



# State of the Cities Report 2006

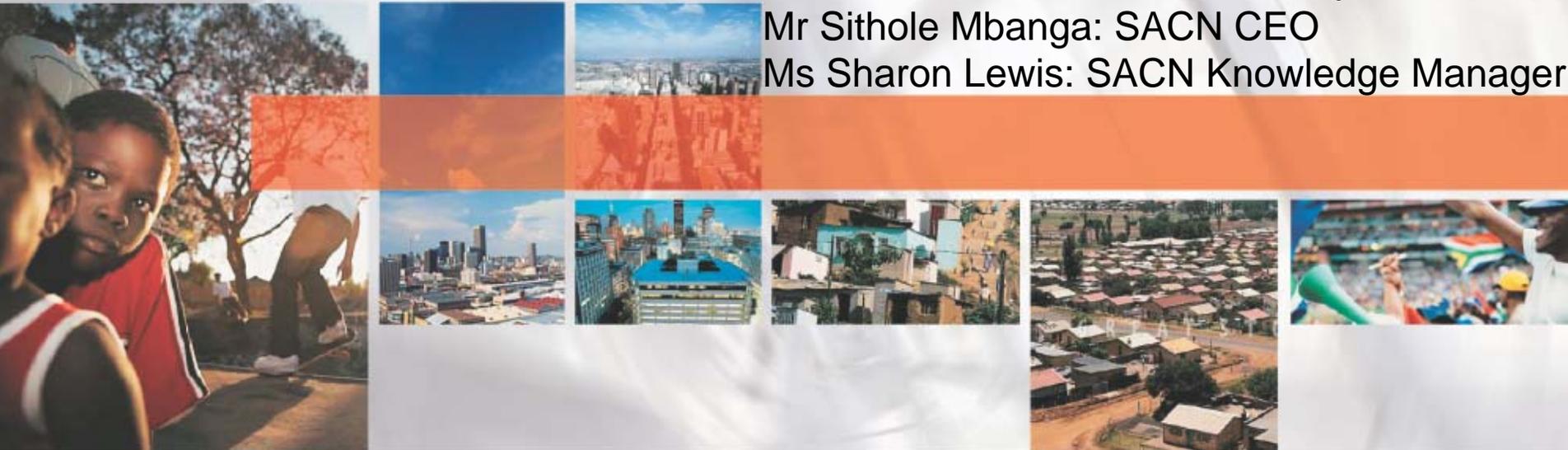
Presentation to Parliament's Portfolio Committee on Local Government  
City of Cape Town, 12 September 2006

**Presented by:**

Mr Andrew Borraine: SACN Chairperson

Mr Sithole Mbanga: SACN CEO

Ms Sharon Lewis: SACN Knowledge Manager



# Presentation Themes

## 0. Background On the SA Cities Network

- Why the State of Cities Report (ing)
- Why Focus on Cities ?
- Structure, Target Audience and Impact of the SOCR
- Ten Conclusions of the SOCR & Long Term Challenges
- World Cup 2010 & the City

# Goals of SA Cities Network

- *Promote good governance and management of South African cities*
- *Analyse strategic challenges facing South African cities, particularly in the context of global economic integration and national development*
- *Collect, collate, analyse, assess, disseminate and apply the experience of large city government in a South African context*
- *Promote a shared-learning partnership between different spheres of government to support the governance of South African cities*

# Membership and governance structure

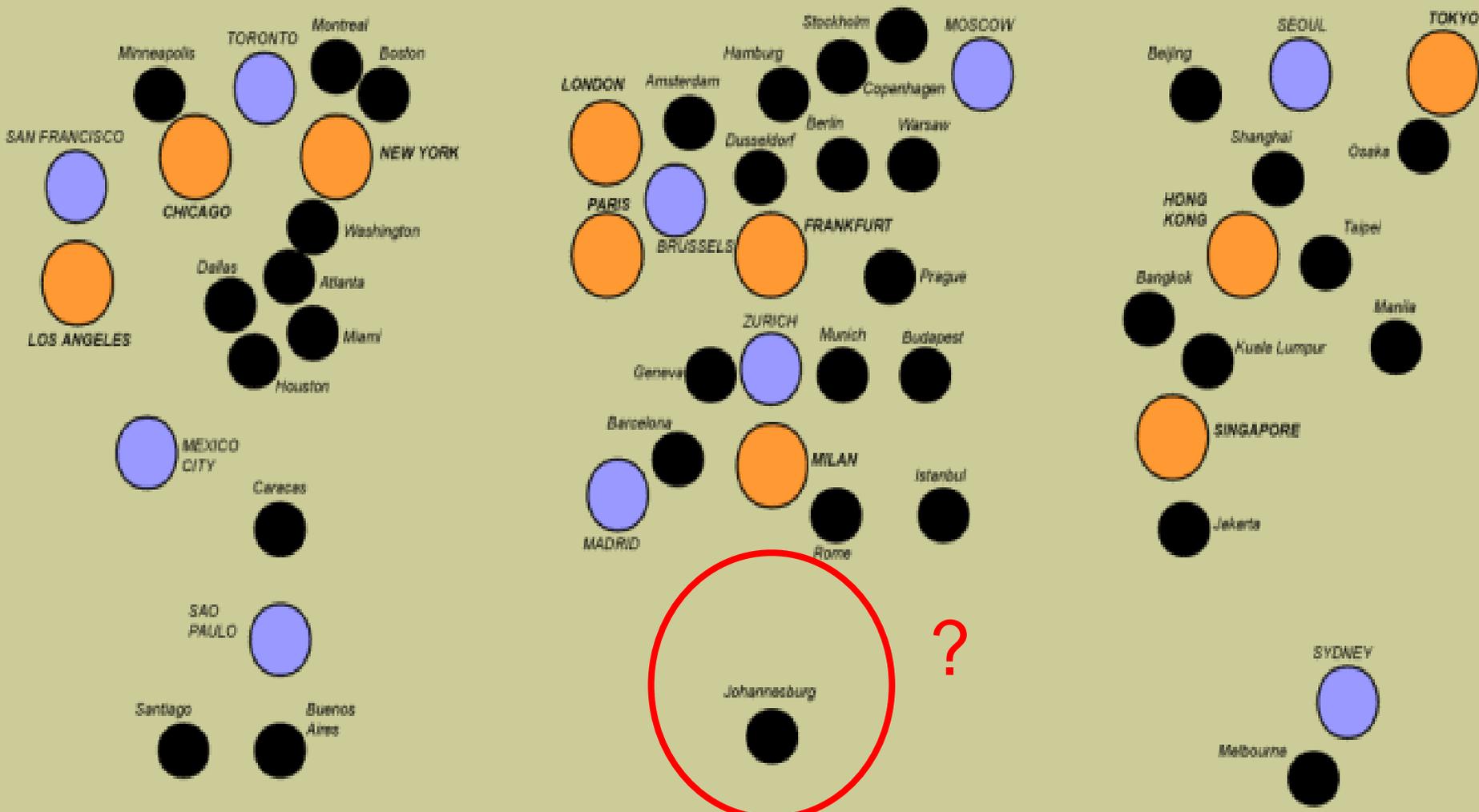
- *Buffalo City*
  - *Cape Town*
  - *Ekurhuleni*
  - *eThekweni*
  - *Johannesburg*
  - *Mangaung*
  - *Msunduzi*
  - *Nelson Mandela*
  - *Tshwane*
  
  - *SALGA*
  - *DPLG*
- *Non-profit voluntary organisation owned by and accountable to its members via a Board of Directors*
  - *Operates through a JHB-based secretariat*
  - *Funded by cities, national government and donors*
  - *Not an intergovernmental forum, policy body or representative organisation*

# 1. State of the Cities Reporting in SA

- Monitoring and reporting on urban performance – or ***State of the Cities Reporting*** - is a live and evolving process. It is an internationally established system of reporting on progress, challenges and issues faced by cities in achieving their developmental objectives.
- When the SA Cities Network was established the secretariat was mandated to lead State of the Cities Reporting in South Africa. During June 2004, the first product of this process, the ***State of Cities Report 2004*** was officially launched in Buffalo City, complementing national policy and progress assessment initiatives such as the *Ten Year Review* and *National Spatial Development Perspective* research.
- 2006 constitutes an important milestone in the maturity of local government with the local government elections successfully concluded, and the SoCR 2006 provides an opportunity for review and reflection in setting the strategic direction within the newly constituted municipal councils.

## 2. Why focus on the cities

- In South Africa, 21 key urban areas, occupying only 2% of the land, produce almost 70% of the national Gross Value Add (GVA) – but also accommodate almost a quarter of South African residents living below the minimum living level.
- This suggests that strategic investment in cities can simultaneously achieve two important national objectives: growing South Africa's economy and developing some of South Africa's poorest residents
- Cities are more than their local authorities – they are spaces shared by business, communities, residents and other spheres of government. The performance of municipal government, however, plays a critical role in determining the success or failure of cities



The GaWC Inventory of World Cities:

PJT



*Map based on economic flows rather than traditional nation states*

# 1. Why State of the Cities Reporting

The SoCR 2006 is intended to:

- Update leaders of various economic and social sectors on current and emerging trends and changes in the cities
- Promote innovation and strategic thinking between cities and other spheres of government in order to foster co-operation and exchange of best practice
- Generate strategic options and make recommendations to SACN member cities
- Mobilise the capacity of cities to support local government and national development
- Strengthen linkages and inter-dependence between cities, towns and rural areas

# 2. Target and impact of the SoCR

By reading this report:

- The second generation of municipal leadership will gain a bigger and better comparative sense of what issues are faced by other municipalities across the country
- State owned enterprises, private sector entities, and national and provincial government departments will be influenced in their strategic thinking by the renewed importance of the urban space (at both a global and national scale)
- New policy directions and instruments are likely to emerge as an agenda for interaction is formulated in response to issues raised in this report.
- Parliamentarians, South Africans in general, policy makers and a curious international community of development practitioners will learn how South Africa is slowly achieving its Local Government White Paper objectives and targets under dynamic and extremely difficult conditions

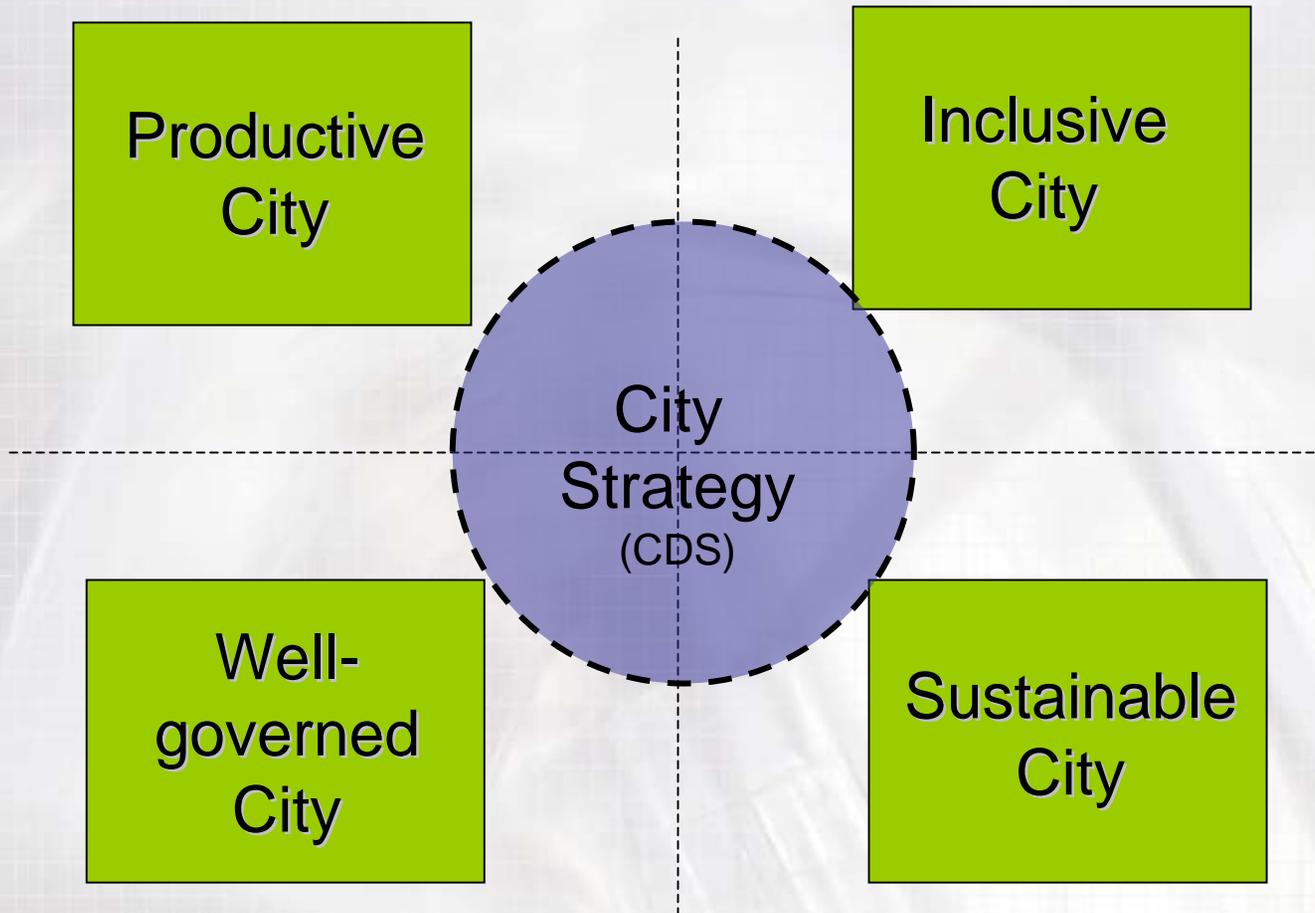
# 3. Preparation of the SoCR 2006

- A core writing team of 31 people with wide ranging expertise was assembled, and assigned writing tasks in accordance with the content framework approved by the Board of Directors in October 2005.
- A Data consortium composed of the major research institutions (HSRC, CSIR and DBSA) was commissioned to update the statistical almanac and comment on data trends. Much of the data since the 2001 Census is from municipal databases, a wide range of sample surveys and data trend analysis and projection.
- The core writers accompanied the SACN secretariat on a series of city visits, where key city officials in each of the nine cities were interviewed and data and publications were collected. Importantly, the approach ensured that the final report analysis has its foot-print and reach beyond the traditional SACN member cities to include 21 key urban areas of South Africa that occupy 2% of SA land space.
- Additional writing inputs on specialist subjects were commissioned (including municipal finance, HIV and Aids, cities and culture, and sustainable cities), and a special workshop was convened with the Department of Housing to explore the status of city responses to the BNG strategy and barriers to implementation.

# 3. Preparation of the SoCR 2006 (2)

- A verification workshop was held with selected government officials, academics and independent experts on 6 June 2006, with the aim of ensuring accuracy and fairness in the report.
- Member cities were given a further opportunity to comment on the draft findings, in order to ensure some level of consensus amongst the network members.
- The SACN Board of Directors serves as the editorial committee, with the Chairperson carrying the responsibility for signing off on the final draft of the text following the board meeting of 28 July 2006.
- DPLG included notes on the SoCR in a briefing to Cabinet.
- A pre-launch publicity campaign has raised awareness of the SoCR and kicked-off public debates.
- A post-launch publicity campaign will promote relevant analysis, targeted release of information, and alignment with key national policy and budgeting processes including National Spatial Development Perspective; Medium Term Expenditure Planning; and Urban Development Framework.

# 3. Analytical framework for the SoCR 2006



# 3. Structure of the SoCR 2006

## Chapter 2: Dynamics of the urban system

- The purpose of this section is to locate city strategy and the national urban agenda within the larger context of an interdependent economic, social and ecological system that links South Africa's cities to each other, to a global system and to a rural hinterland to then reflect best current international and national thinking and practice.
- The discussion in the report is supported by the best statistical information available including the following kinds of data:
  - Demographic/migration and economic trends as they apply (where possible) to the 25 major urban nodes;
  - Comparative international and continental trade, tourism, investment flows to different cities.
  - The implications of IBSA + China for SA cities
  - The City Competition - Co-operation Debate
  - Gauteng Global City Region Initiative as case study
  - Case Study of City to City Partnership in Africa (e.g Joburg Partnership with Addis Ababa and Mozambique)
  - Case Studies of City to Rural Municipality Partnership (e.g Cape Town - OR Tambo District Partnership).



# 3. Structure of the SoCR 2006

## Chapter 4: City Strategy and Implementation

- This section of the report focuses on what the different cities have tried to do in addressing the challenges of city management and development. Its is developed in close co-operation with the member cities through
  - interviews and workshops.
  - detailed questionnaire focused on both qualitative and quantitative information,
  - key city strategy documents, the outcomes of the IDP hearings and other relevant documentation will be important sources of information.
- The discussion in the report is also supported by good statistical and other empirical information where relevant or available.

# 3. Structure of the SoCR 2006

## Chapter 5: Emerging Strategic Agenda

- This section focuses on some of the key emerging policy issues that will strongly influence the agendas of South Africa's cities over the next five-to-ten years and which require careful inter-governmental dialogue in the development of effect responses. In addition to the desktop research evaluating policy documents and legislation and existing research and statistical data, the section required engagement with key national, provincial and city policy-makers through interviews and workshops.
- The following thematic issues are identified as critical in the next life of cities:
  - Urban development agenda
  - Urban growth
  - Urban fiscal agenda
  - Urban services agenda
  - Urban governance

# 3. Structure of the SoCR 2006

## Chapter 6: Challenges

- This is a concluding chapter and it identifies 10 main challenges cities will have to contend with in the next decade as follows:
  - Thinking in new ways about urban space economy
  - Managing population dynamics
  - Economic growth and equitable distribution of wealth
  - Enhancing urban transport
  - Overcoming the “apartheid city”
  - Delivering basic services and promoting productivity and inclusivity
  - Building an urban citizen
  - Taking sustainability seriously
  - Streamlining urban governance
  - Mainstreaming innovation

# 4. SoCR 2006 Conclusion # 1

## Rethinking the urban space economy

- There are a range of economic relationships that operate at a regional scale, between the different cities, between cities and towns, and between cities and rural hinterlands ... the flows of people, goods, services and capital pay little respect to municipal boundaries
- This requires a regional planning perspective that looks beyond the jurisdictional boundaries of individual city municipalities. Urban decision makers will need to start thinking about city-regions and new inter-governmental partnerships across municipal boundaries

# 4. SoCR 2006 Conclusion #2

## Managing population dynamics

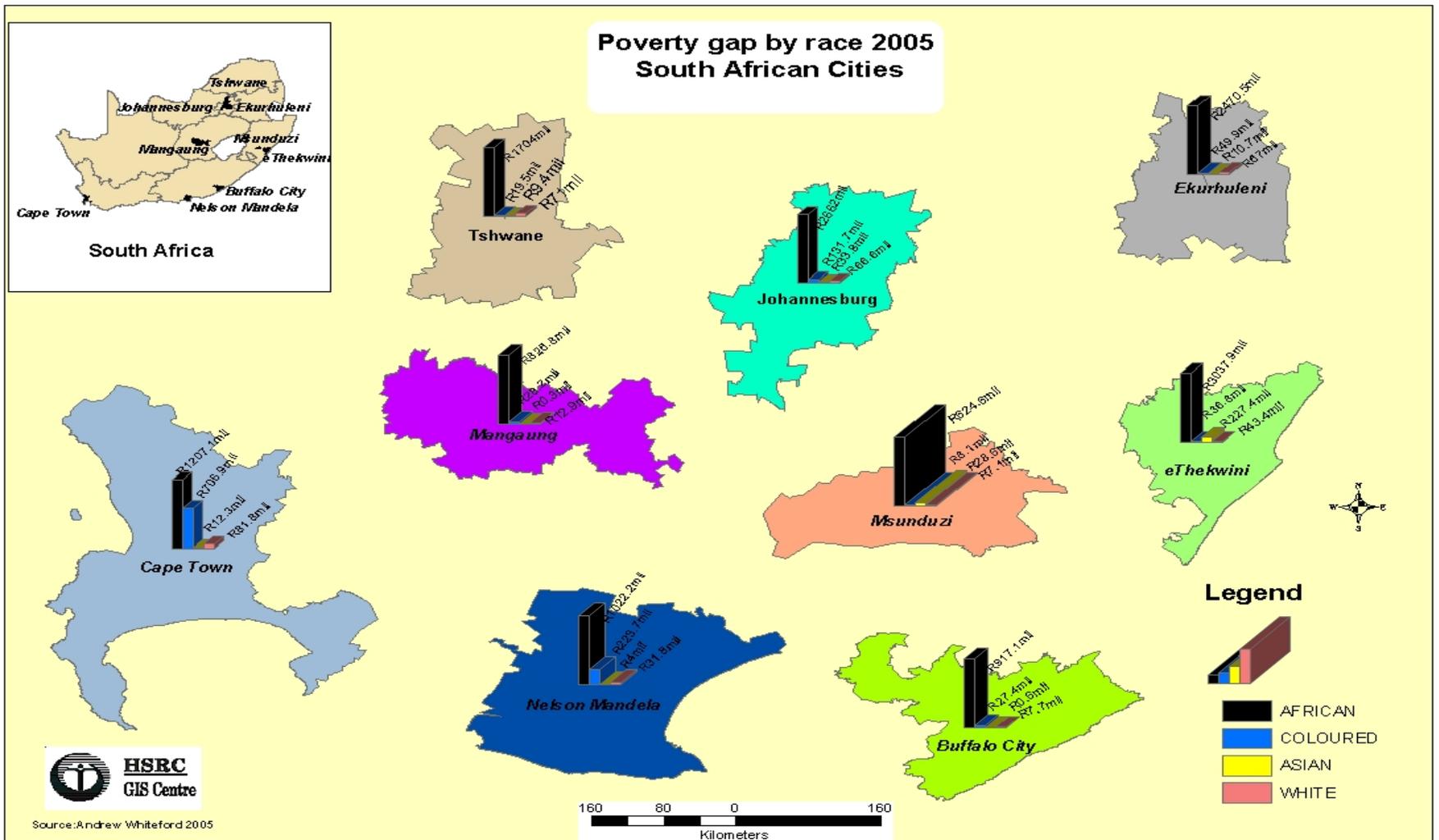
- The most recent statistics reveal that the South African city population is growing more slowly than expected, not necessarily because migration has slowed, but because of changing patterns of fertility and mortality
- This may be some good news for making up housing and infrastructural backlogs; however, it also means smaller labour and consumer markets
- The rate of household formation continues to outstrip population growth, resulting in increasing demand for houses and services
- Official population and economic statistics at a municipal level are not updated regularly enough for cities to accurately track changing demographic patterns and respond accordingly

# 4. SoCR 2006 Conclusion #3

## Economic growth and equitable distribution of wealth

- On average, city economic growth accelerated in the 2001-04 period, driven particularly by the consumer and property booms. But employment growth has been slower than economic growth, and the absolute numbers of unemployed in the cities have not declined
- While municipalities have significantly increased their local economic development capacity, there is still insufficient attention paid to city-level economic growth strategies and ways in which levels of urban productivity can be raised
- Investment in productive infrastructure, in particular, transport, energy, water services and telecommunications, is lagging
- The national Accelerated and Shared Growth Initiative (ASGI-SA) needs to be more explicit about what cities can do to generate competitiveness and shared growth, and not just view cities through the traditional prism of local government service delivery

# 4. SoCR 2006 Conclusion #3



# 4. SoCR 2006 Conclusion #4

## Enhancing urban transport

- The use of rail has remained proportionately the same, while bus use has declined and use of taxis has increased. Cities are increasingly dominated by private motor vehicles
- Poor transport systems increase the cost of doing business and the cost of living. Low levels of investment in roads and public transport has undermined the efficiency of cities, and has had a devastating impact on the urban poor.
- The transport sector remains highly fragmented
- The 2010 Soccer World Cup offers a significant opportunity for cities to upgrade transport planning and public transport

# 4. SoCR 2006 Conclusion #5

## Overcoming the sustainability constraints of apartheid urban form

- Many housing and service-delivery interventions continue to reinforce apartheid urban form, with the poor continuing to be accommodated on the periphery, far from economic opportunities
- In line with 'Breaking New Ground' policies, cities have begun to focus more on 'integrated human settlement', in an attempt to counter unsustainable low density urban sprawl; however, there is still considerable work to be done in developing the policy, regulatory and financial instruments to give effect to more compact and affordable cities
- Housing delivery, transport reform and land use management policies need to be more closely integrated, particularly with regard to funding flows; there should be greater city control over all the built environment functions

# 4. SoCR 2006 Conclusion #6

## Delivering urban services

- Cities now have a good track record in delivering municipal services; Many cities have established ways to work more effectively with poor communities using *in-situ* upgrade and labour-intensive construction methods
- The use of city improvement districts and area-based partnerships to provide enhanced services in commercial and industrial areas is now well-established
- Cities need to seriously evaluate maintenance spend on existing infrastructure, in particular, roads and storm-water systems, to preserve valuable urban assets and prevent excessive expenditure in the future

# 4. SoCR 2006 Conclusion #7

## Taking sustainability seriously

- The data for the past five years indicates that there is some progress towards sustainable development, particularly with regard to water, waste management and electricity provision; however, the overall trend is that cities are becoming less sustainable
- Cities need to take ownership of the many innovative sustainability programmes currently being funded by external donors and make them central municipal concerns

# 4. SoCR 2006 Conclusion #8

## Building urban citizenship

- Cities tend to be a contradictory mixture of vibrancy, innovation and cross-cultural mixing, and at the same time, inequality, segregation and exclusion
- Cities have begun to place emphasis on the development of social and human capital; however, this remains an area of conceptual weakness, with local government's role in social functions such as welfare, education and policing remaining unclear



# 4. SoCR 2006 Conclusion #9

## Streamlining urban governance

- Most city municipalities have successfully reorganized themselves into single-tier, city scale municipalities, covering the major metropolitan areas
- Many cities have put increasingly sophisticated city development strategies in place
- The restructuring of cities has been accompanied by major efforts to modernize management and operations, including performance management, strategic plans, improved financial management and control mechanisms, information technology and citizen/ customer interface; concerns remain regarding the high number of qualified audits and difficulties in the political/ administrative interface
- Some of the current reporting and procedural requirements imposed on cities by the MFMA and the Systems Act are unduly restrictive and block the ability of cities to innovate and create new partnerships for delivery

# 4. SoCR 2006 Conclusion #10

## Mainstreaming innovation

- Areas of innovation at city level include HIV/Aids treatment, social housing, urban renewal, inner city regeneration, carbon credit schemes, solar energy and broadband provision via electricity infrastructure; however, many of these pilot projects have not yet been 'mainstreamed' into the municipalities

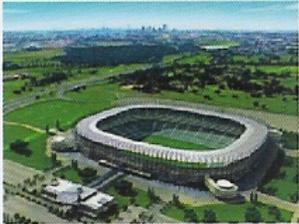


# 4. SoCR 2006 Issues

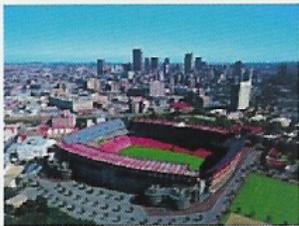
## Critical Long Term Issues facing city leadership

- National urban policy agenda
- Grant funding and fiscal incentives for urban development
- Abolition of Regional Services Council levies
- Implementation of the new Municipal property Rates Act – managing shifts in how properties are taxed (full market value) and regulations on relative tax rates on different categories of property
- Asset management
- Restructuring the electricity distribution industry – six REDs or ‘six plus one’
- Intergovernmental Relations Framework – reallocation of powers and functions
- 2010

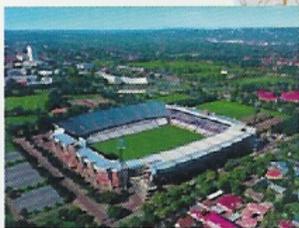
# 4. World Cup 2010 and the City



Soccer City



Ellis Park Stadium



Loftus Versfeld



Free State Stadium



Mbombela Stadium



Peter Mokaba



King's Park



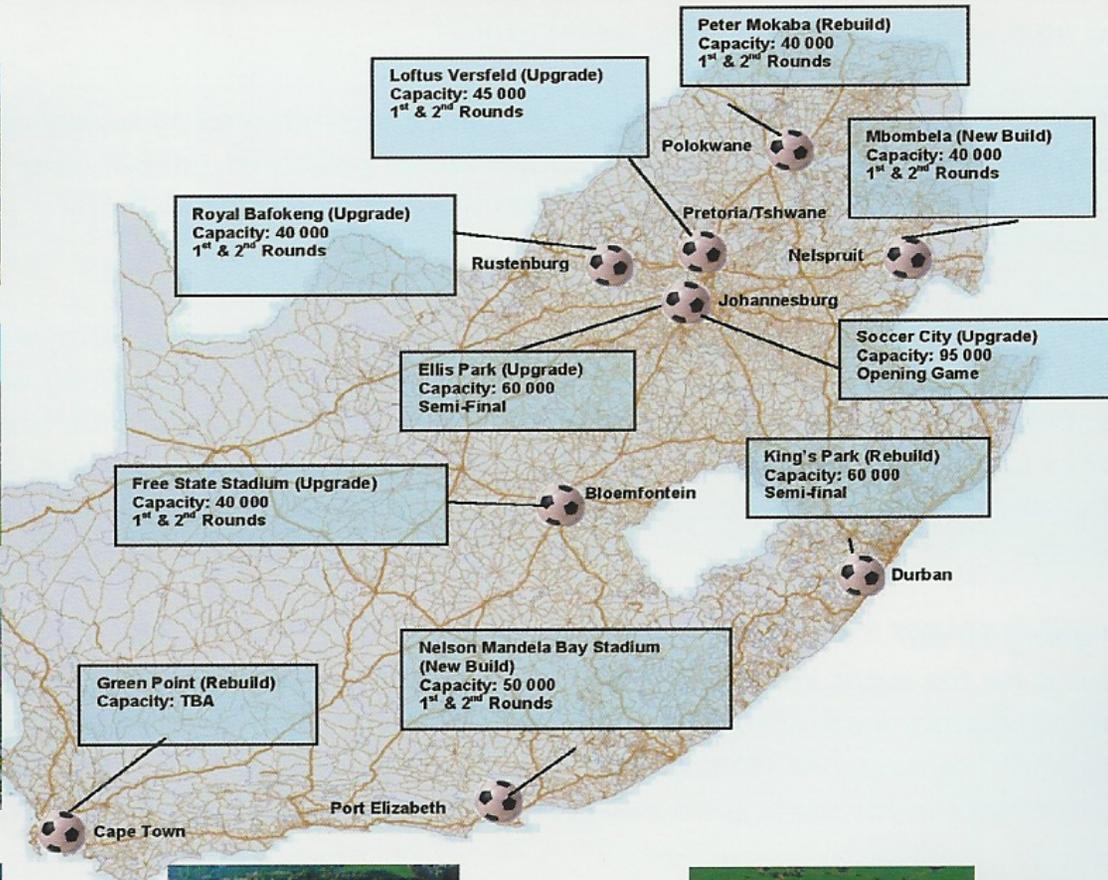
Green Point



Royal Bafokeng



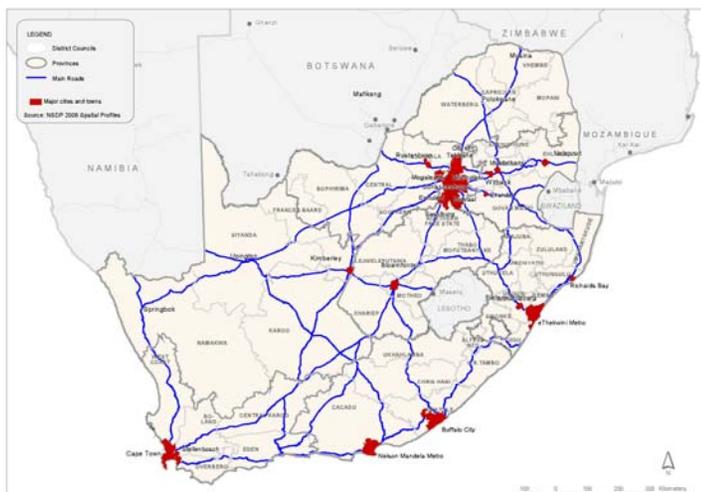
Nelson Mandela Bay Stadium



# 4. SoCR 2010 Issues: 2010

## Cities must ensure that 2010 investments benefit all citizens

- Planning and managing the event: stadium construction, transport, ticketing, security, tourism, finance
- Opportunities for leaving a legacy: sporting and events facilities; improved public transport infrastructure
- Importance of public viewing points/ fanfests
- Marketing and branding of host cities
- 2010 as a stepping stone to achieving a long-term city development strategies
- 'No place to hide' – getting serious about inter-governmental cooperation and public/private partnerships



# Post Launch Dissemination Action Plan

- **Presentation to Parliament's Portfolio Committee on Local Government (12 September 2006)**
- **Continental Launch and Showcasing at AFRI-CITIES (18-22 September 2006)**
- **City Led Provincial Workshops and Information Sharing Session (September – December '06 / January '07)**
- **Inclusive City Conference (March '07)**
- **Commonwealth Local Government Conference in New Zealand (March '07)**

# Thank You Note

...from the Board, Management and Secretariat of the SA Cities Network, a sincere word of appreciation and a thank you note goes to the following partners and partners:

1. Cities Alliance (CA)
2. Danish Government Development Agency (DANIDA)
3. Development Bank of Southern Africa (DBSA)
4. The National Department of Provincial and Local Government (DPLG)
5. SA Local Government Association (SALGA)
6. Swedish International Development Agency (SIDA)
7. United States Agency for International Development (USAID)



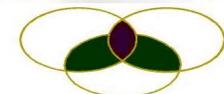
**USAID**  
FROM THE AMERICAN PEOPLE

**Cities Alliance**  
Cities Without Slums



**the dplg**

Department:  
Provincial and Local Government  
REPUBLIC OF SOUTH AFRICA



**SALGA**  
South African Local Government Association

