

# **RESTRUCTURING THE PROVINCIAL SPHERE OF GOVERNMENT IN SOUTH AFRICA: EXPLORING OPTIONS FOR SUSTAINABLE REFORM FOR IMPROVED SERVICE DELIVERY**

*K.L.B. Moeti*  
*University of Pretoria*

*T. Khalo*  
*Tshwane University of Technology*

## **ABSTRACT**

**T**he creation of nine provincial governments in 1994 held great promise as a key reform towards meeting the ideals of democracy and inclusiveness, in addition to representing an attempt to make government more efficient and effective. Nine provinces superseded an apartheid-based system of governing that defined the Republic of South Africa as four provinces containing self-governing territories and independent homelands for Africans. In cognisance of emerging arguments that propose that the South African government would operate more efficiently and effectively in the absence of this middle sphere of government, this article seeks to challenge such claims. Undoubtedly, provinces are hampered by a number of challenges, not the least of which relates to their limited abilities to generate sufficient own revenue. At the same time much of the responsibility for the provision of public goods and services rests with the provinces in the manner specified in Schedules 4 and 5 of the Constitution of the Republic of South Africa, 1996. The natural question arising from the latter situation is – if not for Provinces, would either local government or national government be able to fill the void that would be left behind by the exit (partial or otherwise) of provinces? In light of the above-noted arguments and counter-arguments, the right of existence of provincial government(s) is briefly explored.

## **INTRODUCTION**

**C**urrently, provincial government in South Africa is portrayed as marginal in significance as compared to local and national government. Although some have argued for the dissolution of provincial governments altogether, more moderate

pundits have called for a reduction in the number of provinces, whilst others still have argued that what is actually needed is the revocation of provincial legislative authority while keeping the provincial executive and administrative sometimes in tact. This article addresses the first two arguments noted above, by focusing in general on the importance and relevance of provincial government. If provincial government has the potential to contribute significantly to the public interest, then the above arguments have little or no basis in fact.

The approach taken here is largely qualitative and theoretical, and in certain instances supported by anecdotal evidence. With respect to theory, the usefulness of provincial governments are explored in terms of the demand for homogeneity among geographically dispersed citizens, spatial externalities across geographical boundaries, and the implications of varying levels of de-centralisation for economies of scale in the production of public goods.

## PROVINCIAL GOVERNMENT IN PRE AND POST APARTHEID SOUTH AFRICA

Before 1994, South Africa consisted of four provinces, namely Transvaal, Orange Free State, Natal, Cape of Good Hope and these four provinces were governed by an Administrator since 1986 who had both legislative and executive powers delegated by the central government. There were also ten homelands within South Africa that were territories set aside for various black ethnic groups. Four of the ten homelands were nominally independent, these being Transkei (for Xhosas), Bophuthatswana (for Tswana), Venda (for Venda) and Ciskei (also for Xhosa). The remaining six homelands had limited self-government, these were Gazankulu (for Tsonga), Kangwane (for Swazi), Kwandebele (for Ndebele), Kwazulu (for Zulu), Lebowa (for Pedi) and Qwa-Qwa (for Southern Sotho). The homelands were created for purposes of physically removing black South Africans from the remainder of the Republic, in order to deprive them of land ownership, national identity and heritage. The homelands were governed by local tribal leaders who were co-opted. Those who were unco-operative were forcibly deposed (<http://www.globalimsa.com/southafrica.htm>).

During the constitutional negotiations in the early 1990s, an agreement was reached on the decentralisation of government thereby giving significant powers to the regions. The reason for this was to create strong regional governments that would encourage democratic participation, promote local initiatives and foster a redistribution of resources and economic development (Jozana 2000:5). In order to attain the objectives of this effort at reforming the structural composition of government, nine provinces were identified based on economic, social and population criteria. Essentially, the four provinces were redivided into the nine provinces that brought the homelands back into new unified South Africa. The homelands also known as Bantustans ceased to exist in their originally intended form (Jozana 2000:5). However, the unequal development of provinces in the new South Africa is evidence of the previous government's spatial development policies.

## THEORETICAL PERSPECTIVES ON SUBNATIONAL GOVERNMENT

There are no quick and fast answers to the question of the number of governments' (or for that matter the number of spheres of government) that each state must have for efficient and effective service delivery. Related to this question, and a partial answer to it, is a further issue of what goods and services are best suited to each sphere of government. These two inter-related and multi-dimensional questions are typically addressed from either a political or an economic perspective. The approach taken in this section of the article is to address both of these questions using the postulations of public sector economics, and particularly so, some of the theories of fiscal federalism.

Van Zyl (2003:32-3) expresses the opinion that Post-1994 fiscal federalism in South Africa was unfortunately determined largely by political considerations as opposed to "...delivery, reform or financial management considerations." The implication here is that the functions and powers granted to provinces, as well as constitutionally constructed systems of intergovernmental relations and co-operative government were fashioned mainly out of political, rather than practical expedience. The political considerations Van Zyl makes reference to, relate directly to the process whereby the majority party bargained for exclusive control of national government, whilst acceding some measure of political power to smaller opposition parties that could secure a majority vote in any of the provinces. The failure of provincial governments to produce the required services may thus be partly attributed to this flawed approach to determine the important questions of geographical boundaries, allocation of financial resources, and the determination of service delivery responsibilities of each sphere of government.

Burger (2001) puts forward a different view to that of Van Zyl (2003) with regards to how issues of fiscal federalism were decided post-1994. Economic considerations, in Burger's view were more important than the political issues of the time, but were severely compromised by apartheid policies of the old regime. According to Burger (2001:70):

*Although the boundaries of the nine provinces were determined on the basis of criteria relating to economic functionality, geographic coherence, institutional and administrative capacity and socio-cultural issues, they could not eradicate the provincial inequalities caused by apartheid...*

Burger's (2001) assertion represents only a second plausible root cause of the service delivery shortcomings of provinces. From a review of the literature, it becomes clear that there are a number of factors that have negatively affected the ability of provinces to contribute meaningfully to the challenges of service delivery (see for example Sizane 1999; Reddy 2001; Murray and Hoffman-Wanderer 2007). These observed weaknesses have no doubt influenced some analysts to call for drastic reform at this sphere of government. Some of the suggested reforms include eliminating provinces from our system of government, reducing the number of provinces, or simply doing away with provincial legislatures. Fiscal federalism, as defined in public finance and public sector Economics literature, possesses powerful tools for considering these radical and highly controversial suggestions.

In this section, fiscal federalism is defined; the second part for the relevance of fiscal federalism, not only as an analytical paradigm but also as a paradigm that is appropriate to the South African context; In the third part, specific attention is given to the key considerations of fiscal federalism which are voter mobility, demand variation, fiscal equivalence the correspondence principle, spatial externalities and economies of scale.

## **Fiscal federalism defined**

Fiscal federalism (FF) is a term that is defined and used in both the Public Administration and public sector Economics disciplines. There is admittedly some amount of divergence in the way the term is used by these two disciplines. In the language of Public Administration, FF is defined as the principles and methods used to transfer funds between governmental institutions and spheres (Johnson 2004:56; Chandler and Plano 1982:64). In the literature of public sector Economics, however, FF is defined far more comprehensively as the structural determination of the number of spheres of government required for effective service delivery, and the rationing of powers and functions to the institutions of this sphere of government (Musgrave and Musgrave 1973:597-6; Fisher 1988:82). In this article, the term fiscal federalism is defined in the latter broader context of public sector economics, as opposed to the narrower definition prescribed in public administration.

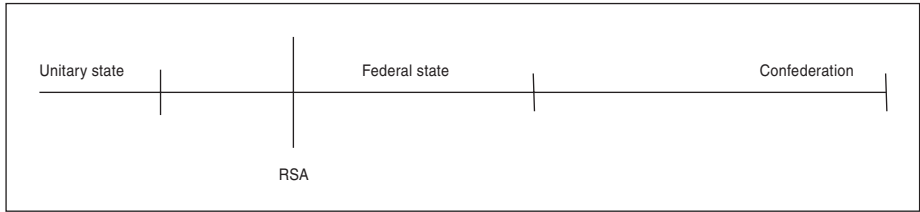
## **Fiscal federalism (FF) – An analytical paradigm for South Africa**

Fiscal federalism is far more relevant for a federal (or quasi-federal) state than it is for a unitary state. In a unitary state, authority, control and decision-making are concentrated at the centre whilst the periphery is concerned only with implementing directives from the centre. For this type of governmental system, only one sphere of government is actually needed (i.e. central government) and it can function by maintaining branch offices throughout the country. With decentralised (or federal) administration, authority and decision-making occur at both the centre and the periphery. Accordingly, for decentralised systems, decisions must be made as to how jurisdictional boundaries will be drawn, and how political authority will be shared. In light of the aforementioned, it becomes intuitively clear that FF is suitable for federal and/or decentralised governments. If South Africa can be considered to be a federal or even a quasi-federal state, fiscal federalism would be an appropriate analytical paradigm. Attention is given, in the next part, to classify the South African government as either federal or unitary state.

## **Is South Africa a unitary or a federal state?**

The Republic of South Africa as it exists post-1994, has been described by some as a unitary state with federal characteristics, and by others as a federal state with fiscal characteristics. Still others describe South Africa as one or the other (i.e. federal or unitary). Raimondo (1992:28) defines a federal system as being "...a compromise

**Figure 1.1: RSA depicted relative to confederation, federal and unitary systems of governmental organisation**



between a unitary government and a confederation.” He states that the two extremes of the same continuum are a unitary state, wherein national government is all powerful and works through sub-national governments. The other end of the continuum, according to Raimondo (1999), is a confederation in which states (or provinces) are highly autonomous and “...can [even] delegate authority to and limit the authority of any national government” (Raimondo 1992:28). The South African Constitution (1996) makes provision in Chapter 3 for co-operative government, but at the same time sub-national government autonomy and authority are limited by sections 100 and 139. On the one hand, co-operative government implies decentralisation and federalism, whilst sections 100 and 139 imply centralised control and unitary government. For all intents and purposes then, a federal system is approximately half-way between a confederation and a unitary state, whilst South Africa falls within the more narrowly defined parameters of a unitary and a federal state, as depicted in figure 1.1 above.

In view of the above, it would not be incorrect to say that on the continuum of unitary to federal, South Africa exhibits characteristics of both and is thus not at either end of the spectrum but somewhere in-between (see also Van Zyl 2003:33). The contention here is that the South Africa public sector is relatively (but not completely) decentralised on the basis of the powers and functions given to each sphere of government in the Constitution, and more so on the basis of section 40 (1) of the Constitution (1996) which states:

*In the Republic [of South Africa], government is constituted as national, provincial and local spheres of government which are distinctive, interdependent and interrelated.*

In view of the above, theories of fiscal federalism ought to be applicable to any decentralised fiscal system, including Republic of South Africa.

### **Fiscal federalism (FF) on the importance of the middle sphere of government**

The importance of a middle sphere of government is considered under the following precepts of FF – namely, voter mobility, demand variation, fiscal equivalence/the correspondence principle, spatial externalities, and economies of scale (among others). Each of these is briefly discussed in this section.

## ***Voter mobility***

Mobility of citizens, as a factor to be considered in FF, is the brainchild of Charles Tiebout (1956). Tiebout's (1956) thesis challenged the more traditional *median voter theory*. According to the median voter theory, the efficient allocation (what goods and services to produce and in what quantities) of public goods is that which is demanded by citizens through their majority vote. Allocation decisions derived from the majority/median vote were also expected to suggest the optimal number, size and structural arrangement of local, regional/provincial, and central/national government needed for efficient public goods provision. Tiebout's (1956) challenge of the median voter theory was simple yet profound. He pointed out that the median voter theory only holds when citizens are immobile and thus confine themselves to the regional/provincial and local governments in which they exercise their vote. The reality is that it is easy for citizens to move from one region/province to another, and it is even easier for them to move from one municipality to another. This being the case, those citizens who are not satisfied with the allocation decisions of their sub-national government(s) will simply move to another which more closely meets their particular allocation preferences. Ease of mobility, then, should also be considered in determining the boundaries and responsibilities of the different spheres/levels of government. Tiebout further proposes that in terms of size and thus jurisdictional boundary, sub-national governments should be just big enough to accommodate all citizens with the same or similar allocation preferences. Thus, Tiebout proposes that FF should be determined by grouping together citizens with similar demand for government services. Such demands can include the desired packages of taxes and benefits, as well as social, cultural, socio-economic and geographical identities and interests.

## ***Variations in demand***

Taking Tiebout's (1956) mobility theory a step further, if citizens with similar demand for public goods could be grouped together geographically, and if there is a great deal of variation with regards to the demands of these different groups of citizens, a large number of small local governments would be most efficient. The flipside of this coin is that if all citizens have exactly the same demand for allocation, there would be no need to have more than one government (a central government). The realities of demand would dictate that the number of governments (or levels/spheres) would fall somewhere between the above two extreme scenarios. That is, one central government, by itself could not provide for all of the numerous and varied demands of the citizens of a country, and likewise too many small municipalities would be inefficient due to the duplication of services in different localities. Demand variation would thus suggest that a number of municipalities can be consolidated and governed by regional governments in an effort to attend to broader regional demand patterns and preferences.

## ***Spatial externalities***

There are costs to be incurred, as well as benefits to be received by citizens when governments provide goods and services. The ideal situation is that these costs and

benefits should be confined to a specific geographical area, and should accrue to the residents of that area. There should be some *quid-pro-quo*, then, between residents tax contributions and benefits received. Mobility of citizens, however, creates spatial externalities (also called spill-overs) such that those who do not share in the costs of providing a given service, benefit from that service, and/or those who pay for a given service cannot exclude residents from other jurisdictions who do not (and are not obliged to) pay for the service in question. Spatial externalities lead to in-efficient decisions about the provision of goods and services by government(s). According to Fisher (1998),

*...Spatial externalities can cause a government's choice about taxes and spending to be inefficient from the viewpoint of the entire society. If there is a spill-over of costs, residents underestimate the true cost and demand too much of the good or service, whereas a spill-over of benefits causes residents to underestimate the true social benefit and demand too little.*

The in-efficiency effects of spill-overs can be mitigated by internalising the externality. Internalisation of externalities takes place by making jurisdictional boundaries of governments big enough to ensure that such boundaries include all who pay for and/or benefit from the goods and services provided by each government. Internalisation thus involves finding ways to get non-payers (especially those who cannot be excluded from using the service) to pay, and/or excluding non-payers. Externalities can be reduced by putting in place fewer and larger sub-national governments and thus moving away from decentralisation at sub-national level and towards centralisation (Fisher 1988:84). This also suggests that numerous small municipalities ought to be consolidated into regions/provinces.

### ***Fiscal equivalence/the correspondence principle***

The correspondence principle (also referred to as fiscal equivalence) provides further direction on determining the optimal size of governments (Fisher 1988; Raimondo 1992; Singer 1976). Simply stated, "...the size of a government [should] correspond to the area of benefit from the goods it provides" (Fisher 1988:87-8). Or alternatively stated, the *right* government to make an allocation decision is the one whose boundaries coincide with the geographical extent of the program's benefits" (Singer 1976:47). Thus, consistent with minimising or at least containing benefit spill-overs, there should be one national/central government that provides specific public goods that aim to benefit all citizens of a country, supported by several separate sub-national governments that provide other public goods with limited benefits that are intended for local or regional residents. Goods and services can thus be clustered together and provided by the sphere of government that is best suited to provide such goods and services on an efficient basis. This would imply (where demand variation exists) having two or more spheres of government, each providing services consistent with the geographical spread of benefit externalities.

### ***Economies of scale***

Economies of scale relate to the relationship between the cost of production and output. The three basic conditions of economies of scale are – increasing returns to

scale; decreasing returns to scale and constant returns to scale (Moeti 2007: 20-2). In general economic usage, the term economies of scale is used most frequently to refer to increasing returns to scale. In increasing returns to scale, the cost of production decreases as output increases. Applying economies of scale to government goods and services – as the population served increases in size (number), the cost per person decreases. Alternatively stated, the greater the quantity of a certain good or service produced, the less expensive the unit (or per person) costs of production (Fisher 1988: 84). As Fisher (1988:84) explains “...this concept of economies of scale is sometimes referred to as the advantage of joint consumption. Individual consumers can reduce their costs by sharing the good and its total costs with each other.” The concept of economies of scale would therefore suggest a significant role for regional/provincial or national government in service provision.

## THE ROLE OF PROVINCES IN SERVICE DELIVERY

All three spheres of government in South Africa are expected to work together to provide services to the public. There is little doubt that local government, as the sphere of government that is closest to the people, is at the coalface of service delivery. The Constitution is clear as to the role local government is to play in local economic development and the delivery of basic services. Notably, however, the Constitution also requires that local government must be supported in its efforts by both provincial and national government (Sect 154(1) of the South African Constitution). On this issue, Reddy (2001) makes the point that “...co-operative governance is based on a devolved system of government...and the three spheres working harmoniously together are more likely to address challenges than if they were acting on their own or alternatively in competition with one another.”

The significance of each sphere of government, with regards to the provision of services, can be ascertained through a careful consideration of the South African Constitution. Schedules 4 and 5 of the Constitution comprehensively outline the functional responsibilities of each sphere of government, specifically in terms of legislative competence. A major difficulty with schedules 4 and 5 is the lack of detail provided there. Schedule 4 part A, for example, lists functional areas of *concurrent* national and provincial legislative competence. It is not clear, however, how these functional responsibilities are to be shared. Where does one draw the line between where national legislative competence ends and that of provincial government begins on each of the functional activities? The same is true of the shared responsibilities between provincial and local government, as communicated in schedule 4 part B and schedule 5 part B. With regard to provincial and local government, Steytler (2007) points out that, “...The schedules list functional areas without providing any detailed definitions of them. Considerable overlap between the functional areas assigned to these two spheres of government leads, in practice, to an overlap of powers and functions.”

Burger (2001:69-70) argues that exclusive provincial legislative competence (schedule 5 part A) is somewhat meaningless for service delivery as the functions listed



there are far removed from the services needed by ordinary citizens, especially the poor. He further suggests that "...the high impact services such as education, environment, health services, housing, tourism and welfare services are all listed as functional areas of concurrent national and provincial competence." The implication seems to be that *concurrent* functional activities of this schedule are actually national government functions, in part due to South Africa's highly centralised system of government, and also due to the fact that provinces are only able to raise 5% of their own revenues (see also Sizane 1999:345-6).

In addition to, or in spite of the powers and functions allocated (although vaguely) to provincial legislatures in schedules 4 and 5 of the Constitution, significant oversight and intervening powers in local government affairs are ascribed to provincial executives, through sections 100 and 139 as amended. Revised sections 100 and 139 reduce the significance of the NCOP, whilst simultaneously increasing that of the provincial executive (Murray and Hoffman-Wanderer (2007). Murray and Hoffman-Wanderer (2007) demonstrate that not only can provinces intervene in local government affairs, but in practice, they have done so on a number of occasions. Anecdotal evidence presented by these authors include the Eastern Cape government's intervention in the Elundini local municipality in October 2004; the Free State government's intervention in Phumelela municipality; Mamusa in the North West Province; and Qaukeni in the Eastern Cape.

## THE MARGINALISATION OF PROVINCES

**A**ccording to the *Constitution of the Republic of South Africa Act, 1996*, the South African government consists of three spheres, namely, national, provincial and local. In terms of chapter three of the Constitution, the three spheres of government shall be distinct, interdependent and interrelated.

National and provincial governments are expected, in terms of the Constitution, to co-operate with each other in mutual trust and good faith by:

- fostering friendly relations;
- assisting and supporting one another;
- informing one another of, and consulting one another on matters of mutual interest;
- coordinating their actions and legislation with each other;
- adhering to agreed procedures; and
- avoiding legal proceedings against one another.

Are the relations between the national and provincial government what they are intended to be? In order to answer the question, legislative and executive powers of provinces can be analysed.

### Legislative powers of provinces

According to the Constitution, provincial law making powers are contained in Schedule 4 and 5. Schedule 5 lists the exclusive powers of provinces, and schedule 4 concerns

concurrent powers. Concurrent powers are powers shared by national and provincial spheres of government, meaning matters on which both the national and provincial spheres of government make laws.

As noted by Murray (in Levy and Tapscott, 2001: 69) Schedule 5 may contain a list of powers with little or no national significance, but some of the functions of this schedule have significant national implications. In this regard, and for the sake of making an example, if regulation of abattoirs by provinces falls below standard, both South Africa's meat export market and the internal health regime could be seriously affected.

In terms of section 44(2) of the Constitution, Parliament may legislate on Schedule 5 matters when it is necessary for the following reasons:

- to maintain national security
- to maintain economic unity
- to maintain essential national standards
- to establish minimum standards required for the rendering of services
- to prevent unreasonable action taken by a province which is prejudicial to the interests of another province or to the country as a whole.

This clearly shows that even in matters of *exclusive* provincial responsibility, national government may intervene and pass legislation that gives it a certain degree of control. In the case where there is conflict between national and provincial legislation, does national or provincial legislation prevail? Murray (in Levy and Tapscott, 2001: 69-70) argue that section 146 of the Constitution provides an answer in that provincial legislation prevails unless national legislation meets criteria set out in section 146(2) and (3). But when considering these provisions, there is an implication that there is no effective limit on national governments' legislative authority (Sizane 1999:34). In light of the aforementioned, it can be concluded that provinces are constrained and perhaps even marginalized by national government in carrying out their mandate.

## **Executive powers of provinces**

According to the Constitution, section 125(2), all nine provinces have executive power to:

- implement provincial legislation
- to implement all Schedule 4 or 5 legislation passed by the national government unless the legislation stipulates otherwise, and
- to administer other legislation the administration of which has been assigned to the province.

All nine provinces should be able to administer all Schedule 5 legislation, but there are no express limits on Parliament's power to also vest the authority to administer such legislation on national government (Murray in Levy and Tapscott, 2001:72). But according to section 125(3), if provinces do not have the capacity to administer national legislation, they will forfeit the authority to do so. Provinces should therefore be capacitated to administer national legislation.

## RELATIONS BETWEEN PROVINCIAL AND LOCAL GOVERNMENT

With regard to municipalities, the Constitution assigns all nine provinces the power to intervene in certain areas reserved for municipalities by:

- giving support
- promoting municipal capacity, and
- seeing to the effective performance by municipalities of their functions

In particular cases, national government is empowered to intervene in areas reserved for municipalities despite this power also vested in provinces. Murray (in Levy and Tapscott, 2001:72) complain that the system of government in South Africa is hierarchical despite the use of words such as equal and spheres in legislation when referring to national, provincial and local governments. Burger (2001) focuses attention on the increasing scope of authority of municipalities through the creation of district councils and *mega-metropolitan* governments, as a reform that tends to marginalise provinces. Quoting an article from the Financial Mail (1998:20), Burger (2001) states:

*...Centrists may regard the restructuring of local government into a reduced number of larger units as an attempt to reduce provincial government. This will be done by sandwiching 'it between strong municipalities and mega cities that deliver, and mighty national government that devises the development strategies.*

Key challenges (and threats) to effective provincial governance, emanate in large measure, from the other two spheres of government – i.e. national and local government.

## PROMOTING PROVINCIAL GOVERNMENT CAPACITY

**R**eform, by way of the establishment of the nine provincial governments of 1994, posed a number of administrative and financial challenges for South Africa. According to Pottie (2000:43), since 1994, government at all spheres in South Africa have been preoccupied with improving governance and administration and the delivery of services while keeping an eye on financial sustainability. Furthermore, in 1997, Paseka Ncholo, Director General of Public Service and Administration released a report on governance within the nine provinces. The report signalled that national government policy was often set without due consideration to the organisational, financial and service delivery implications in the provinces. National government was criticised, in the report for insufficient provision of support in respect of capacity, clarity over management of key functions and adequate communications.

In terms of the 1998 *Presidential Review Commission* (PRC) report directed at provinces, Pottie (2001:44) remarked that “ It did not intend to replicate the work of the Ncholo provincial audits, choosing instead to evaluate five provinces: KZN, Gauteng, Northern Province, Eastern Cape and Western Cape. The PRC was mandated to review the structure of all levels of government with an eye to improving government structure, administration and service delivery”.

The PRC identified five principal issues from the provinces surveyed for the report:

- widespread confusion over the different roles of political and administrative leadership;
- range of problems in human resource management;
- overcentralised financial decision-making and poor management of funds;
- general lack of strategic planning; and
- poor state of information technology.

Pottie (2001:44) noted that the PRC confirmed many of the findings of the Ncholo audits. It found that the Northern Province and the Eastern Cape had the most serious capacity problems and urged national government to maintain constant vigilance over these two provinces.

Sizane (1999) spotlights the issue of provincial governments being constitutionally constrained to raising only 4% of their own revenue, and compelled to depend on grants from national government to the tune of 96% of the revenue that they require:

*It is common cause that any serious devolution [from centralised government] must include some fiscal autonomy. This challenge has yet to be addressed...It must be said that provinces are divided...The rich provinces like Gauteng and the Western Cape, would like to have [greater] taxation powers, while provinces like the Eastern Cape and Northern Province would like the grant system to continue with the formula revised in their favour ( Sizane, 1999:345).*

For provinces, then, *Representation without taxation* has serious implications for autonomous governance and the capacity to produce deliverables.

## CONCLUSION

There is widespread debate around the issue of provinces in South Africa. Some have the view that we do not need provinces and others question the number of provinces in the country. Others raise issues related to functional allocation, service delivery and mismanagement. This article argued that one of the most important reforms of the democratic government was the creation of the currently existing nine provinces through the amalgamation of the previous four provinces and ten homeland states. This reform should be sustained in order to ensure that the populace of the country enjoys the spoils of democracy and equal representation, as well as improved access to government services.

Fiscal federalism (which essentially focuses on establishing the optimum number of spheres of government, and determining the powers and functions of institutions of these sphere of government) served as the theoretical basis for arguing that the middle sphere of government (provincial government in South Africa) has a significant role to play in service delivery. Further aspects of the debate on provinces, that were explored in this article, include identifying challenges or threats to the ability of provinces to carry out

their mandate, and the way forward in terms of focusing attention on how provincial government can be strengthened.

Responsibility for service delivery cannot be the exclusive domain of local government. Provincial and National government also have important roles to play, and must be further capacitated if need be.

## NOTES

- 1 Governments in this context refer to relatively decentralized government units, ranging from the numerous local governments to the one central government that is characteristic of most modern countries.

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