10	Area ('000 km <sup>2</sup> )	Levels of sub-central government			Average municipality		
			Regional/provincial	Supra-communal	Municipal/metropolitan	Pop ('000)	Area (km <sup>2</sup> )	Density (pop/km <sup>2</sup> )
Africa (2) countries with populations between 10 and 30 million								
Cameroon	20	475	10 regions	2 city councils 9 special status towns	11 sub-divisional urban councils; 11 urban and 306 rural municipalities	55	1,450	41
Côte D'ivoire	21	322	19 régions	58 sub-provinces; 245 sub-prefectures	2 cities; 197 municipalities	90	1,620	65
Ghana	24	239	10 regions	168 metrop. municipal, district assemblies (principal l.g. units)	1,220 town, zonal, urban, area councils (+ 8000+ unit committees)	20	196	102
Madagascar	21	587	22 faritra (regions)	[116 districts]	1,557 townships/communes (+ 15,000+ village organisations)	12	380	35
Mali	15	1,242	7 régions, 1 capital district	50 cercles	19 urban community districts 684 rural community districts	20	1,760	12
Mozambique	23	802	10 provinces, 1 capital city	[112 districts]	33 urban municipalities 1,042 localidades (localities)	20	750	29
Niger	15	1,268	8 régions	[36 départements]	52 urban municipalities 213 rural municipalities	53	4,780	12
Senegal	13	196	11 régions	[28 départements]	110 (urban) communes 320 communautes rurales	30	460	64
Tunisia	10	163	24 wilayaät (governorates)		264 municipalities	39	620	63
Zambia	13	753	9 provinces		4 city councils, 14 municipalities, 54 (rural) district councils	181	10,460	17
Zimbabwe	13	391	10 provinces		54 city, town, municipal, urban and local boards councils; 58 (rural) district councils	116	3,490	33

Sources: United Cities and Local Governments, 2009; Commonwealth Secretariat, 2008; individual country publications, Cameroon and Game, 2010.



more unitary and larger scale local government. They appear to have favoured the *service function* of local government, rather than the *political function*.

## LOCAL GOVERNMENT REORGANISATION IN SOUTH AFRICA

### Constitutional framework

The new constitutional framework vested local government with a great deal of decentralisation. South Africa historically had a centralist form of government with provincial governments controlling the scope of local government through provincial ordinances which defined their functions and powers. Local government legislation also had to be approved by provinces. This changed quite substantially under the final system of local government. Theoretically, the *Constitution of the Republic of South Africa, 1996* uplifted local government from a subordinate level of government to a significant sphere in its own right. Provision was no longer made for levels of government, but rather there is now a three-sphere system of government in which the spheres are distinctive, interdependent and interrelated with the principle of co-operative governance underpinning intergovernmental relations (Pimstone 1998, Cameron 1999).

### Municipal Demarcation Board

The *Local Government: Municipal Demarcation Act, 27 of 1998* created a single Municipal Demarcation Board (MDB) in South Africa. The MDB was the final decision-making body when it comes to the demarcation of boundaries.

The MDB rationalised municipalities from 843 to 284 in 2000. They were further reduced to 283 in 2006 and then 278 in 2011. The municipalities consist of:

- Metropolitan municipalities: 8
- District Municipalities: 44
- Local Municipalities: 226

### Performance of Municipalities: Post 2000

There is general consensus that the South African local government system, despite pockets of excellence is not working. A Department of Co-operative Governance (COG) report (2009) stated that local government is in distress. Amongst the reasons for this are:

- huge service delivery and backlog challenges, e.g. housing, water and sanitation;
- poor communication and accountability relationships with communities;
- problems with the political administrative interface;
- corruption and fraud;
- poor financial management, e.g. negative audit opinions;
- number of (violent) service delivery protests;
- weak civil society formations;
- intra–and inter-political party issues negatively affecting governance and delivery; and
- insufficient municipal capacity due to lack of scarce skills.

The COG report also pointed to the break-down of local democracy which included community alienation, break-down in social compact, community protests, break-down in trust between government and the people, weak community participation through ward committees and unresponsive government.

To what extent have wide boundaries contributed to poor performance and the break-down of local democracy? There have been some studies that suggest that the large size of municipalities are dysfunctional which have led to both poor performance and local democracy. Some local municipalities complained that their areas of jurisdiction were too big to service properly and to promote public participation, which is a statutory obligation. Many municipal managers state that their municipalities were stretched financially and administratively in delivering services to the vast rural areas that were now part of urban municipalities. (Atkinson 2003, Cameron 2003, South African Institute of International Relations 2012).

There have been a number of protests against boundary amalgamation down the years. More recently in 2013 there were violent protests in Metsimaholo municipality against the MDB's proposal to amalgamate the municipality with a neighbouring local government.

However none of these studies has used systematic empirical data. The next section considers some of the data bases on local government in order to analyse this issue of size. It investigates metropolitan and local government only because they, unlike district municipalities, are the most local tier of local government.

## **METROPOLITAN GOVERNMENT BOUNDARIES**

The MDB had to take into account Section 2 of the *Local Government: Municipal Structures Act*, 117 of 1998 when determining metropolitan boundaries in 2000. Section 2 states that:

An area which must have Category A municipalities is:

- a conurbation featuring :-
  - areas of high population density;
  - an intensive movement of people, goods, and services;
  - extensive development; and
  - multiple business districts and industrial areas;
- a centre of economic activity with a complex and diverse economy;
- single area for which integrated development is desirable; and
- having strong interdependent social and economic linkages between its constituent units.

This definition is a description of metropolitan areas, which means that category A municipalities can be introduced in such areas only.

In practice there was a heavy emphasis on commuting which had two distinct components. *Firstly*, the MDB argued that the best means of determining the socio-economic interdependence of people, communities and economies was through commuting patterns. This was because commuting is probably the best single measure of the relationship between human settlements on the one hand, and employment spending and amenity usage patterns on the other. *Secondly*, the application of the *Group Areas Act*, and *homelands* development



strategies resulted in an attenuated settlement pattern in and around metropolitan areas most notably the relocation of poor communities to the fringes of the metropolitan areas. It was of the view that a metropolitan or local council should encompass at least 50% of all people who live, work and shop within that area. However the Board did state that these factors have to be balanced by other criteria such as administrative capacity and financial viability (Municipal Demarcation Board 1999a, Cameron 2006).

The Board created six single-tier metropolitan authorities in the country:

- Greater Johannesburg
- Greater Durban (now called eThekweni)
- Greater Cape Town
- Greater Pretoria (now called Tshwane)
- East Rand (now called Ekurhuleni)
- Port Elizabeth-Uitenhage-Despatch (now called Nelson Mandela Bay).

Two new metros were created in 2011, namely, Buffalo City and Mangaung.

## ANALYSIS OF METROPOLITAN MUNICIPALITIES DATA

In this section an analysis of data on metropolitan government is undertaken.

**Table 4 Metropolitan Municipalities: Population Size**

Municipality	2001	2011	Population Increase Since 2001	% Increase since 2011
Buffalo City	704 855	755 200	50 345	7,14
Cape Town	2 892 240	3 740 030	847 790	29,31
Ekurhuleni Metro	2 481 760	3 178 470	696 710	28,07
eThekweni	3 090 120	3 442 360	352 240	11,40
City of Johannesburg	3 226 060	4 434 830	1 208 770	37,47
Mangaung	645 440	747 431	101 991	15,80
Nelson Mandela Bay	1 005 780	1 152 120	146 340	14,55
City of Tshwane	2 142 320	2 921 490	779 170	36,37
<b>Average</b>	<b>2 023 572</b>	<b>2 546 491</b>	<b>522 920</b>	<b>22,51</b>

Source: Stats SA, 2001, 2011

The average population size of metros is 2 546 491. It can be seen that there is a hierarchy among the metros. Johannesburg, Cape Town, eThekweni and Ekurhuleni all have population of three million and above while Tshwane has a population of just under three million. Nelson Mandela Bay has a population of just over a million while the new metros, Buffalo City and Mangaung have populations around 750 000.

**Table 5 Metropolitan Municipalities: Geographical Size**

Municipality	Geographical Size km <sup>2</sup>
Buffalo City	2 536
Cape Town	2 445
Ekurhuleni Metro	1 975
eThekwini	2 291
City of Johannesburg	1 645
Mangaung	6 284
Nelson Mandela Bay	1 959
City of Tshwane	6 298
<b>Average</b>	<b>3 179</b>

Source: National Treasury Local Government Database, 2013

**Table 6 Metropolitan Municipalities: Auditor-General's Report**

Municipality	Financially unqualified with no findings	Financially unqualified with findings	Qualified	Disclaimer	Adverse	Audit not finalised at legislated date
Buffalo City					adverse	
Cape Town		financially unqualified with findings				
Ekurhuleni Metro			qualified			
eThekwini		financially unqualified with findings				
City of Johannesburg		financially unqualified with findings				
Mangaung				disclaimer		
Nelson Mandela Bay		financially unqualified with findings				
City of Tshwane		financially unqualified with findings				
<b>Total</b>	<b>0</b>	<b>5</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>0</b>

Source: MDB, 2012



**Table 7 Metropolitan Municipalities:  
Financial Distress**

Municipality	Financial Distress
Buffalo City	No
Cape Town	No
Ekurhuleni Metro	No
eThekwini	No
City of Johannesburg	No
Mangaung	Yes
Nelson Mandela Bay	No
City of Tshwane	No
<b>Average</b>	<b>No</b>

Source: National Treasury, 2012

**Table 8 Metropolitan Municipalities  
Voter Turnout**

Municipality	2011 Voter Turnout
Buffalo City	56,51%
Cape Town	64,66%
Ekurhuleni Metro	56,28%
eThekwini	59,30%
City of Johannesburg	54,94%
Mangaung	54,81%
Nelson Mandela Bay	64,65%
City of Tshwane	55,32%
<b>Average</b>	<b>58,31%</b>

Source: Independent Electoral Commission (IEC) 2011

Johannesburg, Cape Town, Tshwane and Ekurhuleni have also shown growth rates over 25%. All the other metros show growth rates between 7,14% and 15,80%.

The geographical size of Tshwane and Mangaung is over 6000 per km<sup>2</sup>. This is because of the large swathes of rural areas in these metros. A number of the densely populated metros such as Cape Town and Johannesburg have a much lower geographical size per km<sup>2</sup>.

The article now examines levels of performance. None of the metros received financially unqualified audits with no findings. Four metros received financially unqualified audits with findings and Ekurhuleni received a qualified audit. The two smallest metros received poor performance ratings with Mangaung getting a disclaimer and Buffalo City an adverse rating.

The next indicator is financial stress which was an indicator developed by the Treasury to assess the financial state of municipalities. Mangaung, which has the smallest population of all the metros, is the only metro to be judged as being financially stressed.

This section considers the indicators that define local democracy. In the comparative section it had already been pointed out that South Africa has gone for extremely large municipalities prioritising efficiency and equity over local democracy. A good indicator of local democracy is voter turnout. The comparative section stated that there is often an inverse relationship between voter turnout and population size.

The national turnout for the 2011 local government elections was 57,64%. The metro average of 58,31% compares favourably to this. However this needs to be disaggregated. Arguably Cape Town and Nelson Mandela Bay were outliers. These were the two metros that were the most closely contested with the opposition Democratic Alliance winning Cape Town and narrowly losing Nelson Mandela Bay. The other 6 metros are dominated by the African National Congress.

If one excludes the Cape Town and Nelson Mandela Bay figures the average is 56,2% which is below the national norm.

## Summary of Metropolitan Municipalities

The data shows that there is a great deal of variation between the sizes of metros. There are three big metros (Johannesburg, Cape Town and eThekweni), two reasonably big metros (Tshwane and Ekurhuleni) and three metros that are considerably smaller than all of the other metros (Nelson Mandela Bay, Buffalo City, Mangaung). In terms of performance indicators the bigger metros perform better than smaller metros. The turnout in metros if one excludes Cape Town and Nelson Mandela Bay is slightly below the national norm.

## LOCAL MUNICIPALITIES

When it came to the demarcation of local municipalities, the MDB decided on the following principles, based on Sections 24 and 25 of the *Demarcation Act, 1998*.

- *Geographical contiguity and coherence*: Because municipal government is so closely tied to local identity and accessibility to local representatives, rationalisation should generally follow *nearest neighbour* principles—that is, there should be geographically coherent consolidated local municipalities, and not *leapfrog* amalgamation of areas.
- *Capacity Development*: Another objective of rationalisation was to develop a critical mass of municipal capacity (staff, assets, finances) especially where under-capacitated municipalities existed.
- *Resource Sharing*: Wherever possible existing municipalities and/or other areas should be combined with a view to realising fiscally sustainable units, with weaker areas being paired with stronger areas so as to achieve a sharing of existing or potential resources.
- *Manageable Size*: A statistical-derived indicator of 3 500 km<sup>2</sup> and 80 000 persons was suggested as the probable norm for Category B municipalities. However, deviations from the norm were inevitable, given the uneven geographical distribution of population and economic activity throughout the country. The MDB's empirical research suggested that populations of less than 20 000 are generally undesirable for Category B municipalities given the objectives of realising economies of scale in municipalities. Given the need for geographical coherence and local identity, areas greater than 10 000 square kilometres were also desirable.
- *Functionality*: Amalgamation of places with internal linkages was an important consideration when determining Category B boundaries. (Municipal Demarcation Board 1999b, Cameron 2006).

There are a number of pointers around size in these indicators. For example, combining richer and poorer areas and capacity thresholds suggest larger rather than smaller municipalities. Even more specific is the reference to both population and geographical size guidelines. To what extent did the Board conform to these guidelines?

It can be deduced that 73% of local municipalities falls in the 20 001 to 200 000 population range. The Board suggested that populations of less than 20,000 are generally undesirable for local municipalities given the objectives of realising economies of scale in municipalities. In fact 7,1% of municipalities have populations of fewer than the 20 000



**Table 9 Local Municipalities: Size Per Population Range**

Population Size 2011	Number of Local Municipalities	Percentage Local Municipalities
Under 20 000	16	7,08
20 001–50 000	39	17,26
50 001–100 000	60	26,55
100 001–200 000	66	29,20
200 001–300 000	23	10,18
300 001–400 000	11	4,87
400 001–500 000	3	1,33
500 001–850 000	8	3,54

Source: Stats SA, 2011

**Table 10: Local Municipalities: Per Geographical Size Km<sup>2</sup>**

Geographical Size km <sup>2</sup> 2011	Number of Local Municipalities	Percentage Local Municipalities
1–1 000	17	7,52
1 001–3 000	74	32,74
3 001–5 000	63	27,88
5 001–7 000	25	11,06
7 001–10 000	19	8,41
10 001–15 000	13	5,75
15 001–20 000	6	2,65
20 001 +	9	3,98

Source: Stats SA, 2011

minimum recommended by the MDB. The MDB suggested that the population norm for local municipalities should be 80 000. While there is no category up to 80 000, there are 111 municipalities which have a population of 100 001 upwards, well above the Board norm. Of the local municipalities 9,7% have populations of over 300 001.

The geographical size of municipalities is large. The MDB recommended that the norm for local municipalities should be 3500 km<sup>2</sup>. What then does the data tell us? While there is no category up to 3 500 km, 31,85% of local municipalities are larger than 5001 km<sup>2</sup>. 7,52% of local municipalities have a geographical size of less than 1000 km<sup>2</sup>. The MDB also stated that under some circumstances areas greater than 10 000 km<sup>2</sup> were also desirable. 12,38% of the municipalities have areas greater than 10 001 km<sup>2</sup>.

**Table 11 Local Municipalities Auditor-General Report Per Population Range**

Population Size 2011	Number of Local Municipalities	Percentage Local Municipalities	financially unqualified with no findings	financially unqualified with findings	qualified	disclaimer	adverse	Not finalised
Under 20 000	16	7,11	0 (0%)	4 (25%)	3 (18,75%)	4 (25%)	0 (0%)	5 (31,25%)
20 001–50 000	39	17,33	1 (2,56%)	12 (30,77%)	7 (17,95%)	12 (30,77%)	1 (2,56%)	6 (15,38%)
50 001–100 000	60	26,67	5 (8,33)	23 (38,33%)	9 (15%)	11 (18,33%)	1 (1,67%)	11 (18,33%)
100 001–200 000	65*	28,89	0 (0%)	32 (49,23%)	13 (20%)	11 (16,92%)	1 (1,54%)	8 (12,31%)
200 001–300 000	23	10,22	0 (0%)	11 (47,83%)	2 (8,70)	6 (26,09%)	1 (4,35%)	3 (13,04%)
300 001–400 000	11	4,89	0 (0%)	3 (27,27%)	5 (45,45%)	3 (27,27%)	0 (0%)	0 (0%)
400 001–500 000	3	1,33	0 (0%)	0 (0%)	0 (0%)	3 (100%)	0 (0%)	0 (0%)
500 001–850 000	8	3,56	0 (0%)	3 (37,5%)	3 (37,5%)	1 (12,5%)	0 (0%)	1 (12,5%)

\* There is 1 local municipality where the Auditor-General's report was not available



**Table 12 Local Municipality Financial Distress Per Population Range**

Population Size 2011	Number of Local Municipalities	Percentage Local Municipalities	Percentage Local Municipality in Financial Distress
Under 20 000	16	7,14	56,25
20 001–50 000	38*	16,96	42,11
50 001–100 000	60	26,79	40,00
100 001–200 000	65*	29,02	30,77
200 001–300 000	23	10,27	21,74
300 001–400 000	11	4,91	27,27
400 001–500 000	3	1,34	100,00
500 001–850 000	8	3,57	37,50

\*There are local municipalities where the Auditor-General's report was not available

Source: National Treasury, 2012

There is a general poor audit performance across all the population ranges. There are six financially unqualified audits without findings of which five are in the 50 001 to 100 000 population range. This is however only 18,3% of all the local municipalities in this population range. All the population ranges have a number of municipalities which have received qualified audits and disclaimers. One possible trend is that it is largely the smaller population ranges which have outstanding audits. This suggests that smaller municipalities lack financial capacity to manage their municipalities efficiently.

The largest number of local municipalities in financial stress is in the under 20 000 category with 56,25%. This confirms the MDB's view that smaller municipalities with populations less than 20 000 are not viable. There is a steady decline in the number of local municipalities in financial distress in the larger population ranges with the exception

**Table 13 Local Municipalities Voter Turnout Per Population Range**

Population Size 2011	Number of Local Municipalities	Percentage Local Municipalities	2011 Average Voter Turnout
Under 20 000	16	7,08	69,58%
20 001–50 000	39	17,26	62,41%
50 001–100 000	60	26,55	60,40%
100 001–200 000	66	29,2	58,48%
200 001–300 000	23	10,18	56,54%
300 001–400 000	11	4,87	55,49%
400 001–500 000	3	1,33	51,84%
500 001–850 000	8	3,54	52,13%

Source: IEC, 2011

of the 400 001 to 500 000 category where all three municipalities in this category are in financial distress.

The argument has been made that larger local municipalities are more likely to be remote from citizens which will discourage interest in local government. What then does the data on turnout per population range prove? The national turnout for local government elections is 57,64%. The turnout for local municipality elections only is higher at 59,86%.

The data, however, suggests that South African voters are more likely to turn-out to vote in smaller local municipalities (less than 100 000) which have higher turn-outs than both the national and local municipalities' average. The 100 001 to 200 000 turn-out of 58,48% is higher than the national average but lower than the local municipalities' average. However, municipalities which have populations above 200 001 have a lower turn-out than both the national government and local municipalities' average.

## **SUMMARY OF LOCAL MUNICIPALITIES**

The MDB has created extremely large municipalities in respect of both population size and geographical norms which are much bigger than its own recommended guidelines for boundaries. If performance indicators are considered, bigger municipalities generally perform better than smaller municipalities in respect of both audit reports and financial management. This is not, however, a consistent trend in that some larger municipalities also perform badly on both of these indicators. There is better turn-out in smaller local municipalities which suggests that there is more citizen interest in smaller jurisdictions.

## **CONCLUSION**

Comparatively, South Africa has created extremely large municipalities in terms of population size. Its municipalities are considerably larger than in all the European countries, with the possible exception of the UK, and are larger than most of the other OECD and African countries.

The MDB created a number of local and metropolitan municipalities which were bigger than its own guidelines. A major reason for this was the belief that larger municipalities are more efficient, promote financial viability and can promote equity. Bigger municipalities do perform better than smaller municipalities but this is not a consistent trend. There are metros and large local municipalities that do not perform well.

The ability of local councillors to represent their electors which have large population sizes and/or large geographical areas is limited. There is some evidence that these large municipalities have led to remoteness in that there are lower turn-outs in larger municipalities. While the empirical data is still limited, there is other evidence to suggest that these large municipalities have not promoted local democracy. Interviews with municipal managers suggest that it was difficult to promote public participation in larger jurisdictions. There have been service protests against amalgamations. The COG report of 2009 also implied that larger municipalities were leading to citizen alienation. Notwithstanding this, more work needs to be done on developing indicators that promote local democracy.



Where then does South Africa stand in this efficiency- democracy debate? The MDB has come down on the side of efficiency at the expense of local democracy. However the available evidence indicates that the creation of larger municipalities has not necessarily led to greater efficiency nor has it promoted local democracy.

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